



SENKADAGALA
FINANCE PLC

MEASURED SUCCESS

Annual Report
2024/25

Measured Success

In an environment that continues to test the resilience and adaptability of financial institutions, Senkadagala Finance has remained committed to its steady and disciplined approach. Our progress has always been shaped by a long-term view, careful decision-making, and a strong foundation of trust built over 55 years. The achievements in financial year 2024/25 reflect this commitment and are the result of consistency, prudent growth, and the dedication of our people across the organisation. As we look ahead, we will continue to follow this measured path – guided by purpose, supported by experience, and focused on delivering value to our stakeholders in a responsible and sustainable manner.



**SENKADAGALA
FINANCE PLC**

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About this Report

Senkadagala Finance PLC is proud to present to its stakeholders the Company's fifty-sixth Annual Report for the financial year 2024/25.

This is the ninth Integrated Annual Report of Senkadagala Finance PLC since adopting the International Framework for Integrated Reporting <IR> in the financial year 2016/17. The Report presents the Company's performance during a financial year that saw further macroeconomic stabilisation in the wake of key structural reforms, though some headwinds prevailed as did fragile consumer sentiment. The Report covers in detail how Senkadagala Finance PLC navigated the complexities of a recovering macroeconomic landscape during the year under review, encountering lingering and new challenges along the way. Drawing on its strong capital position, sector expertise and a recalibrated strategic focus aligned with emerging market dynamics, the Company overcame these challenges through disciplined governance, teamwork and exceptional performance.

The Report details how Senkadagala Finance PLC delivered value to all stakeholders by nurturing strong relationships with a growing customer base and leveraging the Company's extensive geographical presence in Sri Lanka. The Report highlights our initiatives to advance the business in a market characterised by a variety of challenges and opportunities. It also outlines our stakeholder-centric approach, the high value we place on our employees, and our commitment to fulfilling our corporate responsibilities to the environment and society with integrity and care.

Boundaries to the Report

The Report primarily covers the operations of Senkadagala Finance PLC, its subsidiaries – Senkadagala Insurance Brokers (Pvt) Ltd., and Senfin Asset Management (Pvt) Ltd., as well as its associate – Senfin Securities Limited. All business operations of Senkadagala Finance Group are carried out by these companies, based and operating in Sri Lanka.

Framework of Reporting

This Report has been prepared in accordance with the International Integrated Reporting Framework. We have drawn on the concepts and principles mentioned in the following guidelines in preparation of this Report:

- International Integrated Reporting <IR> Framework, IFRS Foundation: <https://www.ifrs.org/>
- Global Reporting Initiative (GRI) Standards: <https://www.globalreporting.org/standards>
- The Smart Integrated Reporting Methodology™

Integrity of the Report

The Board of Directors assumes full responsibility for the integrity of this Report, which aligns with the Company's financial reporting cycle covering the 12-month period from 1 April 2024 to 31 March 2025. This Report has been prepared in alignment with GRI standards, and complies with the disclosures, regulations and standards applicable to a listed licensed finance company operating in Sri Lanka.



Scan to view the PDF version of Senkadagala Finance PLC Annual Report 2024/25



Explore the interactive features within this PDF for a more engaging experience.

Further Information

We welcome your comments and address queries on this Report, and invite you to direct them to:

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About Us

At Senkadagala Finance PLC, we believe finance should be personal, purposeful, and principled. With a legacy rooted in trust and transformation, we empower individuals and businesses across Sri Lanka through tailored financial solutions, backed by technology and driven by care.



Organisational Overview



A robust combination of customer centricity and operational efficiency steers Senkadagala Finance PLC to offer a plethora of personalised financing products geared to meet individual requirements, and anticipate emerging dynamics. A core ethical framework along with a sense of accountability towards our social and environmental impact drive our growth in pursuit of sustainable success.



Vision

Our vision is to be a leading financial institution in Sri Lanka that delivers high quality services and achieves excellence in all spheres of activity while being socially conscious, at all times.



Mission

To provide a wide range of diversified financial services and to acquire a portfolio of loanable funds that yields an adequate return to our shareholders, whilst safeguarding the interests of our depositors and other stakeholders.

About the Company

First established in 1968 in Kandy, Senkadagala Finance has evolved into a well-reputed licensed financial institution that offers a comprehensive range of financial solutions. Recognised as one of the prominent licensed financial institutions in Sri Lanka, the Company enjoys a strong customer base and investor confidence. The Company's presence spans across 125 branches in all nine provinces. The Company offers a financial solutions portfolio that includes products such as finance leasing, various loan products including gold loans and margin trading, acceptance of fixed and savings deposits, and foreign currency exchange. At the Group level, we provide asset management, stock brokering and insurance brokering services.

A capable and experienced leadership team steer Senkadagala Finance PLC to deliver exceptional services and stable performance in the sector. Meanwhile, our well-trained staff, high liquidity levels and capital ratios that exceed regulatory requirements continue to pave the way for sustained growth and stability. While the Company has been listed on the *Diri Savi* Board of the Colombo Stock Exchange since March 2011,

Fitch Ratings Lanka Ltd. affirmed the National Long-Term Rating of the Company at BBB (lka) with a stable outlook in August 2024. This secure base enables Senkadagala Finance to retain customer and investor trust, while the ethical and sustainability focused foundation drives the Company's growth and expansion goals.

Our Group Partners

At the Group level, we expanded our portfolio of allied businesses to strengthen the integrated suite of financial solutions and reinforce the Group's market presence. Senkadagala Insurance Brokers (Pvt) Ltd., launched in April 2012, has consistently demonstrated steady growth, offering bespoke insurance brokering services that cater to both individual and corporate clientele.

In March 2020, Senfin Asset Management (Pvt) Ltd., a licensed asset management company, joined the Group, further diversifying the business model. During the year, Senfin Asset Management delivered a notable performance, with assets under management reaching LKR 12.9 Bn. by year-end. The company continues to leverage its disciplined investment strategies and client-focused advisory services to deliver sustainable value for investors.

Building on this momentum, in January 2023 Senkadagala Finance acquired a 35% equity stake in Senfin Securities Ltd., a licensed stock brokering company. This strategic investment broadened the Group's capabilities to encompass equity and debt securities brokering, supported by robust research and sound investment advisory. With a focus on adopting new technologies and harnessing the power of digital platforms and social media, Senfin Securities is well positioned to expand its reach among retail and institutional investors alike.

Through these subsidiaries and associate company, Senkadagala Finance PLC remains committed to realising its vision of being a comprehensive financial services provider, and delivering a holistic experience to customers.

Senkadagala Finance PLC offers an integrated suite of personal and corporate financing solutions, insurance brokering services, securities trading, and asset management.

Financial and Operational Highlights

	Company			Group		
	2025	2024	Change %	2025	2024	Change %
Financial Results of the Year (LKR Mn.)						
Gross income	9,212	8,244	11.75	9,497	8,524	11.41
Interest income	8,459	7,362	14.90	8,461	7,365	14.88
Net interest income	5,725	3,646	57.01	5,728	3,660	56.52
Profit before taxes on financial services	3,375	2,055	64.22	3,577	2,274	57.30
Profit before income tax	2,628	1,577	66.58	2,829	1,796	57.54
Profit for the year	1,622	1,196	35.58	1,772	1,364	29.93
Dividends paid	155	56	176.92	155	56	176.92
Earnings retained during the year	1,447	1,157	25.07	1,596	1,324	20.47
Financial Position (LKR Mn.)						
Loans and advances	30,099	24,476	22.97	30,094	24,476	22.95
Total assets	40,766	36,560	11.50	41,084	36,721	11.88
Deposit base	13,349	13,839	(3.54)	13,285	13,777	(3.57)
Borrowings	13,782	10,209	34.99	13,782	10,209	34.99
Debentures	-	1,769	(100.00)	-	1,769	(100.00)
Shareholders' funds	9,927	8,505	16.72	10,248	8,677	18.10
Operational Results of the Year (LKR Mn.)						
New advances disbursed	31,758	18,718	69.67	31,752	18,718	69.63
Net flow of deposits	(490)	3,576	(113.71)	(492)	3,600	(113.67)
Borrowings obtained	11,950	4,829	147.47	11,950	4,829	147.47
Capital expenditure incurred	300	352	(14.79)	302	353	(14.47)
Information per Ordinary Share (LKR)						
Market price per share	410.25	398.75	2.88	N/A	N/A	-
Earnings per share	18.80	13.87	35.58	20.54	15.81	29.93
Dividends per share	2.80	1.80	55.56	N/A	N/A	-
Net assets per share	115.05	98.57	16.72	118.78	100.57	18.10

	Company			Group		
	2025	2024	Change %	2025	2024	Change %
Key Performance Indicators						
Return on average total assets (%)	4.19	3.31	0.88	4.56	3.78	0.77
Return on average shareholders' funds (%)	17.60	15.04	2.56	18.73	16.96	1.77
Net interest margin (%)	17.53	11.86	5.67	17.51	11.88	5.63
Cost to income ratio (%)	40.54	50.00	(9.46)	40.07	48.38	(8.31)
Gross stage 3 loan ratio (%)	7.24	13.00	(5.76)	7.24	13.00	(5.76)
Interest cost to interest earned ratio (%)	32.31	50.47	(18.16)	32.30	50.31	(18.01)
Interest cover (times)	1.96	1.42	37.68	2.04	1.48	37.09
Equity to assets ratio (%)	24.35	23.26	1.09	24.94	23.63	1.31
Debt to equity ratio (times)	1.54	1.41	9.61	1.50	1.38	8.33
Price earnings ratio (times)	21.82	28.76	(24.11)	N/A	N/A	-
Dividends yield (%)	0.68	0.45	0.23	N/A	N/A	-
Statutory Regulated Ratios						
Core capital ratio (%)	23.84	22.86	0.98	N/A	N/A	-
- Minimum statutory requirement 8.5%						
Total capital ratio (%)	27.30	23.94	3.36	N/A	N/A	-
- Minimum statutory requirement 12.5%						

Non-financial indicators

	2025	2024	Change (%)
Branches	125	110	13.64
Staff strength	985	896	9.93
Customers served	95,158	90,140	5.57

Credit Rating Fitch Ratings Lanka Limited	2025 BBB (Ika) Stable outlook	2024 BBB (Ika) Stable outlook
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Leadership Reviews

Chairman's Message

2024/25 was not a year of bold pivots, but of steady progress and disciplined execution. Amid a recovering economy and evolving regulation, Senkadagala Finance delivered its highest-ever profit, strengthened its capital base, and deepened stakeholder trust. With a clear long-term vision, we remained agile, cautious, and committed building resilience, advancing stability, and reaffirming our role as a dependable partner in uncertain times.

➔ Highest Profit
After Tax

LKR
1.6 Bn.

➔ Net loans and
advances

grew by
23%

➔ Total asset base
surpassed

LKR
40 Bn.

Resilience, responsibility, and renewal

As Sri Lanka made significant headway in its journey of post-crisis growth, the financial year 2024/25 was a period of quiet confidence for Senkadagala Finance, marked not by radical departures from strategy, but by steady, disciplined execution of the Company's long-term vision. Building on the strong foundations laid over a storied history spanning half a century, we delivered our highest-ever profit after tax (PAT), a substantial LKR 1.62 Bn., for the year under review. This performance is all the more remarkable given that it was amid a still-recovering macroeconomic environment. The Company, and the wider industry, also had to contend with an evolving regulatory terrain during the reporting period. It was our commitment to prudence, adaptability, and stakeholder trust that made this success possible, and I must take this opportunity to thank everyone who contributed.

Growth amidst stabilisation

The operating environment continued to stabilise in 2024/25, and the national economy's growth trajectory continued as the country stayed the course on its reform agenda, despite a political transformation that came to define the year. While market interest rates remained low, margins improved meaningfully, with net interest income supported by a well-calibrated funding mix and a healthy expansion in the loan book. Net loans and advances grew by 23%, crossing LKR 30 Bn., while the Company's total asset base surpassed LKR 40 Bn., a milestone achievement. Today, more than half our loan book is

classified as "current", a meaningful structural shift that points to a deeper, more lasting credit stability. This is no more coincidence; it is the inevitable result of careful, deliberate planning, strong internal controls, and a deep, intimate understanding of the people and communities we serve every day.

Though there was certainly much to celebrate in light of Sri Lanka's unprecedented recovery, we made it a point to remain mindful of underlying risks even as profits rose and balance sheet strength improved. Non-performing loans, especially those lingering from the crisis period, remained a key concern during the year. We responded with intensified recovery efforts and an increasingly cautious approach to new lending, particularly in volatile asset-backed segments such as second-hand vehicle financing. Import restrictions and price speculation led to a great deal of uncertainty in this particular segment, but thanks to our internal valuation team, who worked in close cooperation with credit officers, we were able to stay agile, make informed calls, and manage risk with care in a fluid, unpredictable market.

Sustaining trust through long-term commitment

The finance sector as a whole continued to grapple with trust deficits stemming from past upheavals. For Senkadagala Finance, credibility has always been a function of character, not convenience. We did not chase short-term gain during the crisis, nor have we relaxed our standards in recovery. Our focus on underserved MSME segments, coupled with our reputation for transparent

operations and long-term financial stewardship, has reinforced our position as a dependable partner in uncertain times.

Regulatory consolidation of the NBFIs sector gained momentum in late 2024, with the Central Bank announcing Phase II of its Masterplan. The new scoring mechanism for financial soundness, capital adequacy, and governance will place pressure on weaker players. For Senkadagala Finance, however, it is a welcome development. Our strong capital buffers, profitability, and governance standards leave us well-positioned to not just meet these benchmarks, but to exceed them.

To keep pace with growth, the Company continued to scale both its physical footprint and internal capabilities. Fifteen new branches were opened during the year, with plans for ten more in the year ahead. Organisational structures evolved in tandem: new middle management roles were created, and oversight functions were strengthened. We also brought internal audit capabilities in-house an important step in the evolution of our risk governance framework.

Strength in governance and regulatory readiness

Board-level oversight evolved as well. We reconstituted Board subcommittees to ensure better alignment with regulatory requirements, appointed two new Independent Non-Executive Directors, and enhanced our risk governance by establishing a dedicated Board Integrated Risk Management Committee. We also automated aspects of our KYC and risk assessment workflows – improving both accuracy and efficiency.

Investing in people and retaining talent

On the human capital front, while outward migration pressures eased relative to the previous year, talent retention remained a priority. We responded proactively with a range of staff incentives – from salary increases to performance-linked benefits and enhanced medical coverage – aimed at recognising contribution and reinforcing loyalty.

Deepening our ESG commitment

Our ESG journey continues to evolve. While our direct environmental impact remains limited as a service-oriented business, our indirect influence through financing decisions is significant. We remain committed to supporting sustainable business practices among our borrowers. Internally, we have begun installing solar panels on our own properties, further digitised processes to reduce paper consumption, and are exploring an expansion into electric vehicle financing. While we repaid our obligations to key impact lenders such as IFC, FMO, and Incofin, the values they instilled in our business model continue to guide us.

Disciplined growth

Looking ahead, our strategic priority is growth – but growth tempered by responsibility. The economic recovery presents opportunities, but also the risk of overextension. We will pursue expansion – both in lending and branch presence – but do so with an unwavering focus on credit quality, internal resilience, and sustainable profitability.

Closing reflections

In closing, this year also marked a transition in our Board. Mr Sanath Bandaranayake, a long-serving Director, retired after decades of distinguished service. Mr Lakshman Balasuriya also stepped down from his position as Executive Director but continues to serve as the Chief Executive Officer (CEO) of the Company. We thank Mr Balasuriya for his valuable contributions at the Board level and look forward to his continued leadership as CEO. On behalf of the Board and the Company, I extend my deepest gratitude to both gentlemen for their longstanding dedication and impact. Their leadership, wisdom, and unwavering commitment have been instrumental in shaping Senkadagala Finance into the resilient institution it is today.

We are also pleased to welcome Ms Dilshani Wijayawardana, an attorney-at-law specialising in commercial law, and Ms Kasturi A Chellaraja, a seasoned corporate leader with a rich and diverse career, to our Board as Independent Non-Executive Directors. Their expertise will undoubtedly enhance our collective insight and governance capabilities as we navigate the evolving landscape of the financial services sector.

I would also like to express my sincere thanks to the entire Board of Directors for their strategic oversight and steadfast support. Our Senior Management and all staff have delivered an exceptional performance during a year of continued challenge, and I commend them for their dedication and professionalism.

We also acknowledge with appreciation the guidance and support extended by the Department of Non-Bank Financial Institutions of the Central Bank of Sri Lanka. Finally, to our valued customers, shareholders, regulators, and all other stakeholders – your continued trust and partnership have empowered us to not only weather the crisis but to emerge stronger. The year ahead will no doubt demand continued agility and foresight, but if recent years have taught us anything, it is that we are more than equal to the task.



Raja Senanayake
Chairman

9 July 2025
Colombo

Chief Executive Officer's Review

In 2024/25, Senkadagala Finance achieved its strongest financial performance to date, driven not by chance but by deliberate strategy. With asset quality, capital resilience, and disciplined expansion as our anchors, we grew prudently, navigated margin volatility, and deepened profitability. Our efforts in governance, digital readiness, and ESG integration have positioned us to move forward with quiet confidence – focused, resilient, and ready for what comes next.

➔ Opening of

15 new
branches

➔ Cost-to-income
ratio improved to

40.5%

➔ LKR

20 Bn.

of the loan portfolio
with zero arrears

The financial year 2024/25, defined by ongoing structural reforms, a political transformation, and regulatory shifts, proved a turning point for Senkadagala Finance PLC. Even as challenges persisted, despite broader macroeconomic recovery, I am proud to note that Senkadagala Finance recorded our highest-ever profit before tax of LKR 2.6 Bn. Built almost entirely on the strength of our operating fundamentals, prudent risk management, and a long-standing customer-first approach, our performance during the reporting period helped our asset base cross the LKR 40 Bn., mark. This was a milestone that spoke to the sheer discipline and towering ambition that has propelled us to the foremost position of Sri Lanka's financial landscape.

This performance was by no means incidental. It was the result of a very deliberate strategy perfected over time and built on three interlocking priorities: asset quality, capital resilience, and sustainable expansion, each of which served to inform the decisions we took in 2024/25. Whether it was the opening of 15 new branches, expanding our gold loan and margin trading portfolios, or automating key risk management functions, it was these strategic priorities that were at the heart of the decision-making process.

Asset quality as a strategic anchor

In the wake of one of the most gruelling periods in our economy's history, our primary objective was to rebuild and future-proof our balance sheet. This called for a more stringent underwriting discipline that saw us tighten our

credit evaluation processes as well as an enhanced recoveries mechanism. Both of these measures were critical to stabilising the business and rebuilding trust in our lending portfolio. The risk-based evaluation model we introduced in 2022 is now fully embedded across our lending operations and, I am happy to note, has yielded tangible outcomes, with our gross Stage 3 loan ratio improved noticeably – from 13% at the close of the financial year 2023/24 to 7.2% by year-end. That this was achieved despite industry-wide pressures was remarkable, to say the least. Over 60% of our loan book is now being actively repaid on time, a clear sign that our efforts to improve credit quality are paying off, paving the way for more stable and sustainable growth.

This recovery push was boosted by non-performing loan (NPL) recovery campaign carried out regionally throughout the reporting period, the appointment of a new Head of Legal to accelerate litigation-led recoveries, and a strategic move to write-off legacy loans that had exhausted all collection avenues. These measures have collectively helped restore profitability for the Company and positioned us to grow with renewed vigour and confidence.

Navigating margin pressure and interest rate volatility

The year under review saw a sharp decline in market interest rates, which went on to compress industry-wide margins. Yet, Senkadagala Finance was able to buck the trend and hold its ground. Our interest margin improved to 17.5%, up from 11.9% from the previous financial year, supported by a funding strategy

built on trust and diversification. Long-standing relationships with commercial banks, access to competitively priced credit lines, and continued support from retail depositors all contributed to sustaining our interest margins in a falling rate environment.

Our gold loan portfolio, which has come to gradually replace traditional pawning, provided further margin stability. A newly launched margin trading product, meanwhile, reached a portfolio of LKR 1.9 Bn. in just over a year, contributing LKR 128 Mn. to gross income without recording a single default.

Disciplined growth, prudent expansion

Senkadagala Finance added 15 new branches to its growing network in 2024/25, this time in the most underserved regions of the country, expanding our national footprint. It is worth noting that a majority of the ten branches opened last year have already reached breakeven. Also worth mentioning is that this expansion was executed without compromising on efficiency. Our cost-to-income ratio improved to 40.5% from 50% just a year earlier, in spite of the scale-up, enabled by centralised operations, lean branch staffing, and increased automation.

Our flagship leasing business – despite now-lifted vehicle import restrictions and price volatility in the used vehicle market – remained resilient throughout the year under review. Tightened loan-to-value (LTV) ratios and fluctuations in second-hand prices compelled us to be nimble, though our customer risk model and portfolio diversification allowed us to maintain momentum against forceful headwinds.

Institutional strengthening and risk governance

Our internal governance architecture was further revitalised in 2024/25 through a number of targeted measures. Chief among these was the establishment of separate operational and Board-level Integrated Risk Management Committees (IRMCs) to ensure increased agility and more layered oversight. Our customer due diligence and Anti-Money Laundering/Counter-Terrorism Financing (AML/CFT) risk assessment processes were also automated during the reporting period, reducing the compliance burden and increasing our responsiveness as well. Meanwhile, our internal audit capabilities were brought in-house, with an experienced Deputy Internal Auditor also appointed, in addition to two new independent Non-Executive Directors to the Board.

Investing in people and digital infrastructure

Talent migration was a cause for some concern for the Company in 2023/24. I am pleased to report that this trend has now been arrested and the situation has been largely stabilised. We responded to what could've been a crisis with targeted retention initiatives that included performance-based incentives, upward revisions to basic salaries in general, more health benefits, and routine medical check-ups. While industry-wide recruitment challenges remained throughout the year, our efforts in containing talent migration have served to improve morale and, importantly, retain core talent.

On the digital front, the Company signed a MOU with the Department of Registration of Persons to implement electronic data integration, which would enable real-time identity verification and also strengthen know-your-customer (KYC) efforts. We look forward to implementing this initiative within the first quarter of 2025/26 financial year.

ESG integration and group synergies

Environmental, social, and governance (ESG) considerations have long been fundamental to our business philosophy and strategic vision. In 2024/25, we continued to invest in financial inclusion, particularly through outreach to communities that remain underbanked. This remained a pillar of our overall ESG strategy throughout the reporting period. Our exposure to the electric vehicle (EV) segment is expected to increase in line with market demand. With this in mind, customers can expect to see a corresponding evolution of our lending offerings.

Meanwhile, our strategic stake in Senfin Securities has added much value through the successful rollout of the aforementioned margin trading product, which has added to the Group's ability to generate synergistic growth through timely, collaborative innovation.

Outlook

Moving into a new financial year that promises much, we remain cautiously optimistic against a backdrop of a stabilised economy that's also, however, facing growing geopolitical uncertainty. Interest rate fluctuations will no doubt be the most significant

variable affecting our bottom-line performance in the new fiscal year. We are also closely monitoring the re-entry of brand new and unregistered vehicles into the market, as these dynamics are anticipated to have implications for asset valuations and LTV thresholds.

While the threat of a global trade war, which is arguably already under way, and other domestic and external uncertainties may influence macroeconomic sentiment, our SME-focused portfolio – which more than proved its resilience during the worst of the 2022 crisis – will likely insulate us from the most direct shocks. We also believe that import substitution will continue to generate opportunities in local enterprises, an endeavour whose evolution we stand ready to support.

The next chapter of Senkadagala Finance's story will be shaped by operational discipline, strategic clarity, and a stronger balance sheet. We enter this phase of our growth with quiet confidence, ever mindful of the volatility that remains, but also having learnt some important lessons from the recent past. Above all else, the trust that our tens of thousands of customers continue to place in us will motivate us to serve the national interest in ever more meaningful ways, come what may.



L. Balasuriya
Chief Executive Officer

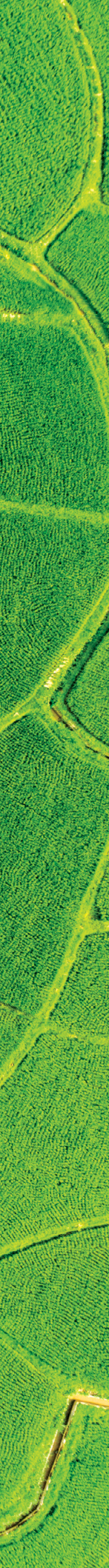
9 July 2025

Colombo

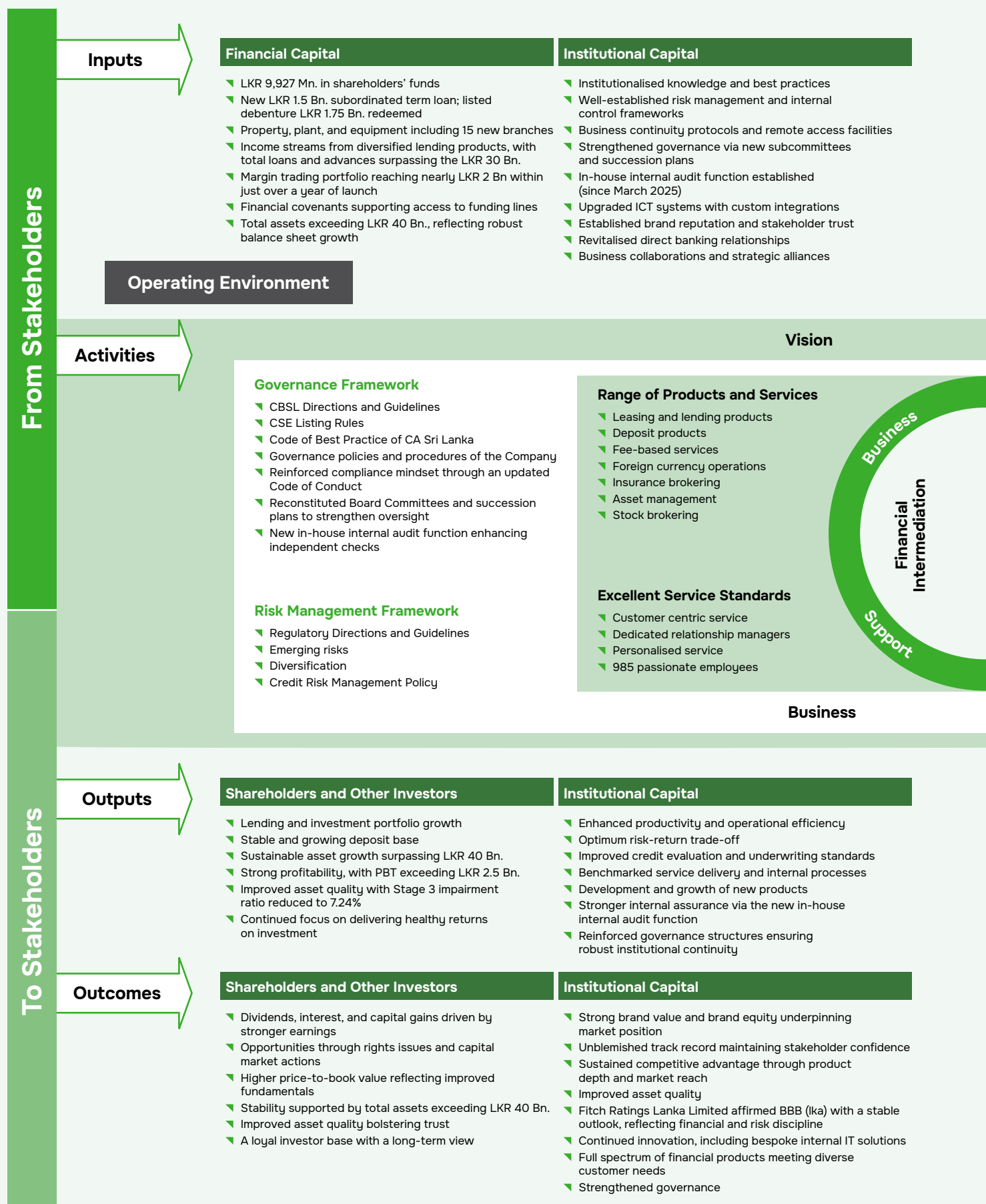
Business Model

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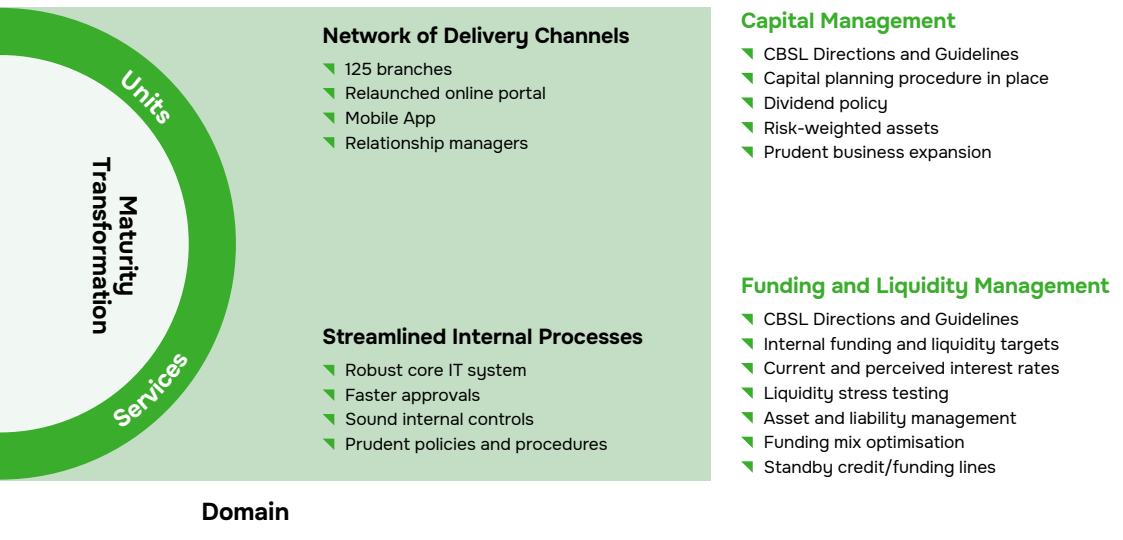
Our Business Model



Our Business Model

Customer Capital	Employee Capital	Social and Environmental Capital
<ul style="list-style-type: none"> Customer deposits of LKR 13,349 Mn. Long-standing relationships built on tailored financial solutions Findings from customer surveys Dedicated complaint-handling officer in place Strong local market insights enabling targeted offerings Renewed banking partnerships indirectly enhancing customer service reach 	<ul style="list-style-type: none"> 985-strong workforce with a cumulative service of 6,616 years Internal promotions Workforce strengthened with new recruitments 6,226 training hours during the year Structured succession planning Findings from employee satisfaction survey and exit interviews Reinforced culture of ethical conduct and compliance under the updated Code of Conduct 	<ul style="list-style-type: none"> Continued financing support for underbanked MSMEs Deep-rooted relationships with rural and small business communities Responsible stewardship of land, water, energy, and natural resources Ongoing community initiatives and CSR engagements Commitment to uphold environmental and social safeguards in lending and operations

Mission



Customer Capital	Employee Capital	Social and Environmental Capital
<ul style="list-style-type: none"> Competitive interest offerings for depositors Diverse funding solutions for borrowing customers, including MSMEs Financial advice and tailored credit support New offerings broadening customer choice Value-added services enhancing customer experience Extended reach to underbanked communities via new rural branches 	<ul style="list-style-type: none"> Fair remuneration and reward structures Ongoing training and development initiatives Visible career progression through internal promotions to branch leadership New hiring fostering fresh ideas and operational expansion Succession planning ensuring leadership continuity Sustained culture of creativity and innovation 	<ul style="list-style-type: none"> Taxes and levies contributing to government revenues CSR initiatives supporting communities and local causes Financing underbanked MSMEs, driving economic inclusion Strengthening livelihoods and rural economies through targeted lending

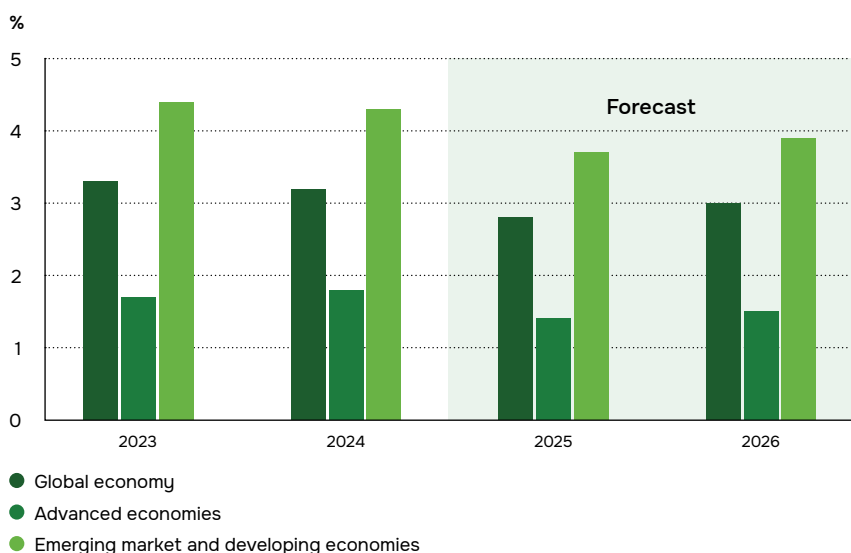
Customer Capital	Employee Capital	Social and Environmental Capital
<ul style="list-style-type: none"> Safety and security for deposits Realised growth opportunities through tailored funding, including to MSMEs Unparalleled convenience A satisfied and growing customer base 	<ul style="list-style-type: none"> Career development Sustained job satisfaction and a supportive work environment High employee retention driven by visible growth pathways Occupational health, safety, and well-being upheld across operations Balanced work-life culture 	<ul style="list-style-type: none"> Responsible financing aligned with ethical standards and governance oversight Deeper financial inclusion Enabling economic growth and community development Sustained "social licence" to operate through trust and stakeholder engagement

Operating Environment

“Operating environment” refers to the broader economic, regulatory, technological and socio-political context in which Senkadagala Finance operates. These and other factors influence the Company’s strategic direction and also inform our risk outlook and financial performance. The fiscal year 2024/25 was largely defined by steady macroeconomic recovery, evolving regulatory reforms and stabilising financial markets, both globally and domestically.

The Global Economy

World economic growth projections



Source: IMF, World Economic Outlook, April 2025

In the wake of a global rise in inflation, the world economy has entered a period of relative deceleration, driven in part by geopolitical alignments and

realignments, tightening trade regimes and, of course, the lingering aftershocks of the worldwide inflationary surge. While 2023 saw a notable rebound –

carrying momentum into 2024, with the S&P 500 returning over 25% – the forward trajectory is looking somewhat uncertain. In early 2025, the International Monetary Fund (IMF) projected global growth to hold at 3.3% in both 2025 and 2026. However, by April, the global lender was compelled to revise this forecast downward, citing renewed trade tensions, particularly in the wake of a protectionist policy shift in the United States. The result of this was that global growth is now expected to slow down to 2.8% in 2025 before inching up to 3% the following year.

The Organisation for Economic Co-operation and Development (OECD) in its own projections released in March 2025 echoed this subdued outlook, anticipating a moderate deceleration across advanced and emerging markets alike. While headline inflation is expected to decline steadily, core inflation has remained persistent,

especially in the services sector where wage rigidity and supply bottlenecks continue to exert pressure. A volatile situation in the Middle East has also contributed to a measure of profound uncertainty, though tensions now seem to be easing.

Despite this rather unencouraging backdrop, financial markets remain cautiously optimistic. Investor sentiment is buoyed by the accelerating adoption of artificial intelligence (AI), which is expected to drive long-term productivity gains. However, the broader context points to a structural transition: from the hyper-globalised trade flows of the past decades to a more fragmented and politically contested global economy. The IMF itself has characterised this as the beginning of a “new era” marked by reduced trade intensity, deeper regional blocs and slower aggregate growth.

For financial institutions in emerging markets, this outlook carries both caution and opportunity. Disinflation in advanced economies reduces pressure on global funding costs, providing breathing room for capital flows into frontier economies like Sri Lanka. However, the persistence of trade-related volatility, coupled with potential capital flow reversals, demands vigilance.

Domestic macroeconomic conditions

Following two consecutive national elections, Sri Lanka’s economic recovery continued into 2025, albeit at a more measured pace than the previous year. Following a sharp

rebound in 2024 driven by easing inflation, exchange rate stability and a resurgence in tourism, the outlook for 2025 and beyond reflects a more subdued yet steady trajectory. With the new Government largely maintaining course on the ongoing IMF programme, the Asian Development Bank (ADB) now projects GDP growth at 3.9% for 2025, tapering slightly to 3.4% in 2026. The World Bank offers a slightly more conservative estimate of 3.5% for 2025, citing persistent structural challenges and vulnerability to global headwinds. Nonetheless, the momentum remains positive supported by improved macroeconomic management, reform continuity and external support.

Inflation, which had reached unprecedented levels in 2022, fell to single digits by mid-2023 and remained subdued into early 2025. In fact, Sri Lanka recorded a brief period of deflation in April 2025, with year-on-year prices dropping by nearly 2%. This unexpected development prompted the Central Bank of Sri Lanka (CBSL) to lower the policy rate to 7.75% in May, further reinforcing its accommodative stance and entrenching a more relaxed business sentiment. The CBSL now expects inflation to gradually rise and stabilise around its 5% target by late 2026.

Labour market indicators remained mixed during the reporting period. While employment in tourism and services has improved, overall labour force participation continues to decline – down from

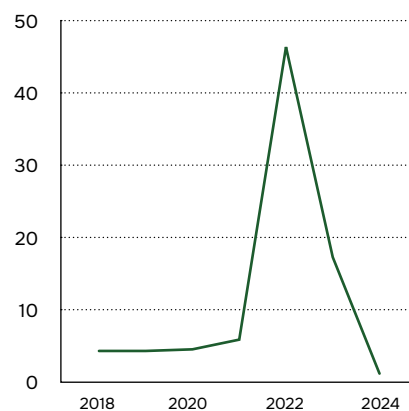
49.8% in 2022 to 48.8% in the latest available figures. Urban areas remain particularly affected, and food insecurity persists among lower-income households. According to recent surveys, one in four families reported experiencing food insecurity during the latter half of 2024, underlining the continued fragility of the post-crisis recovery.

The external sector has shown a commendable performance. As of March 2025, gross official reserves remain stable at around USD 5.0 Bn., thanks to sustained foreign exchange purchases by the CBSL and continued IMF assistance. The Sri Lankan rupee, which had depreciated to a record low of LKR 372 per USD in May 2022, appreciated to approximately LKR 300 by early 2024 – a gain of nearly 20% – and has since held steady, providing greater predictability for trade and investment flows.

Recovery of the Sri Lankan Economy

Inflation

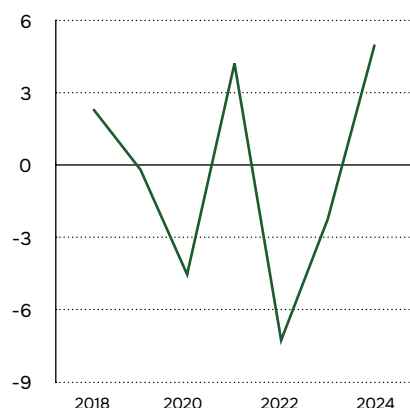
CCPI, Annual average, %



Source: CBSL, Annual Economic Review 2024

Real GDP Growth

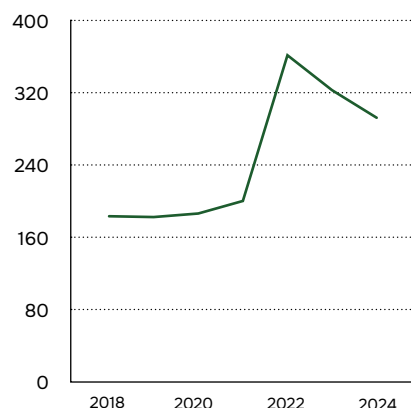
y-o-y, %



Source: CBSL, Annual Economic Review 2024

Exchange rate

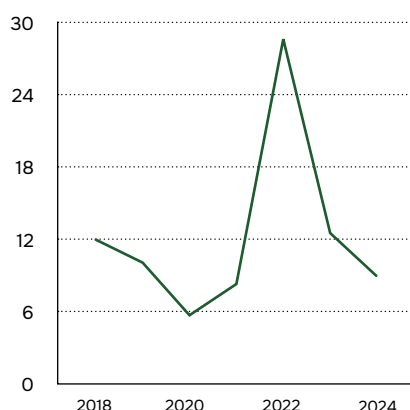
end year, LKR/USD



Source: CBSL, Annual Economic Review 2024

Interest rate

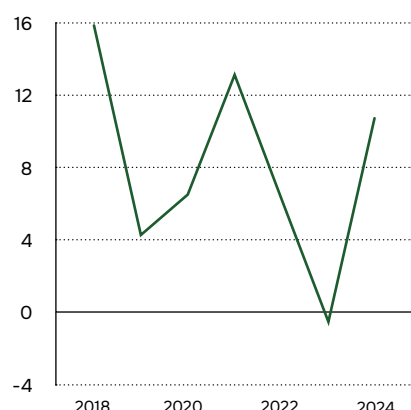
end year, AWPR, %



Source: CBSL, Annual Economic Review 2024

Private sector credit growth

end year, y-o-y, %



Source: CBSL, Annual Economic Review 2024

Foreign currency inflows

International partners

Support from international partners remains pivotal. Under the IMF's Extended Fund Facility (EFF), Sri Lanka has received cumulative disbursements of approximately USD 1.3 Bn., with further tranches contingent on continued progress with fiscal and structural reforms. The IMF has broadly commended Sri Lanka's reform efforts to date but continues to stress the importance of sustained momentum, particularly with regard to SOE restructuring, anti-corruption measures and domestic revenue mobilisation.

Export earnings

In terms of trade, Sri Lanka's total exports in 2024 were valued at USD 19.7 Bn., with a year-on-year growth of 7.6% recorded in merchandise exports. Encouragingly, however, services exports recorded a notable rise of 27.8%, driven largely by tourism and IT-related services. These trends have continued into 2025, bolstered by improved global demand and greater domestic stability.

Tourism

Tourism remains a critical sector. Revenues exceeded USD 2.1 Bn. in 2023 and crossed the USD 1 Bn. mark in the first quarter of 2024 alone, a 103% increase compared to the same period in the previous year. The country recorded over 635,000 tourist arrivals in Q1 2024, an 89% rise from the prior year. If current trends persist, Sri Lanka may inch closer to the target of over 2.5 million tourist arrivals and USD 5 Bn. in tourism earnings expected in the year 2025.

Tourism remains a clear outlier in Sri Lanka's post-crisis recovery, delivering both fiscal relief and broader economic stimulus. Total tourism earnings reached USD 3.17 Bn. in 2024, a 53.2% increase over the previous year and the highest recorded since 2019. This sustained growth has been underpinned by improved air connectivity, renewed global demand and a more stable domestic environment.

Inward remittances

Remittances through official channels reached a record USD 6.57 Bn. in 2024, marking a 10.1% increase from the previous year's USD 5.97 Bn. and the highest annual inflow since 2019. This growth was driven by improved exchange rate stability, rising out-migration, and greater use of formal remittance channels. Momentum has continued into 2025, with total inflows for the first four months reaching USD 2.46 Bn., an 18.3% year-on-year increase, highlighting the continued resilience of this key source of foreign exchange.

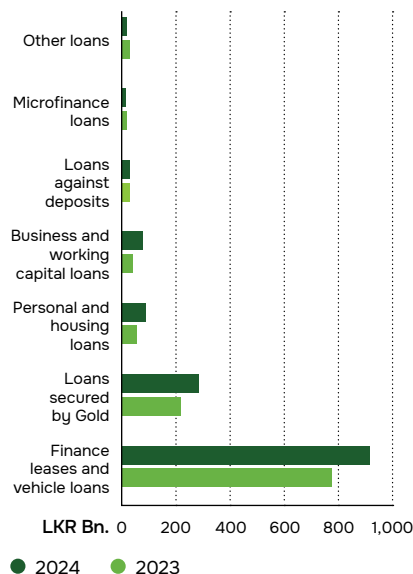
Reforms and restructuring

Sri Lanka's state-owned enterprises (SOEs) continue to pose significant fiscal risks, with the 12 largest entities incurring over LKR 1.2 Tn. in cumulative losses over five years and 20 SOEs reporting losses amounting to LKR 851.8 Bn. more recently. Despite the establishment of a restructuring unit and new legislation, progress has been slow, with key divestments stalled amid political delays. Transparency remains limited, and IMF assessments warn that without meaningful SOE reform and improved financial reporting, the country's fiscal recovery will remain fragile.

LFC sector

Sri Lanka's Licensed Finance Companies (LFC) sector remained resilient in 2024/25, maintaining adequate capital and liquidity buffers despite a challenging macroeconomic environment. The sector recorded growth in total assets, deposit mobilisation and profitability. As of the end of the financial year, the Gross Stage 3 Loans Ratio stood at 8.3%, improved from 14.7% the previous year, indicating an improvement in credit quality. This uptick was recorded despite the Central Bank's tightening of classification norms, which reduced the threshold for Stage 3 loan recognition from 120 days past due to 90 days, effective 1 April 2023. While the sector demonstrated strength in capital and funding, sustained improvements in credit quality remain a key focus area moving forward.

Total loans and advances (net) product-wise

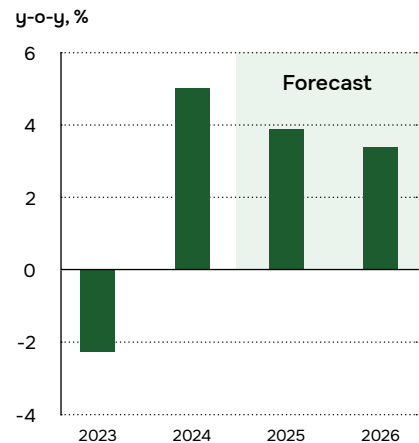


Source: CBSL, Annual Economic Review 2024

Future prospects

Sri Lanka's near and medium-term economic outlook has strengthened over the past year, buoyed by improved macroeconomic stability, external support and the gradual restoration of domestic confidence. The Asian Development Bank's Asian Development Outlook (April 2025) revised its growth projections for Sri Lanka to 3.9% in 2025 and 3.4% in 2026, upgrading from earlier estimates on the back of better-than-expected performance in tourism, remittances and private consumption. The Central Bank has maintained a similarly optimistic forecast, citing easing inflation, lower interest rates and a modest pickup in credit activity as supporting factors. A brief deflationary spell in early 2025 led to a policy rate cut to 7.75% in May, signalling a clear pivot toward growth-supportive monetary conditions.

Sri Lanka's GDP growth forecast



Source: Asian Development Outlook, April 2025

External buffers remain broadly stable. Gross official reserves stood at approximately USD 6.3 Bn. as of mid-2025, underpinned by strong remittance inflows – which reached a record USD 6.57 Bn. in 2024 – and a remarkably resilient tourism sector. Visitor arrivals for the first half of 2025 have outpaced 2024 levels, generating positive spillover effects across logistics, retail, and services. The rupee has remained steady around LKR 300 per USD, supported by stable foreign reserves, improved domestic supply conditions, the easing of import restrictions and favourable agricultural output from the 2024/25 *Maha* season, followed by a stronger Yala harvest, together contributing to a more stable macroeconomic environment.

Nevertheless, the economy remains in a fragile recovery phase. Growth is positive but not yet broad-based. Industrial output is improving but uneven, investment remains cautious, and fiscal consolidation is far from complete. Structural reform, particularly around SOE efficiency, tax administration and regulatory transparency, remains slow-moving. No major SOE divestments have materialised to date, and fiscal risks tied to public sector liabilities continue to weigh on the medium-term outlook. The IMF-EFF programme remains the key anchor of policy credibility, and continued compliance with its conditionalities will be essential to maintaining external support and market confidence.

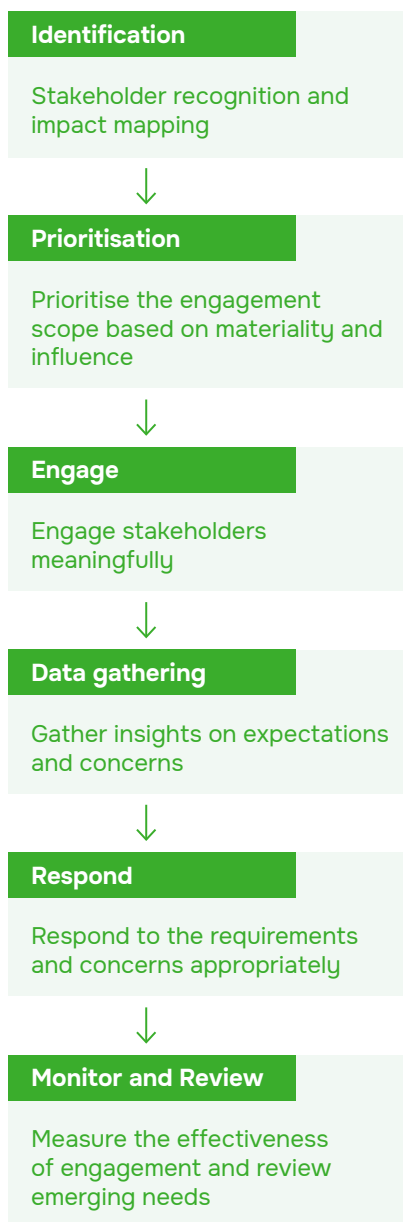
Domestic sentiment has improved, but the operating environment is still shaped by external risks. Global trade frictions, volatile capital markets and shifting interest rate cycles in major economies continue to pose challenges. However, Sri Lanka is better positioned to absorb external shocks than it was just two years ago. Continued momentum in services exports led by tourism and IT, along with a more open import regime and steady remittance inflows, offer a degree of resilience.

In short, Sri Lanka's recovery is real, but it is not yet irreversible. Future trajectory will depend on consistent policy implementation, decisive reforms, and enabling private-sector-led growth. If the current momentum is maintained, 2025/26 could mark the beginning of a more stable and investment-ready phase in Sri Lanka's post-crisis economic trajectory.

Stakeholder Engagement

Comprehensive and purposeful stakeholder engagement directly contributes to our value creation goals and the process through facilitating meaningful concentration on material matters. As such, we strive to accurately identify stakeholder impact, and respond effectively. Our approach is grounded in proactive, transparent, and continuous dialogue. We seek to identify stakeholder expectations early, assess their concerns accurately, and integrate their feedback into our strategic and operational priorities. This ensures that our business remains responsive, resilient, and aligned with the evolving landscape of stakeholder needs and aspirations. Our methods are calculated to foster mutual trust. This allows us to mitigate risks and strengthen compliance, whilst uncovering opportunities to innovate, improve service delivery, and reinforce long-term relationships.

The below illustration depicts our stakeholder engagement process:



The Impact Map presented below illustrates the dynamic relationships between Senkadagala Finance PLC and our diverse stakeholder groups. It provides a clear overview of how each stakeholder influences our business and, in turn, how our operations and decisions impact them.

This mapping exercise enables us to systematically identify, prioritise, and understand the expectations, interests, and potential concerns of those who are critical to our success. This allows the Company to respond in an impactful manner. Through this structured analysis, we are better positioned to embed stakeholder perspectives into our strategic planning and daily operations, thereby strengthening trust, enhancing transparency, and creating sustainable value for all parties involved.

Stakeholder Impact Map

Stakeholders	Impact of the stakeholders	Influence of SLFPLC on the stakeholder	Influence of the Stakeholder on SLFPLC
Shareholders and other investors	Through their capital, funding, and other contributions, this stakeholder segment continues to be vital to the Company's profitability and sustainable growth. The Company periodically shares relevant information with them, covering areas such as performance and governance.	H	H
Customers	Customers are central to the Company's business, as they are the recipients of its financial intermediation services and facilities. Retaining, expanding, and managing customer relationships with a strong focus on service excellence is essential to the Company's long-term profitability.	H	H
Employees	Employees, through their unwavering dedication and commitment, drive the business forward and grow in tandem with the Company.	H	H
Suppliers and Business partners	Our business partners are integral to our growth, contributing invaluable support and resources that drive our development. They encompass a diverse group, including motor vehicle dealers as well as suppliers of office equipment and stationery.	H	M
Government and regulatory authorities	As a Non-Banking Financial Institution holding public deposits and as a company listed on the Colombo Stock Exchange, we are firmly committed to fulfilling our compliance obligations, which are non-negotiable.	M	H
Society and the Environment	The environmentally friendly policies of the Company, as well as its dedication to serving the community, give it the 'social license' to function in the community as a responsible corporate citizen.	M	L

H High
M Medium
L Low

Mode and Frequency of Stakeholder Engagement

Engaging effectively with our stakeholders requires a structured approach anchored in consistency, transparency, and relevance. The following table outlines the range of engagement activities Senkadagala Finance PLC undertakes to maintain open, constructive, and timely communication with each stakeholder group.

Stakeholder	Engagement activity	Frequency	Topic of accountability	Method
Shareholders and other investors	Annual General Meeting (AGM)	Annually	Financial performance, governance, transparency, and other disclosures.	The Company's 55th AGM facilitated open dialogue between the Company and investors
	Annual Report	Annually	Financial performance, governance, transparency, and other disclosures.	The Annual Report presents transparent and comprehensive information to make informed-decisions
	Extra Ordinary General Meetings (EGM)	When required	Governance, transparency and other disclosures.	An EGM was held on 27 January 2025, to amend the Articles of Association of the Company
	Interim financial statements and investor presentations	Quarterly	Financial performance and investor communications	Interim financials provided to shareholders and other investors of the Company contain timely and relevant information
	Press conferences and releases	When required	Information related to business expansion, strategy and any other topic of relevance.	There were no press conferences held during the year under review
	Communications made to the Colombo Stock Exchange	When required	Matters pertaining to investor relations, financial information, transparency, regulatory requirements and corporate governance.	Documents submitted and shared via the Colombo Stock Exchange (CSE)
	One-to-one discussions	When required	Financial inclusion, corporate governance, risk management or any other topic relevant to shareholders/investors.	In person discussions
	Corporate website	Ongoing	Sustainable growth of the Company, relevant data and information.	Regular updates

Stakeholder	Engagement activity	Frequency	Topic of accountability	Method
Customers	Touch-points	Ongoing	Financial inclusion	SFPLC delivers its wide range of services both through personalised interactions and via various technological platforms to our customer base
	Town storming, leaflet campaigns, banners, street promotions	When required	Creating awareness about new on-boarding, financial inclusion, affordability of services, new products and services, and convenience	Leaflet campaigns were carried out before opening new branches, in respective localities
	Relationship Managers	When required	Service quality, customer satisfaction, information security, and mutually beneficial relationships.	Relationship Managers offer a personalised service to the customer, on a proactive or need-based approach
	Advertisements	When required	Scope and affordability of products and services, strength of the Company, and ease of approachability.	Print, electronic and social media platforms
	Corporate website	When required	Information related to offered products and services and sustainable growth of the Company	Regular updates
Employees	Customer workshops	When required	Financial inclusion	In person meetings, workshops
	Executive meetings	Monthly	Performance management and business developments.	Ongoing dialogue on business development, and potential concerns
	Managers' conference	When required	Performance, reward management, business developments, and other risk-related issues.	Purposeful discussions on performance evaluation and business development
	Regional review meetings	Quarterly	Local business development and regional performance	Data received from the Management Information System is analysed and discussed to facilitate future growth
	Memoranda	When required	Inclusion/information dissemination.	Documented

Stakeholder	Engagement activity	Frequency	Topic of accountability	Method
	Emails	When required	Recruitment, retention and attrition, announcements, and other information.	Webmail services
	Training programmes	When required	Value driven corporate culture, skill upgrading, knowledge sharing.	Through physical and digital platforms, 6,226 hours of training was recorded in 2024/25
	Special events for staff engagement	When required	Diversity and inclusion and unity	Tailored to the specific event
	Open door policy	Ongoing	Whistleblower facilitation, Career progression, accountability, grievances, concerns	Direct engagement, and the updated Whistleblower policy of the Company
	Operational guidelines	Ongoing	Knowledge and technical capacity	Available as manuals, policies and procedures, physically and through the reference section of the core system of the Company and communicated during training programmes
	Code of conduct	Ongoing	Best practices and business value creation.	Facilitated by the HR department
	Performance evaluation	Ongoing	Performance management	Carried out annually through discussions
Suppliers and Business partners	Supplier Relationship Management	Ongoing	Contractual performance and ongoing business development	Regional and branch level promotions
	On-site visits and meetings	When required	Responsible sourcing and future business opportunities.	Site visits
Government and Regulatory authorities	On-site and offsite surveillance	When required	Compliance with all regulatory requirements.	Timely disclosures and compliance
	Directives and circulars	Ongoing	Corporate governance, business expansion and growth.	A Compliance policy is in place to ensure that all such directives are adhered to and updated, as and when necessary
	Meetings and consultations	When required	Regulatory compliance	Periodical meetings with regulatory bodies

Stakeholder	Engagement activity	Frequency	Topic of accountability	Method
Society and Environment	Press releases	Semi-annual	Financial performance, Business trends and KPIs.	Press releases
	Periodic returns	Periodically when required	Financial performance	Timely submission of financial performance in the required format through online portals
	Branch network	Ongoing	Responsible financial ethics and business conduct	Facilitation of financial inclusion in under-served areas.
	Press releases, conferences and media briefings	When required	Community investment	Media conferences
	Informal briefings and communications	When required	Financial inclusion	Leaflet campaigns, town storming, promotional campaigns
	Public events	When required	Recruitment and financial inclusion	No public events were organised during the year
	Call centre and information centre	Ongoing	Information relating to products and environmental impact	Societal grievances and complaints are directed to the relevant officer for immediate remedial action
	Corporate website	Ongoing	Environmental accountability	Regular updates

These calculated measures allow us to reinforce our commitment to responsible governance, strengthen stakeholder confidence, and foster enduring relationships that support sustainable growth.

Materiality

Determining materiality is critical to identifying the issues that impact value creation and stakeholder expectations at Senkadagala Finance PLC. It improves communication, sharpens strategic focus, strengthens risk management, and improves the relevance of our reporting. By prioritising what matters most, we not only meet regulatory standards but also enable transparency, build trust, and support long-term performance and sustainability.

Materiality refers to identifying and prioritising information that is essential to understanding an organisation's capacity to create value over the short, medium, and long term. It involves assessing ESG issues that materially affect the organisation's strategy, performance, and future outlook, alongside the expectations, and concerns of its stakeholders.

Senkadagala Finance PLC applies materiality to identify the most significant factors influencing value creation and stakeholder interests. Through active stakeholder engagement, the Company prioritises ESG issues that are vital to its operations and long-term performance. This assessment ensures that integrated reporting addresses key concerns, enhances transparency, supports strategic decisions and meets regulatory expectations, ultimately fostering sustainable growth and strengthening stakeholder trust.

By focusing on material issues, the Company aims to provide a clear, comprehensive, and relevant view of its performance and strategy, thereby enabling more informed decision-making by stakeholders.

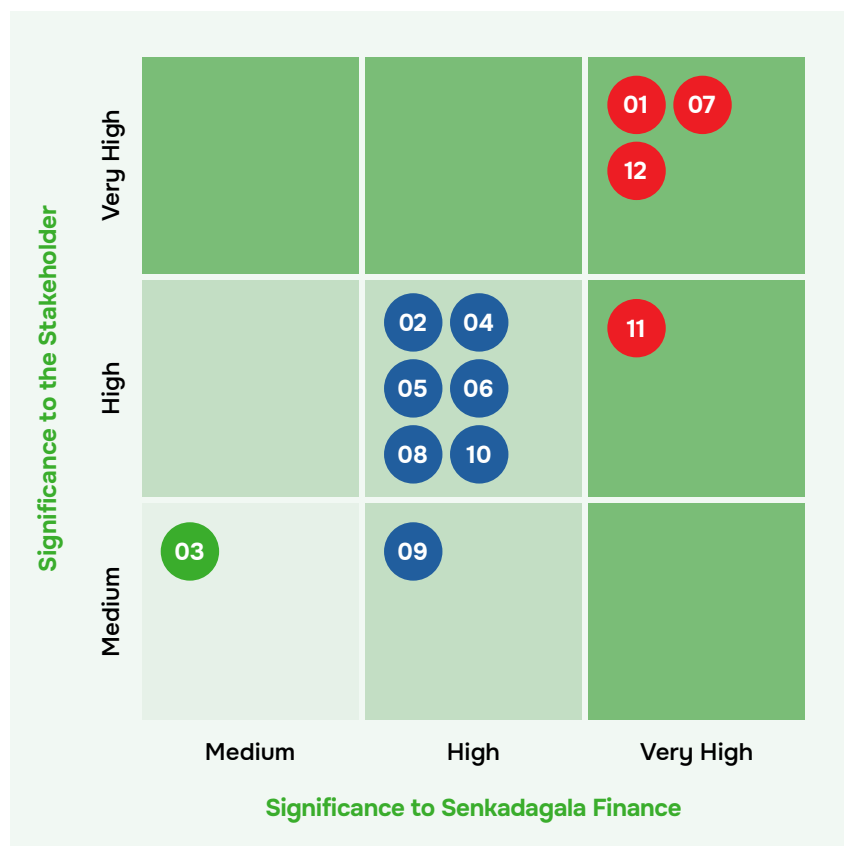
Materiality matrix

A materiality matrix is a strategic tool used to identify and prioritise the Environmental, Social, and Governance (ESG) issues most relevant to both the Company and its stakeholders. The matrix

helps us determine what qualifies as material and requires inclusion in the integrated reporting of the Company. The twelve aspects identified as material to Senkadagala Finance PLC, together with their corresponding GRI Standards, are as follows:

Identified material aspects

Aspect	Indication	Significance	
		To SFPLC	To Stakeholders
Economy			
1. Economic performance	GRI 201	V	V
Environmental			
2. Energy	GRI 302	H	H
3. Water and Effluents; Waste	GRI 303 GRI 306	M	M
4. Compliance	GRI 2-27	H	H
Social			
Labour practices and decent work			
5. Employment	GRI 401	H	H
6. Occupational health and safety	GRI 403	H	H
7. Training and education	GRI 404	V	V
8. Labour practices/ Grievance mechanisms	GRI 2-26 GRI 405 GRI 406	H	H
Society			
9. Local communities	GRI 413	H	M
10. Anti-corruption	GRI 205	H	H
Product responsibility			
11. Product and service labelling	GRI 417	V	H
12. Customer privacy	GRI 418	V	V
<div><div>V</div> Very High</div> <div><div>H</div> High</div> <div><div>M</div> Medium</div>			



The Company ensures timely disclosures in line with regulatory requirements, promoting transparency across all operations.

The Internal Auditors of the Company support effective evaluations of internal controls, while the annual external audit ensures the material accuracy of the Company's financial performance.

Fitch Ratings Lanka Limited affirmed the Company's National Long-Term Rating at BBB (lka) with a Stable Outlook, effective 14 August 2024, considering the diverse funding mix and above-average capitalisations maintained throughout.

Management approach

In delivering and deriving value from stakeholders, Senkadagala Finance bases its materiality decisions on shared values that promote ethically sustainable operations. As such, the Company places strong emphasis on aligning strategic objectives with transparent stakeholder engagement. Key performance indicators (KPIs) are used to monitor material aspects and ensure alignment with corporate goals, while key responsible personnel (KRPs) are expected to uphold transparency and ethical conduct at all times, not merely to satisfy regulatory requirements, but as a reflection of the Company's enduring values and reputation.

Policies and protocols are in place to govern business operations and mitigate risk, with trigger event reporting enabling continuous evaluation and timely reassessment. Senior Management is expected to model the Company's values and remain vigilant to risk indicators, escalating any trigger events to KRPs for appropriate action. Clear procedural guidance ensures responsible conduct across the Organisation, with department heads accountable for maintaining alignment with strategic objectives. As part of their mandate, senior managers also carry out ongoing environmental assessments and address stakeholder grievances.

Our Story in 2024/25

31

32	Financial Capital
42	Institutional Capital
49	Customer Capital
57	Employee Capital
63	Social and Environmental Capital
66	Shareholder and Investor Capital

Financial Capital



Keeping with the performance trajectory of previous year, Senkadagala Finance delivered another year of strong results, achieving the highest-ever post-tax profits in the Company history. Total assets surpassed the LKR 40 Bn. mark, with net loans and advances recording a year-on-year growth of 23%, underscoring sound financial management and a commitment to a sustainable growth strategy.

An overview of the year

The economic recovery in 2024 brought both opportunities and challenges for the non-bank financial institution (NBFI) sector. The easing of inflation and the Central Bank's gradual reduction of policy rates supported improved credit uptake and a more favourable funding environment for NBFIs in general. However, the lingering effects of the past economic downturn continued to influence customer behavior and credit quality, with cautious lending sentiment across the market. Despite these headwinds, Senkadagala Finance remained resilient – leveraging prudent risk management, strong capital buffers, and continued investment in digital transformation, enabled the Company to navigate the evolving landscape effectively while maintaining sustainable growth and profitability.

The reducing market rates continued to exert pressure on net margins, despite this, with meticulous funding management, Senkadagala Finance managed to improve the net interest margin to 17.53% by March 2025 while reducing the cost to income ratio to 40.54%. These enabled the Company to record a profit before tax of LKR 2,628 Mn., a year-on-year growth of 66.58%, and marking the highest ever post-tax profits of the Company history.

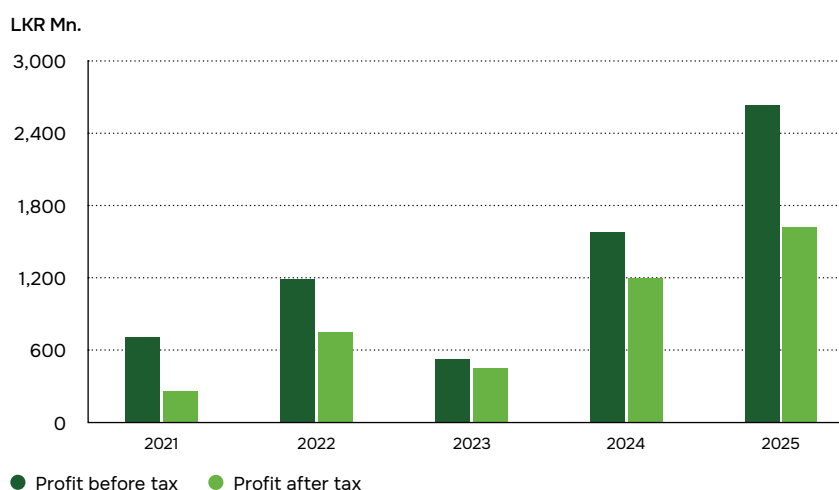
Total assets of the Company reached LKR 40,766 Mn., surpassing the LKR 40 Bn. mark for the first time in its history. This growth was primarily driven by the 23% growth in total loans and advances, which reached LKR 30,099 Mn., crossing the LKR 30 Bn. milestone. Margin trading, one of the new loan products introduced in the previous year, significantly contributed to this expansion.

With the prevailing low-interest rate environment and resurgence in equity markets, the Company's deposits base experienced strain, as a result the deposit book recorded a marginal decline of 3.54% during the year.

Summary of financials for the year

Financial results	2025 (LKR '000)	2024 (LKR '000)
Total assets	40,765,724	36,560,254
Loans and advances	30,098,909	24,476,181
Customer deposits	13,348,714	13,839,120
Total equity	9,926,796	8,504,647
Gross income	9,211,900	8,243,556

Profit before and after tax



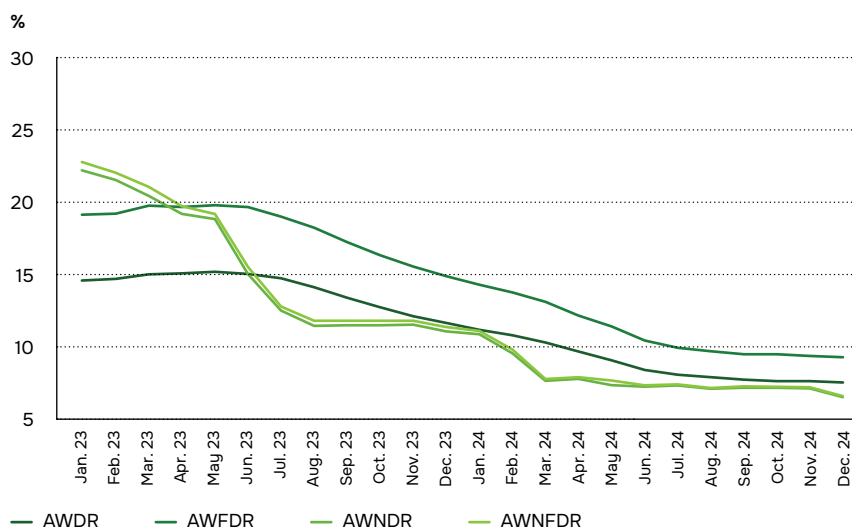
Financial performance in detail

Net interest income

During the year, Sri Lanka's interest rate environment shifted toward a more accommodative stance as the Central Bank gradually eased monetary policy to support economic recovery. The introduction of a single policy rate, the Overnight Policy Rate (OPR), in late 2024 marked a significant step in streamlining the monetary framework. By the end of the financial year, the policy

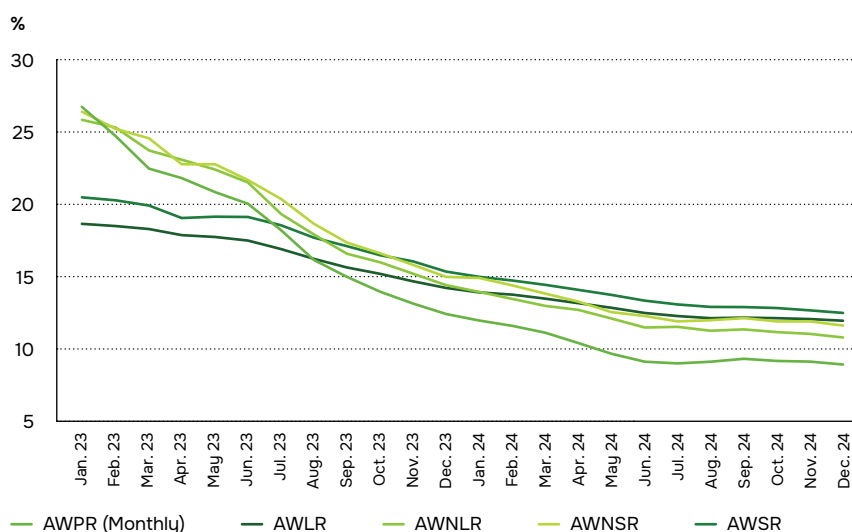
rate had been reduced to 8%, reflecting sustained disinflationary pressures and the need to stimulate private sector credit growth. This downward trend in interest rates led to a gradual decrease of both lending and deposit rates across the financial sector, creating a more competitive and dynamic market environment. Against this backdrop, Senkadagala Finance strategically adjusted its pricing and asset-liability mix to preserve margins while supporting credit expansion and customer acquisition.

Movement of Market Deposit Rates



Interest expense on bank and other borrowings declined year-on-year by 31.52% and 46.30% respectively, despite the Company borrowing funds to finance the growth of the loan book. As noted above, the low-interest rate environment and improved equity market performance led to a slight contraction in the Company's deposit base. Consequently, interest expenses on customer deposits fell to LKR 1,580 Mn., a drop of 19.22% compared to LKR 1,957 Mn. of previous year. Overall interest expenses decreased by LKR 982 Mn. regardless of increase in the funding volumes.

Movement of Market Lending Rates



Source: CBSL Annual Economic Review 2024

Owing to meticulous funding strategies by the Management, the weighted average cost of funding of the Company continued to decline, echoing the market trend, enabling the Company to optimise net interest returns. Interest income for the year increased, fuelled by

the growth of the loan book while income from short-term investments decreased notably. Nevertheless, the total interest income increased to LKR 8,459 Mn., reflecting a 14.90% increase compared to the year ended March 2024.

Throughout the year, the Company maintained a robust liquidity position, serving as a buffer against market volatility and supporting loan growth. Despite exploring attractive investment avenues to generate returns on surplus funds, interest income from investments in fixed deposits and repurchase agreements recorded a decline of 63% and 29.28% respectively, reflecting the broader downward trend in market interest rates. This, to some extent, offset the overall growth in interest income recorded during the year.

The newly introduced loan products – gold loans and margin trading, launched in the previous year, generated interest income of LKR 83 Mn. and LKR 128 Mn., positively contributing to the Company's bottom line.

The Company's net interest income increased sharply to LKR 5,725 Mn., up from LKR 3,646 Mn. recorded in the previous year, reflecting a substantial 57.01% year-on-year increase, robust loan expansion

and the favourable repricing of funding sources. Correspondingly, the net interest margin (NIM) rose to 17.53% compared to 11.86% in the previous year.

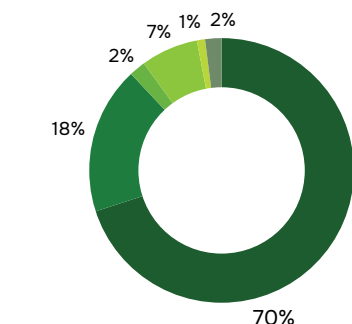
Income

The fund-based income remained the primary contributor to total income, accounting for 91.82% of gross income for the year. This segment recorded a growth of LKR 1,097 Mn. By investing excess liquid funds in money market unit trusts as opposed to deposits and REPOs to maximise the returns, the Company reported a notable net trading gain of LKR 365 Mn., reflecting a growth of LKR 243 Mn. However, net gains from financial instruments measured at fair value through profit or loss declined to LKR 141 Mn., primarily due to subdued equity market performance towards the year-end and a reduction in such investments.

Fee-based income and commission grew by 14.19%, reaching LKR 79.7 Mn., supported by the expansion of new business during the year. On a Group level, total fee and commission income rose to LKR 323 Mn., marking a 14.98% year-on-year increase, with the main contributions stemming from the subsidiary companies – Senkadagala Insurance Brokers and Senfin Asset Management – whose core income comprises commission revenue.

Other operating income marginally declined by 4.02%, amounting to LKR 167 Mn., driven by the decrease in dividend income recorded for the year.

Sources of income



- – Interest income from leases and HP
- – Interest income from other loans and receivables
- – Interest income from government securities
- – Income from other investments
- – Fee and commission income
- – Other income

Profitability

The Company recorded a historic profit before tax of LKR 2,628 Mn., compared to LKR 1,577 Mn. in the previous year, reflecting a year-on-year growth of 66.58%, primarily driven by the expansion in net interest margins, as detailed above.

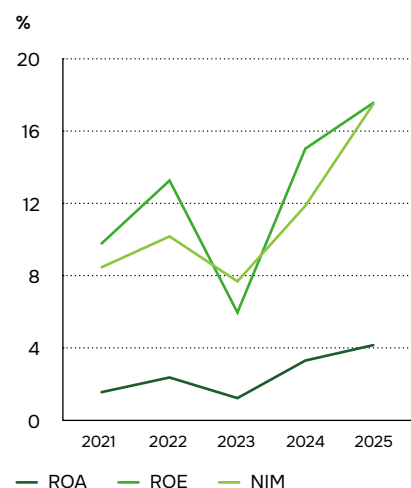
However, growth in profit after tax was moderated to 35.58%, reaching LKR 1,622 Mn., up from LKR 1,196 Mn. in the previous year. This was due to higher tax charges incurred during the year and the recognition of previously underprovided tax balances.

Despite these factors, the Company achieved the highest profit in its 56-year history.

In terms of profitability indicators, Return on Assets (ROA) increased to 4.19%, up from 3.31% in the previous year, while Return on Equity (ROE) increased to 17.60%,

compared to 15.04% recorded last year, reflecting the Company's enhanced profitability and operational efficiency. The Net Interest Margin (NIM) also improved to 17.53%, as previously noted.

Profitability indicators of the Company



Consolidated profits for the Group mirrored these positive trends. The Group's profit after tax rose to LKR 1,772 Mn., a 29.93% increase compared to the prior year. Profit before tax stood at LKR 2,829 Mn., marking a notable YoY growth of 57.54%. Contributions from the subsidiaries strengthened the Group's fee-based income, generating synergistic value for stakeholders.

The associate company, Senfin Securities Limited, posted a profit of LKR 32 Mn., contributing LKR 11.2 Mn. to the Group's consolidated earnings, further enhancing the Company's profitability for the year under review.

Operational efficiency

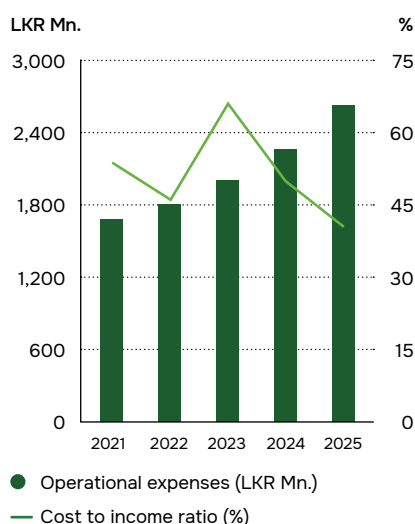
The Management continued its efforts to enhance operational efficiency with the objective of controlling operational expenses, amid the expansion of the branch network and increased operational scale, both of which drove costs higher.

The staff cadre expanded with the addition of 15 new branches, and personnel expenses rose due to salary increases and performance-based incentives, resulting in a 22.50% year-on-year increase in personnel costs to LKR 1,186 Mn.

Depreciation and amortisation expenses continued their downward trend, decreasing by 3.24% year-on-year to LKR 314.7 Mn. Meanwhile, other operating expenses rose by 14.64% to LKR 1,049.9 Mn., mainly due to increased repair and maintenance costs associated with the ageing fleet of company vehicles.

Despite these increases, the relatively moderate growth in operational expenses compared to the substantial rise in net income led to an improvement in the Company's cost-to-income ratio, which declined to 40.54%, from 50.00% in the previous year.

Operational efficiency



Taxation

As part of the government's ongoing fiscal reforms aimed at broadening the tax base and improving revenue collection to address macroeconomic imbalances, the Company experienced an increase in its overall tax burden during the year under review. The Value Added Tax (VAT) on financial services was increased from 15% to 18%, effective from 1 January 2022, leading to higher VAT obligations for the Company. As a result, the tax charge on value addition rose by 53.55% to LKR 663.5 Mn., reflecting both the rate increase and the growth in business volumes.

Additionally, the Social Security Contribution Levy (SSCL), introduced in 2022 and applicable at a rate of 2.5% on the value addition of financial services, resulted in an additional charge of LKR 92.2 Mn. for the year, up by LKR 32.1 Mn. compared to the previous year.

The increase in pre-tax profits contributed to a rise in the corporate income tax charge to LKR 1,074.7 Mn., compared to

LKR 479.6 Mn. in the previous year. However, this was partly offset by a deferred tax reversal of LKR 173 Mn., primarily due to improved asset quality and corresponding adjustments in loan loss allowances widening the temporary differences. Moreover, a total of LKR 104.3 Mn. was charged during the year in relation to under-provisions and assessments from prior periods.

Assets

As of 31 March 2025, the Company's total assets rose to LKR 40,766 Mn., marking an 11.50% year-on-year increase from LKR 36,560 Mn. recorded in the previous year. This growth was largely driven by the continued expansion of the finance lease portfolio.

Additionally, other loans and receivables saw a strong year-on-year growth of 60.74%, primarily supported by the introduction of new loan products during the prior year. Notably, margin trading grew by LKR 1,399 Mn., reaching a total of LKR 1,959.7 Mn.

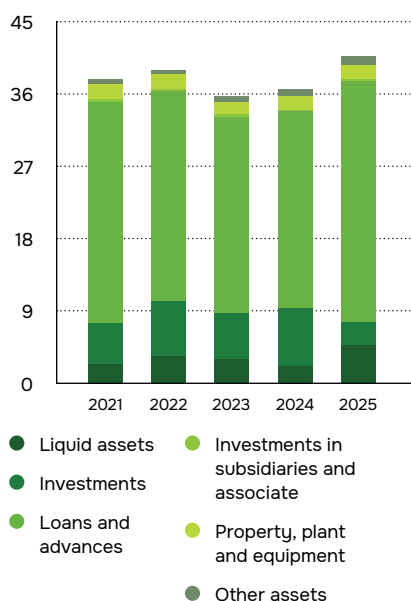
In line with the strategy to maintain short-term liquidity, the Company invested surplus liquid assets in REPO instruments instead of money market unit trusts, enabling rapid deployment of funds to meet loan demand. As a result, financial assets measured at fair value through profit or loss (FVTPL) decreased by 67.39%, settling at LKR 1,462 Mn., while REPO investments surged by LKR 2,552 Mn., reaching LKR 2,803 Mn.

Meanwhile, financial assets at fair value through other comprehensive income (FVTOCI) experienced a slight decline to LKR 157 Mn., reflecting changes in the fair value of underlying equity holdings. Similarly, investments in financial instruments at amortised cost dropped marginally by 0.72%, ending the year at LKR 1,191 Mn.

The increase in the loan portfolio significantly contributed to the overall growth in total assets, which surpassed the LKR 40 Bn. milestone during the year.

Total assets

LKR Bn.



In response to the economic uncertainty following the pandemic, the Company prioritised maintaining a strong liquidity position. With the recent uptick in credit demand, ensuring access to liquid funds to support portfolio growth has become even more critical.

To this end, the Company invested excess funds in short-term fixed deposits with commercial banks and diversified into various money market instruments. These strategic allocations led to a 182.18% year-on-year increase in liquid assets, as defined by the CBSL guidelines, which totalled LKR 5,978 Mn. as of the reporting date. Liquid assets accounted for 14.67% of the Company's total assets at year-end.

Loans and advances

Loan type	2025 (LKR '000)	2024 (LKR '000)	Change (%)
Finance leases and hire purchase	26,505,267	22,240,443	19.18
Commercial loans and personal loans	563,191	601,056	(6.30)
Pawning and gold loans	547,529	564,361	(2.98)
Margin trading	1,959,728	560,748	249.48
Other advances	523,194	509,573	2.67
Total	30,098,909	24,476,181	22.97

Total loans and advances grew by 22.97% over the year, reaching LKR 30,099 Mn. compared to LKR 24,476 Mn. in the previous year, supported by a notable increase in credit demand.

Although the importation of unregistered vehicles remained restricted for most of the financial year, the finance leasing segment saw a strong recovery. This was driven by heightened demand for credit, influenced by a decline in market interest rates and an uptick in overall economic activity. The Company's robust customer screening processes, along with ample liquidity, enabled it to offer loans at competitive rates, effectively capitalising on favourable market conditions.

During the year, the Company disbursed approximately LKR 31.8 Bn. in new business, compared to LKR 18.7 Bn. in the prior year. The average loan-to-value (LTV) ratio of new finance leases stood at 65.6%, with a focus on financing registered vehicles.

Meanwhile, commercial and personal loans recorded a decline of 6.30%, closing at LKR 563 Mn. as of March 2025.

In the previous financial year, the Company introduced a new Gold Loan product – a short-tenure, gold-backed lending solution designed to mitigate the risks typically associated with such facilities. As a result, the Pawning portfolio was strategically phased out, decreasing to LKR 1.1 Mn. by year-end, while Gold Loans grew by 18.82% year-on-year, reaching LKR 546 Mn.

Also introduced in the prior year was the Margin Trading product, aimed at diversifying the Company's lending portfolio and reducing its reliance on vehicle-backed financing. This product showed strong traction, with the margin trading portfolio growing by 249.48% to LKR 1,959.7 Mn. by the end of the financial year, exceeding initial expectations.

Asset quality

The management places utmost importance on maintaining high asset quality, recognising it as a critical success factor in the finance industry and a cornerstone for achieving long-term, sustainable growth.

With the deferred adoption of the Finance Business Act Directions No. 1 of 2020 – Classification and Measurement of Credit Facilities, Licensed Finance Companies (LFCs) have been required to classify credit facilities as non-performing loans (NPLs) based on days past due (dpd) and/or potential credit risk, effective from 1 April 2022. Further tightening of regulations came into effect from 1 April 2023, requiring LFCs to classify loans and advances with principal and/or interest overdue by more than 90 days as NPLs, compared to the 120-day threshold applied during the 2022/23 financial year. To align with the revised regulatory framework, the Company adopted the updated definition of default and credit-impaired assets for financial reporting purposes, effective from 1 April 2023.

Challenging macroeconomic conditions, combined with the day-one impact of the revised default classification, continued to put pressure on asset quality. As a result, the Company's asset quality did not fully recover from the deterioration experienced during the pandemic and the ensuing economic crisis.

However, through intensified recovery efforts, the Company managed to reduce its gross Stage 3 loan ratio (gross NPLs as a percentage of total advances) to 7.24%, compared to the 13.00% recorded in the previous year.

Similarly, through systematic recognition of impairments and prudent provisioning practices, the net Stage 3 loan ratio declined to 3.07%, down from 6.62% the year before.

As at March 2025, the Company made impairment provisions amounting to LKR 2,856 Mn., compared to LKR 2,811 Mn. in the previous year. This led to an improvement in the Stage 3 provision coverage ratio to 57.56%, up from 49.13%, despite the stricter default classification criteria.

Liabilities

As at the end of the reporting period, the Company's total liabilities stood at LKR 30,839 Mn., reflecting a 9.92% increase compared to the restated figure of LKR 28,056 Mn. in the previous year.

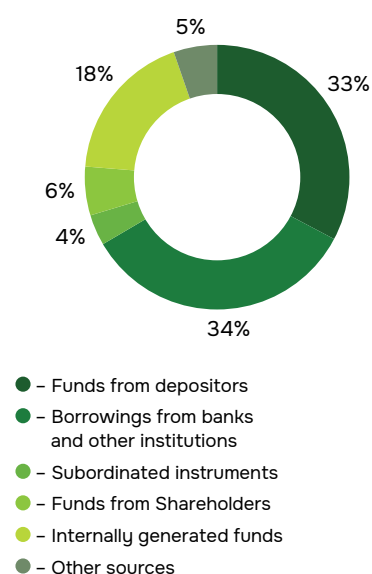
Bank borrowings saw a significant increase, reaching LKR 12,631 Mn., primarily to support the expansion of the loan portfolio. In contrast, other borrowings declined by 68.88% ending the year at LKR 1,151 Mn., mainly due to the settlement of asset securitisation loans.

During the year, the Company redeemed subordinated listed debentures amounting to LKR 1,750 Mn. To replenish its capital structure, a subordinated term loan valued at LKR 1,500 Mn. was issued, following approval from the Central Bank of Sri Lanka (CBSL).

Additionally, the Company restated its current tax liabilities during the year, incorporating material adjustments related to income taxes from prior financial years. These adjustments stemmed from the correction of errors in tax schedules and computations identified during the current period. As a result,

revised tax assessments totalling LKR 573.3 Mn. were recorded as restatements in the financial position for the respective periods.

Sources of funding



Deposits from customers

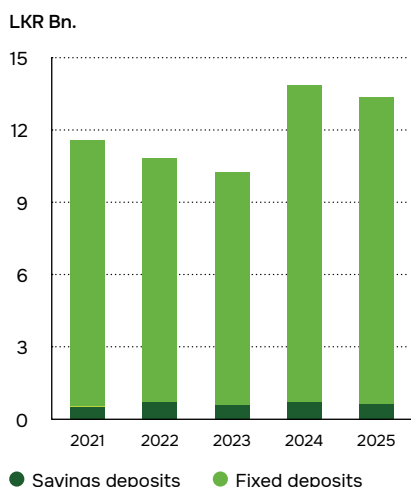
Amid persistently low interest rates throughout the year and a surge in equity market activity, many financial institutions faced pressure on their deposit bases. Despite these challenges, Senkadagala Finance successfully maintained relative stability in its deposit base, recording only a marginal decline of 3.54%, from LKR 13,839 Mn. in the previous year to reach LKR 13,349 Mn. as at year-end.

Fixed deposits, which accounted for 95.07% of the total deposit base, declined to LKR 12,691 Mn., compared to LKR 13,115 Mn. in the prior year. Savings deposits, representing 4.93% of total deposits, saw a decrease of 9.26%, falling from LKR 724 Mn. in the previous year.

To enhance the appeal of its savings products, the Company offers a range of value-added

services and features comparable to bank deposit accounts, while also providing customers with higher returns.

Deposit base



Shareholders' funds and capital position

Total shareholders' funds grew by 16.72% during the financial year, reaching LKR 9,927 Mn. compared to the restated LKR 8,505 Mn. in the previous year. This growth was primarily driven by internally generated capital.

In line with the Finance Companies (Capital Funds) Directions No. 1 of 2003, the Company transferred LKR 85 Mn. from its annual profits to the Statutory Reserve Fund, resulting in a 14.38% increase, bringing the Fund to LKR 676 Mn. by year-end.

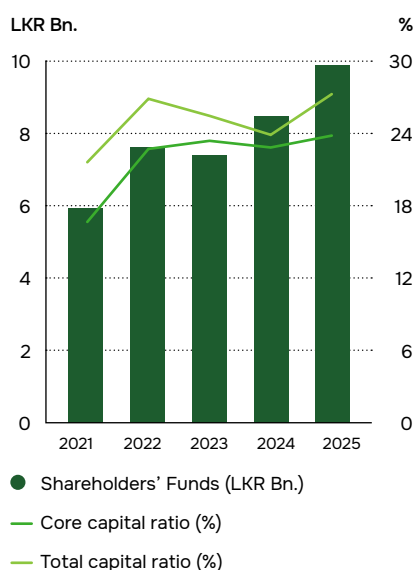
Retained earnings rose by 24.59%, totalling LKR 6,901 Mn., supported by profit retained during the year. The prior year's retained earnings balance was restated to reflect material tax-related adjustments amounting to LKR 573.3 Mn., as detailed above.

The fair value reserve reported a negative balance of LKR 74.8 Mn., reflecting losses on equity investments measured at fair value through other comprehensive income (FVOCI), compared to a negative balance of LKR 50 Mn. in the previous year.

As at March 2025, the Company reported a core capital ratio of 23.84% and a total capital ratio of 27.30%, both well above the minimum regulatory requirements outlined in the Finance Business Act Directions No. 3 of 2018 – Capital Adequacy Requirements. The previous year's ratios were restated to 22.86% and 23.94%, respectively, in line with the revised retained earnings.

The Company's strong capital base not only enabled it to withstand the economic challenges of the preceding year but also strategically positions it to support future business growth. Further information on the Company's capital position is detailed in the Shareholders and Investor Capital section on page 66 of this report.

Shareholders' funds and capital ratios



Cash flows and liquidity

Senkadagala Finance continues to maintain a well-balanced funding mix comprising its three primary sources: customer deposits, borrowings, and shareholders' equity.

Driven by the significant growth in finance leases and lending during the year under review, operating cash flows reflected a net outflow of LKR 6,189 Mn., in contrast to the net inflow of LKR 7,703 Mn. recorded in the previous year.

The Company generated LKR 3,247 Mn. in cash inflows from investing activities, primarily from the liquidation of financial assets held at fair value through profit or loss (FVTPL). Capital expenditure increased to LKR 300 Mn., compared to LKR 352 Mn. in the previous year, reflecting continued investment in the branch expansion strategy.

During the year, the Company raised LKR 11,950 Mn. in borrowings, while LKR 8,341 Mn. was repaid. These financing flows supported both business expansion and the Company's working capital requirements. As a result, net cash inflows from financing activities amounted to LKR 3,042 Mn., a notable increase from the net outflow of LKR 4,053 Mn. reported in the previous year.

The Company continues to uphold a strong liquidity position, maintaining a high level of liquid assets. These reserves proved crucial in meeting the increased loan demand during the year and have consistently acted as a safeguard during periods of market-wide liquidity constraints.

Group performance

The consolidated performance of Senkadagala Finance group closely mirrored that of the Company during the year under review. Group post-tax profit rose by 29.93%, reaching LKR 1,772 Mn., compared to LKR 1,364 Mn. in the previous year. Similarly, total group assets increased by 11.88% to LKR 41,084 Mn., in line with the asset growth reported by the Company.

Senkadagala Insurance Brokers (Pvt) Ltd. delivered a post-tax profit of LKR 101 Mn., reflecting a 27.76% increase year-on-year. The Company's turnover rose by 13.53%, reaching LKR 136 Mn., largely driven by the increased business volumes of Senkadagala Finance, as the majority of its insurance brokering activities are channelled through this subsidiary.

Senfin Asset Management (Pvt) Ltd. reported a post-tax profit of LKR 48 Mn., down 15.55% from LKR 57 Mn. in the previous year, despite a 17.48% increase in revenue. The decline in profitability was primarily due to higher operational expenses and an increase in corporate income taxes for the year. However, the Company's total Assets under Management (AUM) grew significantly by 30.51%, reaching LKR 12.9 Bn., largely driven by the strong performance of the Senfin Growth Fund.

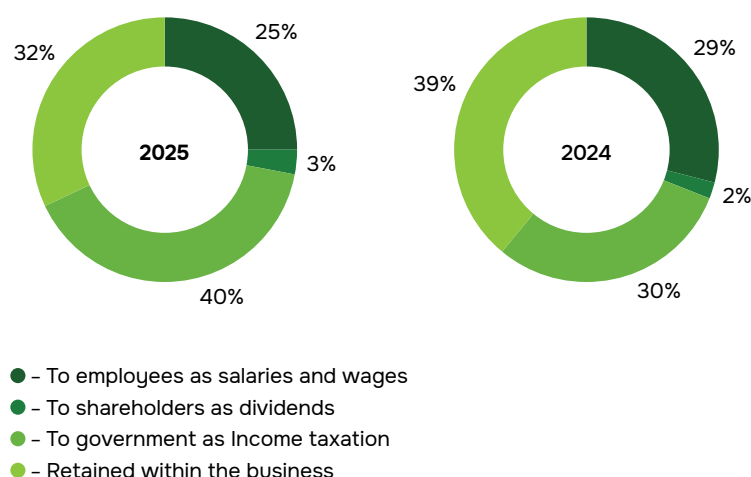
A summary of the financial performance of the subsidiaries and associate company for the year is presented below;

Financial results	Senkadagala Insurance Brokers (Pvt) Ltd (LKR '000)	Senfin Asset Management (Pvt) Ltd (LKR '000)	Senfin Securities Limited (LKR '000)
Gross income	155,212	132,230	167,739
Profit before tax	138,914	62,413	30,823
Profit after tax	101,879	48,140	32,039
Total assets	159,686	279,800	869,092
Total equity	150,534	222,292	502,604

Value addition and distribution

The value addition and distribution analysis illustrates how the financial benefits generated through the Company's business activities are shared among its key stakeholder groups. For this purpose, investors, shareholders, employees, and the government are identified as the primary beneficiaries.

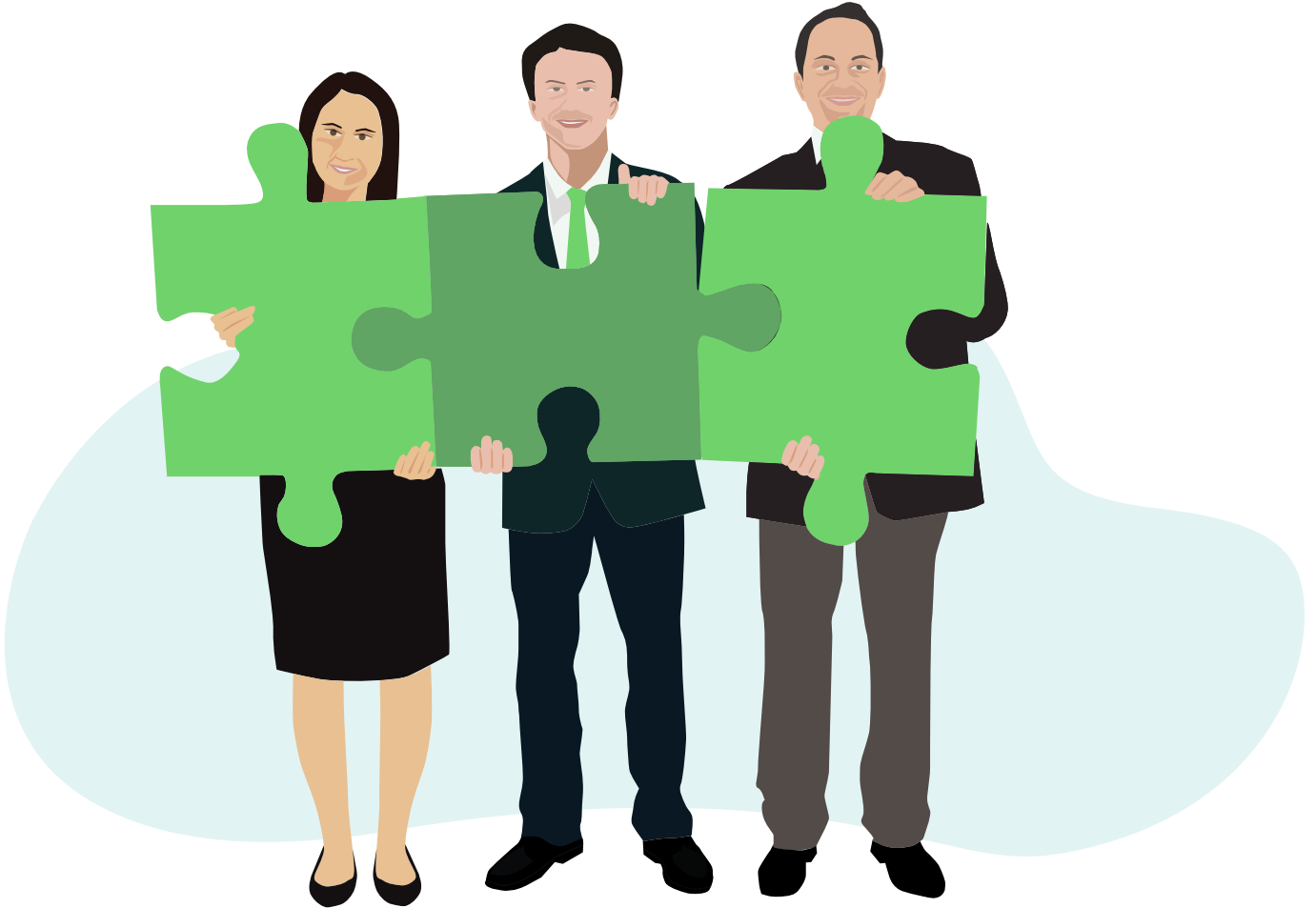
Distribution of value addition



	2025 (LKR '000)	2024 (LKR '000)	Change (%)
Value added			
Gross Income	9,211,900	8,243,556	12
Contribution from associate	11,984	47,188	100
Less			
Cost of borrowings	(2,733,358)	(3,715,482)	(26)
Payments towards support services	(1,126,062)	(970,966)	16
Provisions for loan losses	(476,839)	(208,630)	129
	4,887,625	3,395,666	44

	2025 (LKR '000)	Share (%)	2024 (LKR '000)	Share (%)	Change (%)
Distribution of value addition					
To employees					
as salaries and wages	881,921	18	719,717	21	23
as other benefits	332,722	7	264,865	8	26
To shareholders as dividends	155,304	3	56,082	2	177
To government					
as income taxation	1,178,959	24	494,258	15	139
as taxes on financial services	758,863	16	525,555	15	44
Retained within the business					
as depreciation for replenishment of assets	314,748	6	325,278	10	(3)
as deferred taxation	(181,876)	(4)	(118,172)	(3)	54
as reserves	1,446,983	30	1,128,082	32	28
	4,887,625		3,395,666		44

Institutional Capital



Institutional capital enables effective decision-making, operational efficiency and compliance, which builds organisational resilience and long-term sustainability. At Senkadagala Finance, it serves to build trust and strengthen stakeholder relationships, enhancing our reputation and our ability to adapt in an evolving operating environment.

“Institutional capital” is the quietly-powerful engine room of Senkadagala Finance PLC: the systems, processes, governance structures and shared habits that make good decisions easier and bad ones prohibitively harder. It is the invisible scaffolding that turns individual effort into collective performance and allows us to scale without losing our bearings. At its core, institutional capital represents the collective value of our intangible assets – our frameworks, policies, culture, and governance – that support sound decision-making, operational efficiency, compliance and risk management. It is also what enhances our resilience, safeguards our reputation, and sustains the trust of stakeholders over the long haul.

Resilience in facing adversity

Over its 56-year journey, Senkadagala Finance PLC has cultivated institutional resilience not by mere chance, but through deliberate, considered investments in the systems, structures, and values that hold the Organisation together. That foundation, carefully built and continuously strengthened, proved its worth once again in 2024/25. Strong governance frameworks, disciplined financial stewardship, and a deeply entrenched culture of ethics continue to instruct our operations, even as we scale, adapt and evolve.

Though not the most visible of our assets, institutional capital is perhaps one of our most powerful. It is an essentially intangible strength that has helped us turn operational complexity into clarity

and uncertainty into opportunity. We have invested significantly in this area over the years, most notably through the development of an in-house ICT system that’s integrated with a customised management information system (MIS) platform, purpose-built to align with the rhythms and realities of our complex operations. These systems don’t just support compliance and reporting; they amplify insight, enable faster decision-making and help us stay attuned to customer expectations across the board.

At Senkadagala Finance, operational efficiency and compliance are hardwired into how we work on the day-to-day, with our refreshed Three Lines of Defence model clearly delineating risk responsibilities at every level, from the branch counter to the Boardroom. Regulatory standards are not merely adhered to but often exceeded, thanks to rigorous internal audits, proactive controls, and a continuous programme of staff training designed to keep our people both informed and agile.

We view institutional capital as more than a checklist of policies; it is, in many ways, the glue that binds strategic intent to execution. It is reflected in the loyalty and professionalism of our team, in the consistency of our service, and in the much-valued trust we continue to earn from customers, regulators, and investors alike. By keeping our culture strong, our processes sharp, and our governance transparent, we remain well-positioned to navigate complexity, manage risk, and pursue sustainable, long-term growth.

ICT taking centre stage

Senkadagala Finance has long understood that technology isn’t just a support function but also a strategic enabler. From the earliest stages of digital adoption, ICT has been embedded into the Company’s operational DNA. What began as foundational infrastructure has since evolved into a state-of-the-art system, purpose-built to suit our reporting, compliance, and service delivery needs. With a clear view of the competitive edge that strong, reliable digital infrastructure provides, we continue to invest in ICT, not just to keep pace with change, but to stay ahead of it.

Evolution of ICT infrastructure

Senkadagala Finance’s digital backbone has come a long way. From a modest PC network at its inception, it has steadily evolved into a multi-user client-server architecture designed and developed entirely in-house to meet the Company’s unique operational needs. Each iteration of this infrastructure has not only expanded our technological capacity but helped embed consistency, security, and speed into our everyday workflows.

From general ledger systems and payment processing to fixed asset registers and MIS reporting, the Company’s ICT ecosystem has matured into a deeply integrated and dependable platform. Today, it underpins nearly every aspect of our operations, delivering the stability and control needed to operate across a growing national footprint.

ICT support for business functions

No longer confined to back-office tasks, ICT is at the heart of business enablement. Key operational areas such as lease processing, repossession tracking, insurance monitoring, and recoveries tracking are all driven by dedicated system modules that ensure real-time oversight and auditability. Tailor-made for each function, these systems reduce manual intervention, increase accuracy, and improve turnaround times.

The integration of Power BI with our core systems has added a new layer of strategic insight. Branch performance, credit trends, customer segmentation, and risk exposures can now be visualised in real-time, giving management the clarity needed to respond quickly and decisively. The MIS suite continues to evolve, with more intuitive dashboards and expanded datasets empowering teams at both branch and corporate levels.

Increased reliance on ICT

As Senkadagala Finance scales, so does its dependence on technology, not just to streamline internal processes, but to strengthen service delivery and enhance customer experience. The move toward a paper-light environment is well underway, with several internal workflows now digitised and user access governed through strict permission hierarchies.

Security, too, remains front and centre. The Company operates under a formal Information System Security Policy, with risk assessments conducted regularly as part of its Business Continuity Plan (BCP). System access is

tiered and closely monitored, while backup protocols and recovery environments are tested to ensure operational resilience.

In a reporting period that saw continued volatility and rapid customer growth, our ICT infrastructure remained a quiet but critical enabler, ensuring that every branch, process and decision had a solid digital foundation to build on.

Risk management and security

At Senkadagala Finance, ICT risk is managed not in isolation but as an integral part of governance and day-to-day operations. A stringent Information System Security Policy, reinforced by clearly defined access controls and regularly reviewed protocols, ensures that users operate within a tightly governed authority matrix. Security is further strengthened through layered controls, real-time system monitoring, automated password and access rules and two-factor authentication. The aforementioned BCP, complete with off-site backups and replication systems, is routinely stress-tested to stay ahead of emerging threats. These measures safeguard data, ensure operational resilience, and keep continuity firmly under control.

Policy, Systems, and Security: Building for Resilience

Institutional strength at Senkadagala Finance is underpinned by a disciplined, policy-driven approach to ICT governance. The Information System Security Policy and the BCP form the dual backbone of our digital risk posture, designed to minimise disruptions and protect the integrity of our data

environment. These policies aren't abstract statements; they are operationalised across the Company through detailed user protocols, standardised procedures, and clearly tiered access rights. Every system user operates within a defined control framework, reducing the risk of misuse and ensuring full traceability.

We don't treat ICT risk as a static concern. Controls are reviewed periodically, and our procedural manual integrates all core ICT-related policies to ensure alignment between digital infrastructure and day-to-day operations. Whether it's backup frequency, authority matrices, or compliance thresholds, the rules are clear and are decidedly enforced.

Smarter, faster, safer: Our database overhaul

The year under review continued to see the positive impact of the significant upgrade to our core database system the previous financial year, a move that was designed to support both performance and resilience. The transition to the latest platform was not cosmetic; it delivered meaningful outcomes:

- Greater speed and responsiveness across user interfaces and transaction layers, improving experience for both staff and customers
- Stronger encryption and access controls, keeping customer data secure and enhancing compliance with data privacy expectations
- Lower long-term operating costs thanks to reduced maintenance overhead and optimised system resource consumption

- Higher service availability, with improved uptime and system redundancy helping ensure consistent access even under load
- Extended vendor support, giving us access to regular updates, performance patches, and emerging security features

Positive and progressive corporate culture

At Senkadagala Finance, we're strong believers in the idea that professionalism and openness can coexist. Our Code of Conduct, whistle-blowing channels, and an updated grievance-resolution timeline (10 working-day closure) sustain accountability. At the same time, branch huddles, "town-storming" campaigns and cross-functional project squads keep ideas flowing bottom-up.

We also believe that culture need not be reduced to an HR slogan; in our case, it's the way the Company lives, works, and grows. It is defined by professionalism, reinforced by ethical behaviour, and powered by a team that understands both structure and purpose. Across all levels of the Company, a sense of order and shared responsibility underpins day-to-day decision-making, creating an environment where integrity isn't optional, it's expected.

This clarity of conduct builds trust with customers, with regulators, and within teams. It enables consistent compliance, strengthens our reputation, and allows us to scale with confidence. The tone is set from the top, but it is reinforced across our 125-branch network, where infrastructure, expectations, and values are aligned to drive accountability and performance.

Bringing out the best in people

Talent development isn't treated as a side initiative; it is central to how we maintain continuity, reduce operational risk, and future-proof the business. Most of our new branch managers this year were internally promoted: professionals already fluent in our systems, customers, and ethos. This practice not only ensures seamless transitions but sends a clear message to staff: growth within the Company is not only possible, it's planned for.

There is a clear pipeline for upward mobility. Staff with potential are identified early, equipped with technical knowledge, and coached by senior peers to take on greater responsibility. The result is a pool of capable individuals who know the business from the inside out, and who carry forward both its operational know-how and cultural DNA.

Empowering through teamwork and training

All too often, teamwork becomes an HR buzzword. At Senkadagala Finance, it is how the job gets done. Each branch functions as a tightly coordinated unit where staff are encouraged to master all aspects of their work. This multi-skilled approach ensures continuity during absences, builds operational resilience, and reduces dependence on hierarchy for routine problem-solving.

Training is continuous and largely hands-on, with senior staff playing an active role in mentoring new recruits. From systems and compliance to customer handling and risk awareness, learning is integrated into the workday. Performance incentives

are team-based, promoting collaboration and healthy competition across branches.

Importantly, risk awareness is not confined to audit teams. Line managers and operational staff are trained to spot irregularities and act early, supported by an open communication culture that encourages speaking up before small issues become big ones.

Optimising relationships with customers

At Senkadagala Finance, customer relationships aren't managed; they're nurtured. Our approach to CRM is built on a simple idea: know your customer well enough to serve them better, and long enough to grow with them. That means listening closely, responding quickly, and delivering financial solutions that feel personal, not transactional.

While technology plays a role, the human touch still drives our model. Advanced analytics and MIS tools help us map customer behaviour, flag early signs of disengagement, and identify cross-selling opportunities. But it's the day-to-day interactions – timely follow-ups, respectful handling of queries, and transparent communication – that turn a one-time customer into a long-term partner.

Feedback isn't just welcomed; it's sought out. Every comment, complaint, or suggestion feeds directly into service improvements and product refinement. This loop of listening and adapting has helped us stay relevant in a competitive market, strengthen loyalty across generations of customers, and keep the business grounded in what truly matters: trust built over time.

Strategic approach to risk mitigation



At Senkadagala Finance, risk isn't something to be feared; it's something to be managed, measured, and planned for. Our approach is structured but practical, rooted in clear responsibilities, strong policies, and everyday vigilance. Risk governance is embedded across the business, not confined to isolated committees or audits. It's part of how decisions are made, how systems are built, and how people work.

Responsibility for quality

Service quality is tightly linked to risk control. Our systems are designed to ensure accuracy, consistency, and traceability across all key functions, from credit approvals and payments to repossession workflows and asset monitoring. Processes are documented, audited, and periodically reviewed to close gaps before they grow. Staff are trained not just to follow procedure, but to understand the "why" behind it.

Responsibility for information

Data protection isn't an afterthought; it's a core obligation. Our Information System Security Policy sets strict parameters for system access, with tiered permissions and secure login protocols governing every user. These controls are backed by regularly updated procedures and user training, while real-time system monitoring and periodic reviews help prevent breaches before they occur.

Care for the environment

Environmental awareness is woven into our operations. We continue to reduce reliance on paper through digital workflows and encourage energy-efficient practices across our branch network. These efforts don't just reduce our footprint; they minimise regulatory and reputational risks associated with sustainability.

Business ethics and sound practice

Our governance framework is grounded in a formal Code of Conduct, which is reinforced through training and monitored through well-established internal channels. Ethical conduct is enforced rather than aspirational, with every employee well acquainted with what is expected of them. Accountability is clear and non-negotiable, with the rules applying across the board, from branch staff to Board oversight.

Working environment

Health and safety risks are managed proactively. Risk assessments are part of routine operations, especially in high-footfall branches. Emergency protocols are in place, and staff receive training in workplace safety and hazard prevention. The goal is not just compliance, but a work environment where people feel safe, supported, and focused.

Equality of opportunity

Diversity and fairness are not treated as side goals. Policies promoting equal opportunity are actively enforced, with hiring and promotion practices designed to ensure access and inclusion. Discrimination, whether overt or subtle, is never tolerated. A culture of respect not only strengthens morale, but it reduces exposure to regulatory and reputational risks that can stem from unequal treatment.

Supply chain and procurement policy

While Senkadagala Finance operates in a service-driven industry with minimal dependence on raw materials, supply chain discipline still matters – in fact, increasingly so as our branch network expands. From basic consumables to fit-outs for new locations, a streamlined procurement process ensures efficiency, cost control, and operational resilience across the board.

Procurement is handled centrally by the Administrative Department, in line with established policies and procedures. A vetted pool

of suppliers covers everything from stationery and maintenance equipment to courier services and construction support. These relationships aren't merely transactional but are based on reliability, mutual value, and long-term consistency. Suppliers benefit from regular orders and continued business, while we gain timely delivery, quality assurance, and competitive pricing.

Over the years, we have adopted a lean procurement model to avoid unnecessary stockpiling. Each branch maintains only essential stationery on-site. When stock runs low, branch staff place orders with headquarters, which are fulfilled through a courier service, ensuring prompt delivery without tying up space or working capital. The system is simple, efficient and built for scale.

When it comes to opening new branches, a select group of interior contractors is assigned to manage the fit-out. Each project is supervised by a Company representative to ensure standards are met, timelines are kept, and branding remains consistent across locations. The result is not just aesthetic uniformity, but a procurement ecosystem that's responsive, cost-effective, and ready to support future growth.

Expanding the Brand: Sub-brand Strategy

Recognising the strength of the Senkadagala Finance name, we have extended our presence into new verticals under the Senfin brand umbrella. These sub-brands

allow us to specialise, diversify, and sharpen our value proposition in areas adjacent to our core business.

Senfin Asset Management (SFAM)

SFAM has emerged as one of the most dynamic players in Sri Lanka's asset management space. A fully owned subsidiary licensed by the Securities and Exchange Commission of Sri Lanka, SFAM ended the financial year with LKR 12.9 Bn. in Assets Under Management, marking a 30.5% year-on-year growth. This growth was driven by standout performances from its flagship funds:

- Senfin Money Market Fund: 5.9% year-on-year growth
- Senfin Dynamic Income Fund: 27.8% year-on-year growth
- Senfin Growth Fund: 59.5% year-on-year growth

SFAM's Senfin Financial Services Fund delivered a 63.4% return during the 2024 calendar year, one of the highest among all equity funds in the country. The Company also grew its unit-holder base by 26.8% during the year.

During the year under review, SFAM reduced the management fee of its flagship Senfin Money Market Fund to the lowest in the industry and became the first standalone asset manager in Sri Lanka to be Fitch rated. The Money Market Fund itself became the first in its category to receive a Fitch rating, earning a "BBBf (lka)"/S2 (lka) in April 2024 and later an upgrade to "AAf(lka)"/S1 (lka) in March 2025,

reflecting its strong credit quality and risk management. The Fund also won Gold at the CFA Capital Market Awards 2024 for the third consecutive year, following a Silver win in 2021.



(L to R) – Nuwan Jayawardana (Director – CFA Society Sri Lanka), Travis Gomez (Secretary – CFA Society Sri Lanka), Ruvini Fernando (Chair of Panel of Judges), Surath Perera (Chief Investment Officer – SFAM), Isuru Adamsz (Fund Manager – SFAM), and Rajitha Elapata (Senior Fund Manager – SFAM).

Senfin Securities Limited

Senfin Securities Limited (SSL) delivered another strong year, driven largely by strategic expansion and enhanced client engagement.

Long committed to accessibility and service quality, the Company widened its national footprint with new branches in Kandy, Kurunegala, and Maharagama, marking another step in our customer service excellence journey.

Recognising the growing influence of technology and social media on investor behaviour, SSL ramped up its digital engagement strategy in 2024/25, establishing a presence across prominent platforms,

including social media and initiating the construction of a fully equipped digital studio at its Colombo office to support content creation and outreach.

As a result of these sustained efforts, SSL recorded a 42% increase in new account openings during the year under review, reflecting growing market trust and the Company's continued focus on client-centric value creation.

Together, our sub-brands extend the legacy of Senkadagala Finance while carving out their own space in competitive markets, built on the same values, driven by the same commitment to excellence, and positioned for long-term relevance.

Performance indicator	2025	2024	Change (%)
Turnover (LKR)	137,497,938	50,417,431	172.72
Annual trade volume (LKR)	22,755,479,541	8,052,685,062	182.58
New accounts opened	660	464	42.24

Customer Capital



At Senkadagala Finance, customer-centricity is not just a strategy; it is second nature. Running through every level of the Organisation, our customer-first approach shapes how we think, operate and grow. We're in the business of building relationships grounded in trust, respect and an honest understanding of what people need. We make it a point to listen closely to all customer segments and stay tuned into shifting market realities, which allows us to design financial solutions that meet evolving needs. We, too, evolve, not for the sake of change, but to stay relevant in the eyes of those who rely on us.

Customer capital captures the strength of a company's relationships with its customers, encapsulating how trusted, how loyal and how engaged they are. More than just satisfaction, it's what turns transactions into long-term value, reputation into market advantage and everyday interactions into enduring revenue.

In the year under review, Senkadagala Finance grew its total customer base to 95,158, an increase of over 5,000 from the previous year. This expansion was neither opportunistic nor incidental but, rather, reflected a deliberate effort to widen access, deepen engagement and offer products that align with the evolving needs of Sri Lankans across income levels, regions and aspirations.

Deepening customer trust and loyalty

At Senkadagala Finance, we see customers as long-term partners, not mere account holders. This belief is amply reflected in our 5.6% growth in total customers during the year under review – an expansion driven by improved economic sentiment, increased access and growing trust in our value proposition as a long-trusted institute.

Our strength lies in consistent delivery as much as product breadth. Nearly 24% of our fixed deposit customers have been with the Company for over five years, 12% of whom have been with us for more than a decade, speaking

to our commitment to reliability, ethical conduct and that all-important customer trust.

In 2024/25, we prioritised transparency and active engagement, using structured feedback mechanisms to align our offerings with evolving customer needs, with extra consideration paid to the nuances of changing macroeconomic complexities. This ongoing dialogue, supported by timely, accountable service, helps us retain loyal clients while attracting new ones.

Rooted in mutual respect and long-term value creation, this approach continues to define Senkadagala Finance's standing as a trusted financial partner across Sri Lanka.

Innovative strategies for expanding customer reach

Senkadagala Finance's growth strategy in 2024/25 remained focused on deliberate, data-led expansion. We opened 15 new branches in semi-urban and rural areas during the reporting period, raising our network to 125, based on spatial analysis, demand patterns and demographic potential, ensuring coverage across all nine provinces.

Beyond physical presence, we broadened outreach through targeted marketing and community engagement. Awareness campaigns for savings and gold-backed loans, often entry points for unbanked individuals, were carried out to build trust and demystify formal credit.

Market research and analytics informed customer targeting and product alignment, while streamlined onboarding and continuous service support improved conversion and retention. Our broad product portfolio catered to a diverse customer base, from salaried earners and SMEs to micro-entrepreneurs and informal workers.

Partnerships with businesses and institutions further extended our reach, allowing us to connect with new audiences through trusted local networks. This integrated approach, combining reach, insight, and trust, solidified our position as a reliable financial partner nationwide.

Inclusive and empowering individuals

In line with our mission to democratise access to finance, we deepened engagement with underserved and underrepresented groups by prioritising accessible product design – low documentation, simplified processes and flexible repayment options tailored to informal workers, daily wage earners, small traders and women-led households.

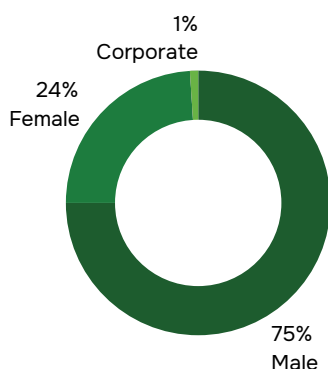
Our gold-backed lending and basic savings products remained vital entry points, helping first-time customers build liquidity, establish credit histories, and gradually transition into broader financial inclusion.

Customer segmentation remains approximately 75% male, 24% female, and 1% corporate, reflecting national trends while highlighting the need for continued outreach to women, youth and marginalised communities. To this end, we expanded financial literacy programmes and community-based engagement.

Onboarding was further streamlined to reduce friction for customers unfamiliar with formal banking, with an emphasis on clarity, empathy and hands-on support at branch level.

In all these efforts, we reinforced our commitment to inclusive growth, grounded in trust, relevance and meaningful access to opportunity.

Gender-wise analysis of total customers



Extending our digital frontiers

Our commitment to financial inclusion goes hand-in-hand with continuous digital innovation. In 2024/25, we made further strides in improving digital accessibility, convenience and transaction efficiency for our customers.

A major development during the year under review was the ongoing rollout of a mobile app tailored for savings account users. Designed for both Android and iOS platforms, the app offers an intuitive, user-friendly interface through which customers can check balances, monitor transaction history and manage accounts at their convenience. This development highlights our dedication to bridging physical and digital channels, making essential banking services accessible anytime, anywhere.

In parallel, we fully integrated Microsoft Power BI into our core system, enabling real-time access to critical business intelligence. This enhancement supports faster, data-driven decision-making and improves internal operational visibility, laying the foundation for more responsive and customer-centric service delivery.

We also continued to promote cashless transactions across all branches. Point-of-Sale (POS) terminals remain a standard feature, while digital payment facilities, including Internet Payment Gateway (IPG) services and Ezcash for rental payments, were further refined for reliability and speed.

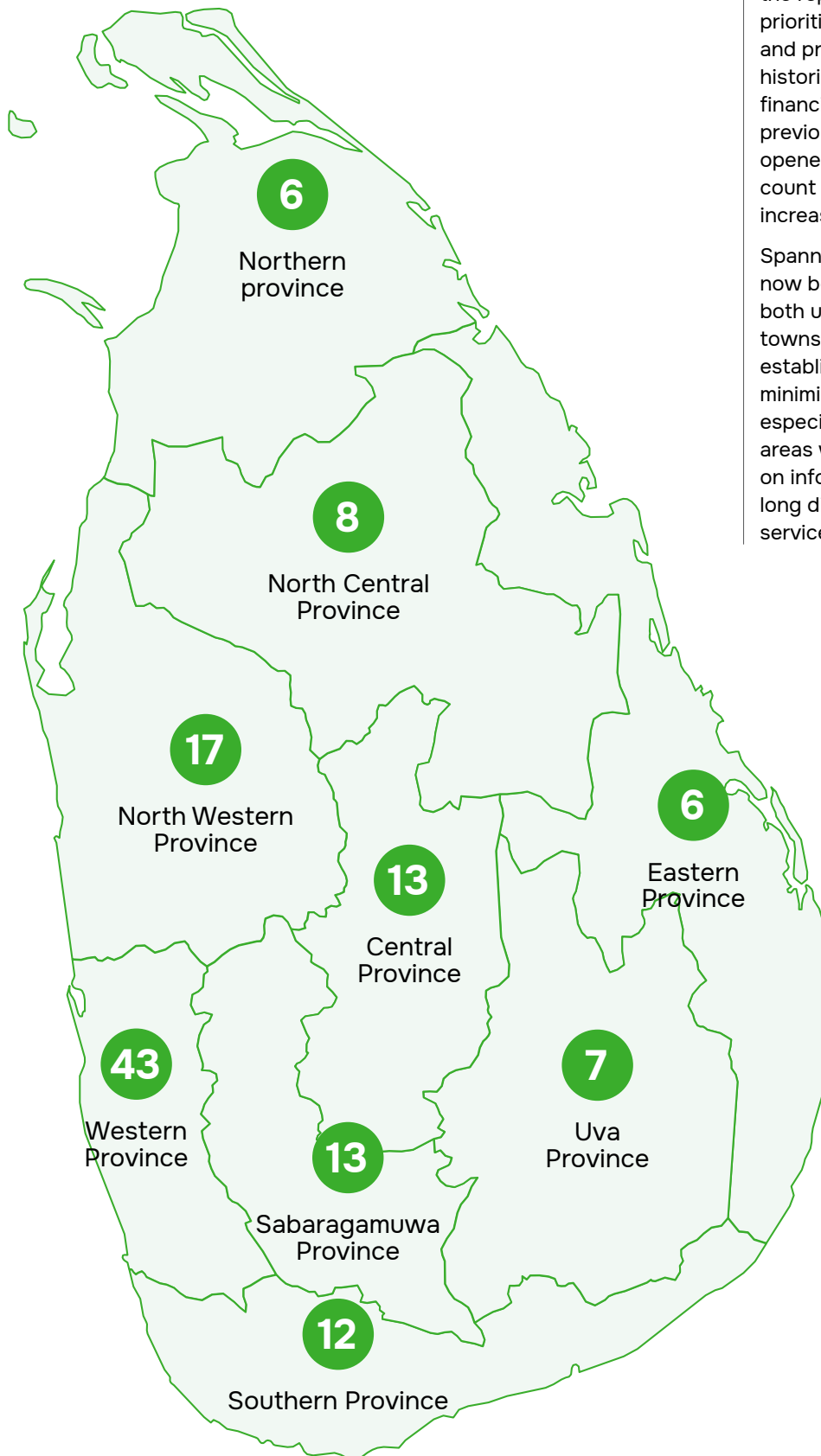
To facilitate direct deposits, we maintained partnerships with seven leading commercial banks – namely, Commercial Bank, Sampath Bank, HNB, BOC, People's Bank, Seylan Bank, and NDB – giving customers multiple channels to remit rental and fixed deposit payments with ease.

Digital and POS transactions

We continued to encourage digital adoption through both infrastructure and customer education. Over the years, investments in POS technology and online gateways have led to faster transaction times, improved security, and heightened customer satisfaction. These improvements were particularly valuable in semi-urban and rural areas where our branch presence expanded, creating more entry points into formal finance.

In the coming year, we expect digital adoption to accelerate further, particularly with the full launch of the aforementioned mobile app, ongoing refinement of self-service portals and introduction of virtual onboarding facilities through the corporate website.

Reaching out islandwide



Our expansion strategy during the reporting period continued to prioritise accessibility, presence and proximity, especially in regions historically underserved by formal financial institutions. As mentioned previously, 15 new branches were opened, bringing our total branch count to 125, a 13.6% year-on-year increase.

Spanning all nine provinces, we now boast a strong presence in both urban centres and emerging towns. Each new branch was established with a focus on minimising barriers to access, especially for customers in remote areas who might otherwise rely on informal lenders or travel long distances for basic financial services.



Aralaganvila



Ambalantota



Bakamuna



Bulathsinhala



Chunnakam



Galgamuwa



Malabe

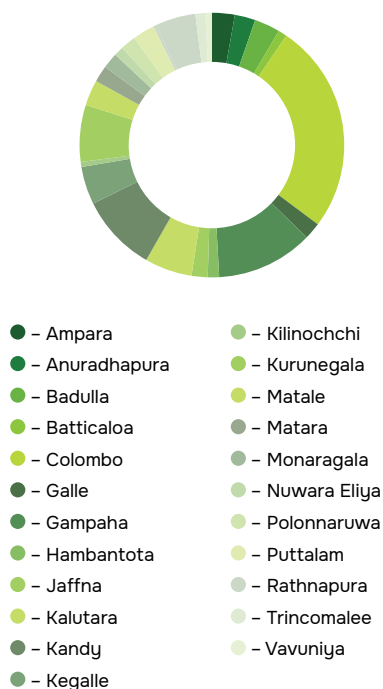


Nochchiyagama

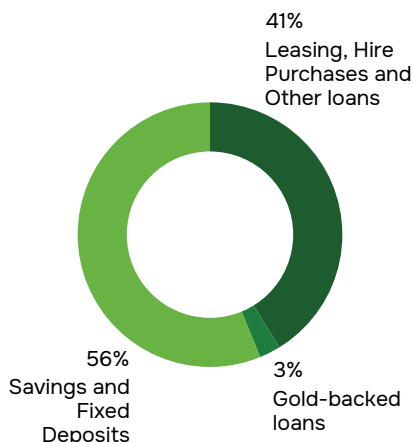
Geographical analysis of total customers

The following pie-chart indicates the breakdown of our customers at the district level.

District wise total customers



Product-wise breakdown of customers



Growing portfolio of products and services

Our product suite continues to evolve in response to customer needs, regulatory trends and emerging market opportunities. In 2024/25, we focused on expanding access, deepening engagement and diversifying value delivery across core and complementary offerings.

Deposit portfolio

Deposits remained a primary source of funding and a foundation of customer trust during the reporting period. Our portfolio, comprising savings and fixed deposits, grew steadily, supported by promotional campaigns, attractive rates and process simplification at the branch level.

- As at March 2025, 56% of our customers held deposit accounts.
- The fixed deposit segment remained resilient, with 12% of customers having ties with the Company for five to ten years and 12% for over ten years, reflecting high retention and trust.

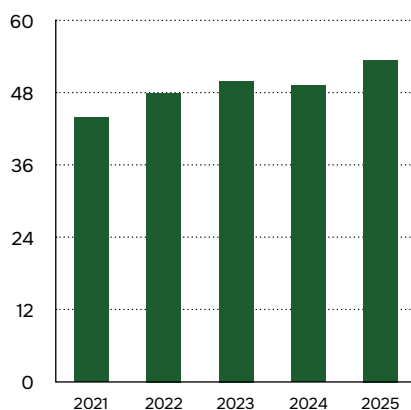
This stable funding base supports long-term lending, improves asset-liability management, and allows us to maintain competitive pricing.

Province-level distribution of customer base

Province	Number of customers	Distribution %
Central	13,098	14
Eastern	4,826	5
North Central	4,184	4
North Western	9,194	10
Northern	3,196	3
Sabaragamuwa	9,410	10
Southern	5,196	5
Uva	4,808	5
Western	41,246	44
Total	95,158	

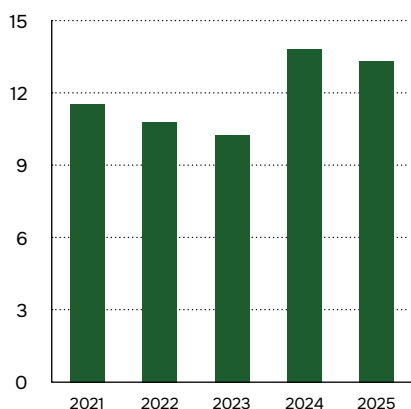
Growth in the total number of deposit accounts

Nos. ('000)

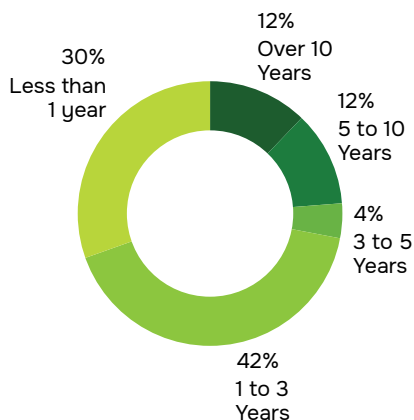


Growth in total customer deposits

LKR Bn.



Length of relationship with fixed deposit customers



Loan portfolio

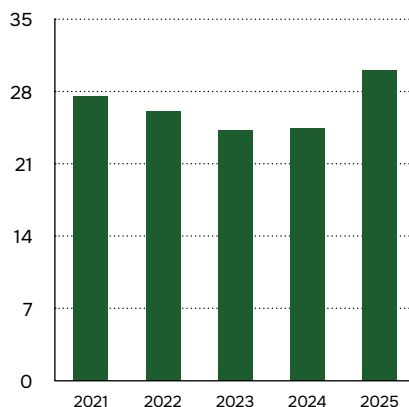
Our lending products, which include finance leases, hire purchase, personal loans, commercial loans, gold-backed loans, and margin trading accounted for 44% of our customer base. With a focus on responsible finance, we extended low-interest facilities to creditworthy borrowers, particularly in under-banked customer segments.

Loan origination was guided by thorough credit screening and flexible repayment models tailored to borrower risk profiles.

The loan book was geographically diverse, with notable uptake in emerging provinces such as Uva and Northern.

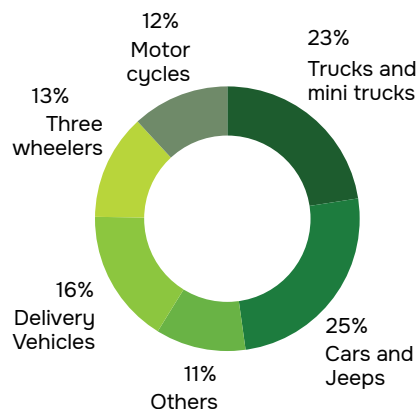
Growth in loans and advances

LKR Bn.



Vehicle-backed financing, the Company's primary product, caters to a diverse mix of motor vehicles, catering to the financing needs of its customer base.

Leasing portfolio on vehicle type

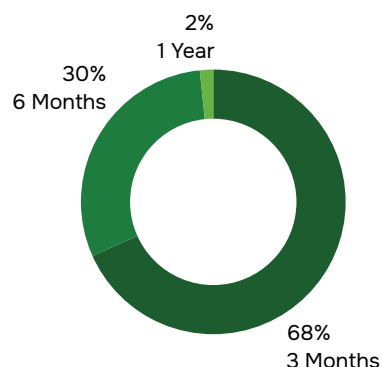


Gold-backed loans

Gold-backed lending, including both pawning and short-tenured gold loans, continued to serve as a critical liquidity instrument for a wide range of customers. These products are especially popular among micro-entrepreneurs and daily wage earners.

Customers, male and female in near equal proportion, accessed pawning and gold loan products for urgent short-term needs. As of March 2025, 2.6% of our customer base engaged with these products.

Gold-backed loan base by tenure



We refined the maturity structure of gold-backed loans during the year, allowing customers to repay over shorter cycles, increasing convenience while reducing risk exposure.

Recovery and NPLs

Efforts to maintain asset quality remained strong during the reporting period. Enhanced recovery protocols and internal valuation processes helped stabilise performance, particularly in the second-hand vehicle financing segment, which was exposed to speculative pricing due to import restrictions that prevailed.

- The gross Stage 3 ratio decreased to 7.24% compared to 13% the previous year, with over 75% of the loan book now classified under Stage 1.
- Our decentralised collections model, supported by regional teams, ensured swift response to early delinquencies.

Customer complaints and actions taken

We continued to operate a strong complaints management process across all touchpoints, including branches, call centres, and digital platforms. All complaints are logged, categorised and responded to within defined turnaround times.

- Common concerns included delays in service resolution, documentation queries and product-related clarifications.
- Branch-level grievance redressal officers played a critical role in resolution and customer retention.

Marketing communications or special promotions

Our marketing efforts in 2024/25 focused on clear, targeted and trust-based communication, prioritising relevance over reach. Promotional campaigns for savings, gold-backed loans and finance leases were tailored to regional demand patterns, with gold loan outreach timed around seasonal liquidity needs. Branch-level activations enabled direct customer engagement, while digital platforms, especially social media, remained key for visibility and interaction. All communications adhered to CBSL guidelines, reinforcing transparency and financial literacy. Looking ahead, we plan to deepen personalisation through data-driven targeting and customer feedback.

Employee Capital



At Senkadagala Finance, employee capital goes beyond skills and roles. It's about nurturing people who drive purpose. We invest in our teams not just to enhance capability, but to foster integrity, resilience, and leadership at every level. Through continuous learning, inclusive engagement, and a culture rooted in trust and accountability, we turn talent into long-term value. Our people are our strength; empowered, inspired, and aligned to grow with the organisation and the communities we serve.

Since our incorporation in 1968, it is our people that have driven our success, collectively driving us toward remarkable growth. Their undying loyalty, professionalism and unrivalled institutional knowledge have been central to Senkadagala Finance's ability to adapt, innovate and grow. Over the decades, we have created a culture rooted in accountability, service excellence and continuous improvement, and our employees remain critical to achieving our long-term strategic goals and fostering lasting relationships with customers.

Employee capital refers to the skills, experience and adaptability of the workforce that enables the Company to execute its strategy. It reflects how well employee capabilities are aligned with organisational priorities and how effectively talent is attracted, retained and developed. At its core, employee capital is about facilitating a culture of performance, integrity and resilience in the face of constant change.

Ensuring professionalism

At Senkadagala Finance, we prioritise a culture of ethical conduct and professionalism where all employees are governed by a Code of Conduct that sets expectations for integrity, confidentiality, responsible decision-making and professional behaviour. Regular refresher training and performance evaluations ensure that these standards are always met. Sales and Marketing staff continue to be assessed through a real-time portfolio performance dashboard that tracks regional and branch-level output and enables targeted coaching and incentivisation.

A framework for success

We view employee development as essential to institutional resilience and competitive advantage. Investment in employee capital strengthens our capacity to respond to external challenges while driving innovation and service quality. In 2024/25, we continued to promote an empowering work environment and supported skills development across all levels of staff.

Recruiting the best

Our recruitment process is designed to ensure fair, timely and merit-based selection. Vacancies are advertised on the corporate website and other recruitment websites, in national newspapers and across social media platforms to maximise reach and attract diverse candidates. Shortlisting takes place within a week of the application deadline, followed by a two-stage interview process.

Depending on the role, initial interviews are conducted by a Human Resources or Recruitment Officer. Final interviews are tiered according to the seniority of the position: candidates for Senior Manager roles and above are interviewed by the CEO, while those below that level are interviewed by the Deputy CEO or Chief Operating Officer. Interview panels provide structured feedback via the Interview Evaluation Form, which is attached to the candidate's application file.

Following successful evaluation, the HR Department verifies all relevant certificates and documentation. Referee verifications are conducted through email correspondence with referees listed in the candidate's CV, and reference letters or prior

employment recommendations are collected where applicable. Offer Letters are issued shortly thereafter, and the formal Letter of Appointment is provided within the first month of employment. New recruits also complete a structured induction programme during their first month, ensuring familiarity with Company policies, systems and team structures.

Other onboarding formalities, including issuing passwords and internal records management, are handled via a "Details of New Employee" form and communicated to relevant departments without delay. These steps ensure a smooth, standardised entry into the Company while upholding procedural rigour and compliance.

Commitment to diversity

Senkadagala Finance ensures diversity, equity and inclusion (DEI) through deliberate and structured talent practices. Our recruitment approach prioritises equal opportunity and merit, enabling representation across gender, age and background. We promote a workplace culture that values difference, encourages open dialogue and supports inclusive leadership. These principles are embedded not as standalone initiatives but as integral components of our strategy to enhance collaboration, drive innovation and strengthen institutional resilience.

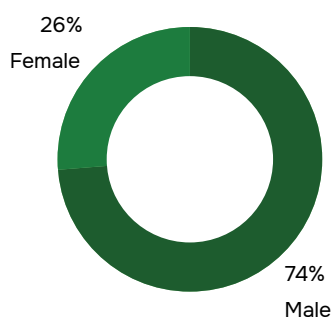
Employees by gender

The gender composition of our workforce aligns with broader industry norms, reflecting the operational realities of the sector. Given the field-intensive nature of many roles, which tend to

attract a higher proportion of male staff, female representation is comparatively higher in office-based functions, where work structures and responsibilities offer greater alignment with gender-inclusive participation.

As at 31 March 2025, Senkadagala Finance employed 985 staff, comprising 733 males (74.4%) and 252 females (25.6%).

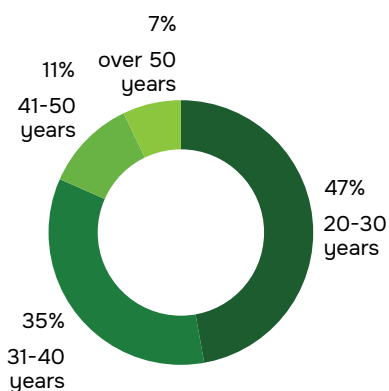
Employees by gender



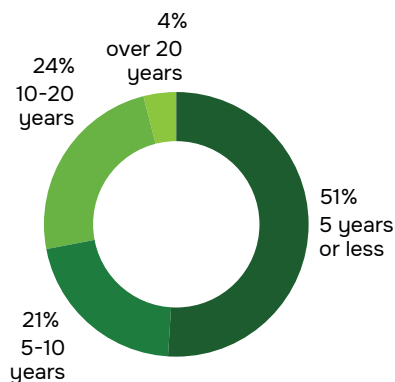
Employees by age and length of service

Our workforce features a balanced distribution across age groups, with a notable presence of mid-career professionals supporting our succession pipeline.

Employees by age



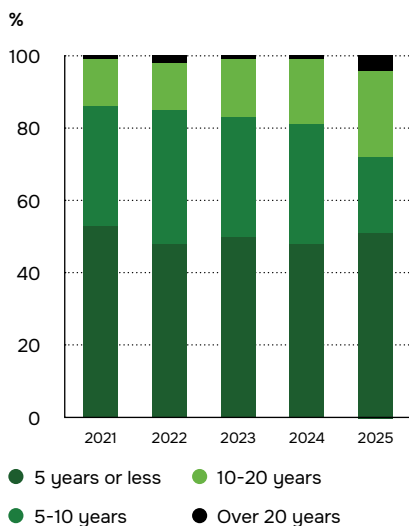
Employees by length of service



Percentage of employees by length of service

In 2024/25, we continued to maintain strong retention rates, with a healthy proportion of employees serving between 5 and over 20 years, indicating long-term organisational engagement.

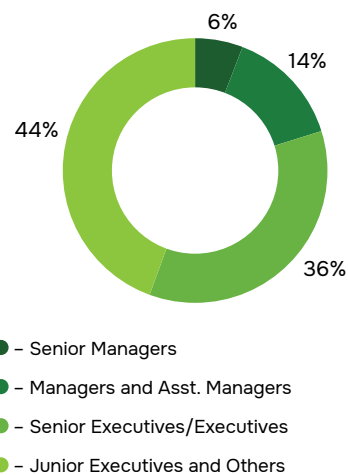
Percentage of employees by length of service



Staff by grade

The concentration of staff at senior and junior executive levels supports a steady, merit-based internal promotion pipeline. Senkadagala Finance's staffing structure is intentionally layered to strengthen the customer interface, where the majority of employees are deployed. Senior Managers are responsible for setting the strategic tone and driving both profitability and long-term sustainability, while operational tiers are focused on disciplined execution and service delivery in line with organisational goals.

Employees by grade

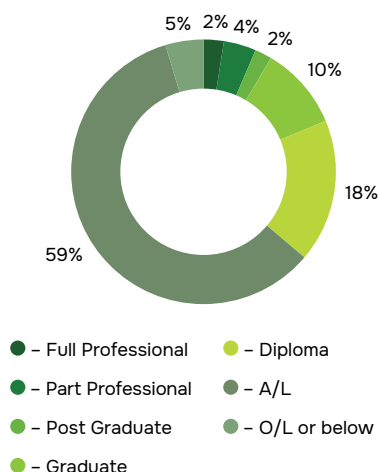


Staff composition by qualifications

The Company actively supports employees in pursuing higher professional qualifications as a pathway to career progression and grade advancement. This focus on continuous development has strengthened our capacity to deliver forward-thinking, adaptive service amidst an evolving operating environment. We are particularly

encouraged by the breadth of disciplines represented within our qualified team, whose collective expertise continues to add tangible value across the business.

Employees by qualifications



Medical benefits

The health and wellbeing of employees remain a core priority for Senkadagala Finance. All staff are covered under a comprehensive hospitalisation and surgical insurance policy, which provides clear guidelines for claiming medical expenses related to inpatient care and surgical procedures. Additionally, all employees are provided a comprehensive life cover with cover limits starting from LKR 1.25 Mn. This ensures financial support to close family in the event of an unfortunate death of an employee. Together, these policies offer structured and role-specific coverage, highlighting the Company's commitment to safeguarding the welfare of its workforce through practical, reliable protections.

The management has proposed that a new health and welfare trust fund be introduced, subject to approval of shareholders. On approval, this fund shall be used for covering hospitalisation-related expenses that are not fully reimbursed through the Company's general health insurance and reduce the financial burden on employees during major medical events.

Parental leave

Senkadagala Finance recognises the importance of supporting employees during key life milestones, including the birth of a child. Our parental leave policy reflects a commitment to employee wellbeing and work-life integration, allowing new parents the time and space to prioritise family responsibilities without financial strain.

- **Maternity leave:** In line with prevailing labour regulations, female employees are entitled to 84 working days of fully paid maternity leave for any number of childbirths. This provision ensures that new mothers have adequate time for recovery and bonding, showcasing the Company's commitment to family support and gender-sensitive policy implementation.
- **Paternity leave:** The Company grants 30 consecutive working days of paid paternity leave – non-divisible – to all permanent employees with a minimum of five years of continuous service. This policy affirms the role of fathers in early childcare and promotes equitable parental involvement from the outset.

Work-life balance

Senkadagala Finance continues to prioritise work-life balance as a key enabler of employee wellbeing, engagement and long-term productivity. By supporting staff in managing both professional and personal responsibilities, we aim to reduce stress, promote mental and physical health and create a more fulfilled and resilient workforce.

As part of our recruitment process, we strive – where operationally feasible – to assign employees to branches located in close proximity to their residence. Flexible working hours further support this goal, enabling staff to better manage their time while meeting business objectives. The Company also cultivates a collegial, hazard-free work environment that promotes mutual respect, safety and collaboration.

Our leave policy, meanwhile, reflects a balanced approach to time-off. Employees may carry forward unused annual leave from the previous year and utilise it before 31 March of the following year. Staff are also entitled to up to 14 days of sick leave annually.

Performance evaluation

Performance evaluation remains central to aligning individual contribution with organisational objectives, facilitating professional growth and maintaining a high-performance culture. It serves as a structured mechanism for identifying strengths, addressing gaps and supporting data-driven decisions on promotions, training and incentives.

Sales and Marketing staff are continuously assessed on an objective-based evaluation system, which captures real-time performance at the individual, branch and regional levels. The system tracks executive points and status within active sales portfolios, enabling transparent performance management and timely feedback. Evaluations go beyond volume metrics, incorporating portfolio quality, productivity and profitability to ensure a balanced and strategic assessment framework that supports long-term business growth.

Occupational health and safety

Senkadagala Finance maintains a strong commitment to the occupational health, safety and security of its employees. These measures are fundamental to protecting physical wellbeing, ensuring operational continuity and fostering a safe and positive work environment. A structured set of protocols is in place to reduce risk, improve employee morale and reinforce our institutional commitment to workplace safety.

Security

Comprehensive security measures are implemented across all premises to safeguard personnel and property. These include the deployment of professional security officers, installation of CCTV systems, biometric access controls, intrusion alarms and the provision of secure safes and lockers for sensitive materials. These systems are continuously monitored and updated to maintain a secure operational environment.

Health and safety

We are committed to maintaining hazard-free workspaces across the organisation. Every employee shares responsibility in upholding health and safety standards and is expected to:

- Cooperate fully with the designated Life and Fire Safety Officer during drills and emergency evacuation procedures
- Take personal responsibility for their own safety and that of colleagues while at work
- Report any workstation discomfort or ergonomic risk to their supervisor, the Manager, Assistant Manager – Administration, or the HR Department
- Notify the relevant authority of any damage to firefighting equipment, obstructions of fire exits or other safety risks
- Keep personal work areas free from clutter, bulky materials and tripping hazards such as exposed telephone or electrical wiring
- Maintain awareness of emergency contact details for relevant service providers

Fire protection

The Company prioritises fire safety in both prevention and emergency response. In compliance with local regulatory requirements, all new branches and departments are designed to meet fire protection standards, including:

- Structuring premises with emergency exits, directional signage and other mandated fire safety features

- Equipping all locations with fire extinguishers and ensuring regular testing and maintenance
- Conducting staff training and awareness programmes on fire safety protocols
- Appointing a trained “Life and Fire Safety In-Charge” in each branch and department
- Ensuring all employees are briefed on emergency response procedures, including evacuation protocols and fire hazard awareness

Employee grievance handling

An effective grievance redressal process is essential to maintaining a productive, transparent and trust-based workplace. It supports open communication, mitigates conflict and reinforces a culture of accountability. Senkadagala Finance remains committed to listening to employee concerns and providing safe, structured channels for resolution and escalation.

The Company also fosters a work culture in which employees are encouraged to voice concerns without fear of reprisal. Two-way communication with management is supported by an evolving framework designed to assess grievances objectively, initiate timely remedial action and document outcomes for organisational learning and future decision-making.

Grievances are treated as matters of priority. Managers and officers are expected to be alert to early signs of dissatisfaction and to resolve issues swiftly at their point of origin. Where necessary, grievances may be escalated through a clearly defined hierarchy.

Procedure

- Employees should first report grievances to their immediate officer
- If unresolved, the matter may be escalated to the Line Manager
- If the Line Manager does not take adequate action, the grievance may be brought to the attention of the Head of HR
- If still unresolved, escalation to the Deputy CEO is permitted
- As a final step, the grievance may be submitted to the CEO or the Board of Directors

Efforts must be made to resolve grievances at each level within three working days, and the process at each stage must be completed within five working days, with a maximum of 10 working days for full resolution. This tiered structure ensures timely, fair and transparent handling of employee concerns.

Whistleblower policy

The Company upgraded its Whistleblower Policy during the year to empower employees to report suspected misconduct, unethical behaviour or violations

of Company policy directly, to senior management. The policy guarantees confidentiality, safeguards against retaliation and outlines the process for investigation and corrective action. It strengthens our commitment to integrity, accountability and ethical governance across all levels of the Organisation.

Employee incentive scheme

A well-structured incentive scheme plays a vital role in aligning individual performance with organisational goals, while also enhancing motivation, retention and job satisfaction. At Senkadagala Finance, our incentive framework is designed to recognise and reward high-performing sales staff, reinforcing a culture of achievement and accountability.

The current incentive scheme offers sales employees the flexibility to determine their own level of time and effort investment, allowing them to influence their earnings while maintaining control over their work-life balance. This approach not only promotes productivity but also supports greater autonomy and personal agency, encouraging staff to set

and meet performance targets in a manner suited to their individual circumstances.

By linking rewards directly to results, the Company aims to cultivate a high-performance environment that balances operational goals with employee wellbeing.

Training and development

Training and development are integral to building a skilled, agile and future-ready workforce. At Senkadagala Finance, continuous learning is viewed as a strategic imperative, enhancing job performance, service quality and operational resilience. Regular exposure to evolving industry practices and regulatory frameworks helps staff remain current, while also inviting innovation, productivity and long-term engagement.

The Company maintains a structured training ecosystem comprising both in-house and external programmes designed to strengthen functional expertise, support process improvement and align employee capabilities with strategic business priorities in a dynamic financial services environment.

Summary training schedule 2024-25

Training programme	Participants	Training hours
AML/CFT and other CBSL regulatory	Chief Compliance Officer	92
Legal aspects training	Recovery and Legal Staff	184
System and operations	Operational Staff	5,950
Total training hours		6,226

Social and Environmental Capital



Social and environmental capital capture the value we create through our relationships with people, communities, and ecosystems. At Senkadagala Finance, this means embedding trust, inclusion, and environmental responsibility into how we operate strengthening our reputation, managing risk, and ensuring long-term resilience in a world where impact matters more than ever.

Over its 56-year history as a pioneer in the financial industry, Senkadagala Finance PLC has worked tirelessly towards preserving not just the economic prosperity of the nation but its social and environmental wealth as well. Since its inception, Senkadagala Finance has made it a point to be accountable for its impact on the broader social and natural environment, with the focus on the bottom line always complemented by a concerted effort to account for a far greater responsibility to our valued stakeholders.

At Senkadagala Finance PLC, we are deeply conscious of the impact our business activities have on the natural environment and also on the diverse communities we serve. Our approach to social and environmental capital is anchored in long-term value creation for our customers, employees, communities, and society and the environment as a whole. In 2024/25, our commitment to inclusive growth and sustainability was further reinforced through improved access to finance, responsible lending practices, strengthened governance, and targeted social impact programmes, with significant progress made on our environmental management efforts.

Customer relationships and trust

Trust is integral to our business activities and customer confidence continues to be an essential component of our operating model. During the year under review, our branch teams maintained high service standards

amidst an evolving regulatory environment, particularly in light of the current macroeconomic situation of the country. Feedback channels – including our call centre, branch-level suggestion systems, and regional grievance redress mechanisms – ensured that customer voices were heard and acted upon. The Company also has in place a Finance Customer Protection Officer, who is designated to receive and investigate any customer complaints and resolve same within a short time. Stakeholders can rest assured that we continue to refine these platforms for faster resolution times and higher satisfaction rates.

Financial inclusion

In 2024/25, Senkadagala Finance's financial inclusion efforts remained focused on underserved populations across Sri Lanka. With 125 branches across all nine provinces and a strong presence in rural and semi-urban areas, we continued to bridge the gap between formal finance and local communities. It is worth noting that, during 2024/25, a significant share of new customer acquisitions were first-time borrowers. We also expanded our gold loan services and finance leases with flexible terms tailored to income patterns in informal sectors.

Responsible lending and governance

Our lending practices are governed by thorough internal credit assessment processes that ensure responsible borrowing while minimising risk. Loans are extended only after prudent affordability evaluations, with

built-in mechanisms to detect over-indebtedness. During the reporting period, staff training was conducted around ethical collections, customer protection, and compliance. Our lending portfolios remained compliant with Central Bank regulations, with strong internal oversight from our risk and audit teams.

Employee well-being and engagement

With a team of just under 1,000 employees, we continue to invest in staff well-being and capacity-building. This year under review saw the rollout of expanded internal training programmes, including technical modules for credit officers and leadership pathways for mid-level managers. Our emphasis on staff retention and career development remains central to our human capital strategy.

Environmental responsibility

Senkadagala Finance recognises the importance of environmental stewardship in financial services. Our efforts in 2024/25 were focused on reducing resource usage and encouraging staff awareness. Branch-level energy audits and paper consumption tracking were piloted in selected locations during the reporting period. We also began phasing in digital processes, including e-receipts, online loan applications, and internal paperless workflows, across key operations, in alignment with our long-term goal of minimising our environmental footprint.

	2025	2024	Variance %
Electricity expenses (LKR)	88,118,370	98,700,740	(10.72)
No of units	1,786,354	1,622,536	10.10
Water expenses (LKR)	2,999,004	2,433,852	23.22
No of units	12,793	10,159	25.93

Future outlook

Looking ahead, we aim to deepen our impact across all social and environmental fronts. Plans for the 2025/26 financial year include further digitisation of customer service, the expansion of inclusive credit offerings and business offerings in EV financing. Our priority will be to institutionalise sustainability thinking across departments while enhancing stakeholder engagement and transparency. Through these measures, we intend to remain a trusted and responsible financial services provider for all Sri Lankans.

Shareholder and Investor Capital



“Shareholder capital” refers to the financial resources provided by the shareholders, representing their equity investment in the Company. It includes funds raised through share issuances and accumulated retained earnings. Shareholder capital is essential for funding operations, driving growth, and supporting value creation. Through integrated reporting, the Company demonstrates how efficiently and effectively it deploys this capital to achieve sustainable financial performance and deliver long-term returns to shareholders.

Since its listing on the Colombo Stock Exchange's "Diri Savi" Board in March 2011, Senkadagala Finance PLC has earned the enduring trust and confidence of its shareholders and investors. From its modest beginnings, the Company has emerged as a significant player in Sri Lanka's financial landscape. Our growth and transformation are a testament to the value-driven principles that underpin our island-wide operations.

In 2024/25, Senkadagala Finance reinforced its track record of creating value for shareholders and investors with the Company declaring a final dividend of LKR 2.80 per share, an impressive 55.6% increase from the previous year and LKR 1,622 Mn. in post-tax profits, one of the strongest profit performances in our history. The share price continued to trade within the LKR 300 to LKR 550 range, underpinned by limited free float, and closed the year at LKR 410.25, marking a 2.9% gain. With the market price sustained at more than 3.5 times book value, shareholders benefited from a consistently attractive valuation.

Transparency and open engagement remained central to sustaining investor confidence during the year under review. Detailed KPI analyses accompanied quarterly financial disclosures, while immediate updates on material developments were made through the CSE and other channels. The corporate website served as a continuously updated repository of financial and operational information, complemented by direct access to the Company Secretary, whose contact details are published specifically to facilitate shareholder correspondence.

During the reporting period, Senkadagala Finance redeemed its listed subordinated debenture of LKR 1.75 Bn. A fresh subordinated term loan of LKR 1.5 Bn. was obtained to replenish its capital structure. Looking ahead, the

Company remains committed to forward-looking strategies that prioritise long-term resilience over short-term gain, an approach that has cemented its steady growth and continues to build enduring shareholder value, even amid industry consolidation and broader macroeconomic shifts.

Shareholder Information

Twenty largest shareholders

As at March 31	2025		2024	
	Number of shares	% of holding	Number of shares	% of holding
E. W. Balasuriya & Co. (Pvt) Limited	44,781,393	51.90	44,781,393	51.90
Hallsville Frontier Equities Ltd.	7,088,562	8.22	7,088,562	8.22
Dr (Mrs) G Madan Mohan	5,926,720	6.87	5,926,720	6.87
Mr R Balasuriya	5,926,719	6.87	5,926,719	6.87
Late Dr M Balasuriya	4,172,046	4.84	4,172,046	4.84
Dr A Balasuriya and Mr D Balasuriya	2,963,360	3.43	2,963,360	3.43
Mr L Balasuriya and Mr S K Balasuriya	2,963,360	3.43	2,963,360	3.43
Dr A Balasuriya and Mr S Balasuriya	2,963,358	3.43	2,963,358	3.43
Mr L Balasuriya and Ms A S Balasuriya	2,963,358	3.43	2,963,358	3.43
Ms L Fernando and Ms S A Fernando	1,735,089	2.01	1,735,089	2.01
Ms L Fernando and Mr A R Fernando	1,735,088	2.01	1,735,088	2.01
Ms L Fernando and Ms A L Fernando	1,735,088	2.01	1,735,088	2.01
Mr D K C R Fernando	721,444	0.84	721,444	0.84
Mrs C Fernando	185,237	0.21	185,237	0.21
Mr K G K Hewamallika	172,888	0.20	-	0.00
Mr S V W B K Sirimalwatta	143,453	0.17	144,073	0.17
Mr M M Ariyaratne	37,677	0.04	37,677	0.04
Mr P P K Ikiriwatte	16,977	0.02	16,977	0.02
Mr J K Jayatileke	16,963	0.02	16,963	0.02
Mrs S Thaha	14,408	0.02	14,408	0.02
Estate of the late Mr D G K Hewamallika	-	0.00	172,888	0.20
Subtotal	86,263,188	99.97	86,263,808	99.97
Other shareholders	16,646	0.03	16,026	0.03
Total	86,279,834	100.00	86,279,834	100.00

Directors' Shareholding

As at March 31	2025		2024	
	Number of shares	% of holding	Number of shares	% of holding
Ms L Fernando and Ms S A Fernando	1,735,089	2.01	1,735,089	2.01
Ms L Fernando and Mr A R Fernando	1,735,088	2.01	1,735,088	2.01
Ms L Fernando and Ms A L Fernando	1,735,088	2.01	1,735,088	2.01
Mr L Balasuriya and Mr S K Balasuriya (Retired from the position of Executive Director with effect from 6 December 2024)	2,963,360	3.43	2,963,360	3.43
Mr L Balasuriya and Ms A S Balasuriya (Retired from the position of Executive Director with effect from 6 December 2024)	2,963,358	3.43	2,963,358	3.43
Mr L Balasuriya – The Trustee of the Capitalisation issue – 2010 (Retired from the position of Executive Director with effect from 6 December 2024)	16	0.00	16	0.00
Mr R Senanayake	-	0.00	-	0.00
Mr S D Bandaranayake (Retired with effect from 8 March 2025)	-	0.00	-	0.00
Mr N Vasantha Kumar	-	0.00	-	0.00
Dr (Ms) R A Perera	-	0.00	-	0.00
Mr A Herath	-	0.00	-	0.00
Ms D G Wijayawardana (Appointed with effect from 5 December 2024)	-	0.00	-	0.00
Ms K A Chellaraja (Appointed with effect from 5 March 2025)	-	0.00	-	0.00

Key Management Personnel Shareholdings

As at March 31	2025		2024	
	Number of shares	% of holding	Number of shares	% of holding
Mr L Balasuriya and Mr S K Balasuriya	2,963,360	3.43	2,963,360	3.43
Mr L Balasuriya and Ms A S Balasuriya	2,963,358	3.43	2,963,358	3.43
Mr Lakshman Balasuriya – The Trustee of the Capitalisation Issue – 2010	16	0.00	16	0.00
Mr P P K Ikiriwatte	16,977	0.02	16,977	0.02
Mr J K Jayatileke	16,963	0.02	16,963	0.02

Distribution of Shareholders

As at March 31	2025			2024		
	Number of holders	Number of shares	%	Number of holders	Number of shares	%
1 – 1,000	216	9,897	0.01	194	9,657	0.01
1,001 – 10,000	4	6,749	0.01	4	6,369	0.01
10,001 – 100,000	4	86,025	0.10	4	86,025	0.10
100,001 – 1,000,000	4	1,223,022	1.42	4	1,223,642	1.42
1,000,001 – 10,000,000	11	40,172,748	46.56	11	40,172,748	46.56
Over 10,000,000 shares	1	44,781,393	51.90	1	44,781,393	51.90
	240	86,279,834	100.00	218	86,279,834	100.00

Residential and Non-residential Shareholders

As at March 31	2025			2024		
	Number of holders	Number of shares	%	Number of holders	Number of shares	%
Resident shareholders	239	79,191,272	91.78	217	79,191,272	91.78
Non-resident shareholders	1	7,088,562	8.22	1	7,088,562	8.22
	240	86,279,834	100.00	218	86,279,834	100.00

Institutional and Individual Shareholders

As at March 31	2025			2024		
	Number of holders	Number of shares	%	Number of holders	Number of shares	%
Institutions	15	51,874,617	60.12	12	51,874,617	60.12
Individuals	225	34,405,217	39.88	206	34,405,217	39.88
	240	86,279,834	100.00	218	86,279,834	100.00

Ratios and Performance Indicators

As at March 31	2025	2024	2023	2022	2021
Earnings per share (LKR)	18.80	13.87	5.16	10.97	7.20
Dividends per share (LKR)	2.80	1.80	0.65	1.40	1.16
Net assets per share (LKR)	115.05	98.57	85.79	88.62	82.23
Price earnings ratio (times)	21.82	28.76	58.26	49.34	12.77
Price to book value ratio (times)	3.57	4.05	3.50	6.11	1.12
Dividends yield (%)	0.68	0.45	0.22	0.26	1.26

Market Price and Trade Information

As at March 31	2025	2024
Market prices		
Highest price (LKR)	535.00	585.00
Lowest price (LKR)	302.25	300.00
Last traded price (LKR)	410.25	398.75
Last traded date	25 March 2025	27 March 2024
Number of trades	425	575
Number of share traded	6,443	5,011
Value of shares traded (LKR)	2,632,547	2,052,333

Information on Public Holding and Market Capitalisation

As at March 31	2025	2024	Minimum requirement
Public holding (%)	21.42	21.42	7.50
Number of public shareholders	228	206	200
The float adjusted market capitalisation (LKR)	7,581,887,867	7,369,354,752	1,000,000,000

The float adjusted market capitalisation of the Company falls under Option 1 of Rule 7.13.1 (b) of the Listing Rules of the Colombo Stock Exchange. As at 31 March 2025, the Company is in compliance with the minimum public holding requirement therein.

Dividend policy

A number of factors are taken into consideration when deciding the dividend payouts each year. These include earnings after tax, current capital ratios, capital requirements to support future growth strategies, liquidity position and industry practices.

Details of dividends paid/proposed to shareholders during the year are as follows:

For the year ended March	2025			2024		
	Amount	DPS	Paid date	Amount	DPS	Paid date
Final dividend proposed/ paid (LKR)	241,583,535	2.80	Subject to AGM approval	155,303,701	1.80	12 August 2024
Total dividends proposed/ paid for the year (LKR)	241,583,535			155,303,701		
Earnings for the year (LKR)	1,621,890,697			1,196,286,467		
Dividend pay-out ratio (%)	14.90%			12.98%		
Earnings retention ratio (%)	85.10%			87.02%		

Information on listed debentures

The Company redeemed listed subordinated debentures to the value of LKR 1.75 Bn. during the financial year ended 31 March 2025. Currently, there are no listed debentures in issue of the Company.

Capital adequacy ratio

The capital adequacy of a financial institution is a vital aspect, as sound capital positions entail resilience in adverse economic conditions. For Senkadagala Finance, maintaining a strong capital base is essential to safeguarding financial stability and fulfilling commitments to customers. In this context, the Central Bank of Sri Lanka has issued a series of directives governing the capital adequacy of non-bank financial institutions (NBFIs), setting the regulatory framework within which the Company operates.

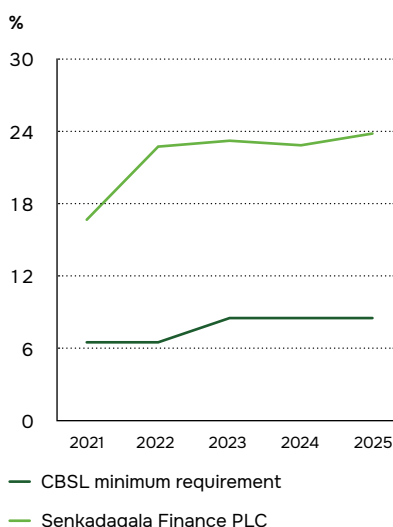
- Finance Companies (Capital Funds) Directions No. 01 of 2003 – specifies that every finance company shall maintain capital funds which shall at all times be more than 10% of its total deposit liabilities. It also requires the Company to maintain a Statutory Reserve Fund constituting of a fraction of its net profits for the year, based on the ratio of capital funds to total deposit liabilities.
- Finance Companies (Minimum Core Capital) Directions No. 02 of 2017 – requires FCs to maintain an unimpaired core capital not less than LKR 2.5 Bn. from 1 January 2021 and thereafter.

- Finance Companies (Capital Funds) Directions No. 03 of 2018 – requires that the Company maintains its core capital at a level not less than 8.50% of its risk weighted assets, with the total capital constituting not less than 12.5% of its risk weighted assets.

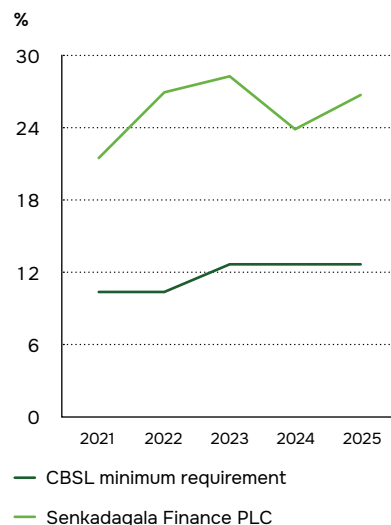
Surpassing the regulatory requirement

We are pleased to record that Senkadagala Finance continued to surpass the regulatory requirement of the core capital ratio of 8.50%, achieving a 23.84%, and the total capital ratio requirement of 12.50%, reaching 27.30%, during the year under review.

Core capital ratio



Total capital ratio



Our active commitment

Our commitment to the shareholders is reflected in the way we conduct our business. This includes maintaining a strong financial performance, upholding good governance, ensuring transparency and disclosure, formulating strategies for business expansion while managing risks, investing in sustainable growth and effectively managing NPAs and impairment charges.

Senkadagala Finance is dedicated to operating within, or exceeding, the regulatory capital adequacy ratios and other statutory reserve requirements. Recognising the importance of a healthy capital position, the Company consistently surpasses regulatory capital requirements. In addition to maintaining above-average capital ratios, the Company held a Statutory Reserve Fund amounting to LKR 676 Mn. as at 31 March 2025. An amount of LKR 85 Mn. from the year's profits was transferred to this fund. Furthermore, the Company retained LKR 1,380 Mn. from profits to support future growth and strengthen its capital base.



Governance

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Board of Directors' Profiles

Board of Directors

The Board of Directors of Senkadagala Finance PLC is structured to ensure an appropriate balance of skills, independence, and experience to effectively oversee the Company's strategic direction and governance. As at the end of the financial year, the Board comprised seven Directors, of whom six are Independent Non-Executive Directors, reflecting the Company's commitment to independence and diverse expertise.

During the year, the Board composition evolved to further strengthen governance and strategic oversight:

- Two Independent Non-Executive Directors were appointed, bringing enhanced expertise in sustainability and corporate strategy.
- Mr L Balasuriya retired as Executive Director effective 6 December 2024 but continues to serve as Chief Executive Officer, maintaining continuity in executive leadership.
- Mr S D Bandaranayake retired from the Board on 8 March 2025 after significant contributions to the Company's growth and stewardship.

These changes, along with a reconstitution of key Board Committees, highlight the Company's focus on maintaining a robust and fit-for-purpose governance structure.

Mr Raja Senanayake

Chairman

Date of appointment to the Board

1 April 2017

Date of appointment as Chairman

15 August 2023

Skills and expertise

Holder of FCA, BCom (Special) (USJ), PG Dip (BMgt), Mr Senanayake completed his Articles at Messrs Ernst & Young, qualifying as a Chartered Accountant. He counts over 34 years of experience in banking, finance, and accounting fields.

Other appointments

Mr Senanayake, who has been serving as an Independent Non-Executive Director since September 2020, was appointed as the Deputy Chairman of Commercial Bank of Ceylon PLC in April 2024, as the Chairman of Orysys Ltd., (formerly CBC Tech Solutions Ltd.) (a fully-owned subsidiary of Commercial Bank) in May 2024 and as the Chairman of CBC Myanmar Microfinance Company Ltd. (a fully-owned subsidiary of Commercial Bank) in January 2025. He is also a member of the Corporate Governance Committee of CA Sri Lanka since February 2024. He is a Director of Virtual Capital Technologies (Pvt) Ltd., a software development company that specialises in enterprise solutions in the real estate, retail and telecom spaces catering to the New Zealand and the Australian markets.

He is a Consultant at Smart Media, The Annual Report Company, where his expertise and capabilities in financial reporting and analysis are put to good use, in producing award winning and world-class Annual Reports.

Previous appointments

His financial acumen was fashioned and chiselled for over thirteen years at the Commercial Bank where he became the Assistant General Manager (Finance & Planning) prior to resigning to join the Nations Trust Bank PLC, as its Chief Financial Officer. Mr Senanayake served as a Non-Independent Non-Executive Director of CBC Finance Ltd. (formerly Serendib Finance Ltd.), a fully owned subsidiary of Commercial Bank.

Ms Lakshmi Fernando

Non-Independent,
Non-Executive Director

Date of appointment to the Board

Initially appointed as an Executive Director with effect from 24 February 1996, and subsequently re-designated as a Non-Independent Non-Executive Director with effect from 31 October 2023.

Skills and expertise

Ms Fernando holds a BSc (Hons) and possesses over twenty-five years of experience in the fields of finance and hotel management.

Other appointments

In addition she is a Non-Executive Director on the Boards of Thompsons Beach Hotels Ltd., Senkadagala Hotels Ltd., Senkadagala Insurance Brokers (Pvt) Ltd., E W Balasuriya & Co. (Pvt) Ltd., EWB Equities (Pvt) Ltd., and Kosgolla Estate (Pvt) Ltd.

Dr (Ms) Roshan Anne Perera

Independent Non-Executive Director

Date of appointment to the Board

22 September 2020

Skills and expertise

Dr Perera is qualified in a variety of disciplines from world renowned universities. Obtaining her Master of Economics and a Bachelor of Arts in Economics from the University of Colombo, she went on to obtain a PhD in Economics from the University of Melbourne, Australia. She also undertook a mid career Master in Public Administration as an Edward S Mason Fellow at the John F Kennedy School of Government at Harvard University USA.

She is a public policy specialist with over twenty-five years of experience in formulating and implementing monetary and fiscal policy. She also has expertise in regulating and supervising financial institutions and formulating approaches to managing and mitigating risks.

Other appointments

Dr Perera presently works as an independent consultant to multilateral agencies both in Sri Lanka and abroad. She currently serves as an Independent Non-Executive Director on the Board of Nations Trust Bank PLC.

Previous appointments

She was a Director at the Central Bank of Sri Lanka, the regulatory body to the Banking and Non Bank Financial Institutions and also served on many Boards including the Institute of Policy Studies and the Sri Lanka Institute of Directors.

Mr Namasivayam Vasantha Kumar

Independent Non-Executive Director

Date of appointment to the Board

1 July 2019

Skills and expertise

Mr Vasantha Kumar holds a Master of Business Administration and Diploma in Professional Treasury Management and possesses over 37 years of experience in financial markets behaviour and treasury operations.

Other appointments

In addition to his current role with the Company, he holds the positions of Independent Non-Executive Director of Ceylinco Holdings PLC, Independent Non-Executive Director of DFCC Bank PLC, Executive Director of Asset Trust Management (Pvt) Ltd., Director of Wealth Lanka Management (Pvt) Ltd., and Chairman of Safe Capital (Pvt) Ltd.

Previous appointments

Mr Vasantha Kumar had served as the CEO/General Manager of People's Bank. He also served as President of the Association of Primary Dealers and Sri Lanka Forex Association and as Head of Treasury of ANZ Grindlays Bank, Colombo.

Mr Arjuna Herath

Independent Non-Executive Director

Date of appointment to the Board

12 October 2023

Skills and expertise

Mr Herath is a Fellow member of The Institute of Chartered Accountants of Sri Lanka with a Bachelor of Science degree from the University of Colombo, an MBA from the University of Strathclyde in the United Kingdom and a Master of Arts in Financial Economics from the University of Colombo.

Other appointments

He currently holds several non-executive appointments, including Chairman of Synapsys Ltd. and CSE Clear (Pvt) Ltd., and Director of Durdans Medical and Surgical Hospital (Pvt) Ltd., Central Depository Systems (Pvt) Ltd., Colombo Stock Exchange, Cargills Bank PLC, Watawala Plantations PLC, Watawala Dairy Ltd, RIL Property PLC, United Motors Lanka PLC, and C B L Investment Limited. He also serves as the Chairman of the Board of Investment of Sri Lanka and as a Director of The Sri Lanka Institute of Directors.

Previous appointments

Mr Herath retired as Senior Partner and Head of Consulting at Ernst & Young for Sri Lanka and the Maldives. Prior to that, he held key positions including Director Corporate Finance at Merchant Bank of Sri Lanka and Marketing Development Manager at Ceylon Tobacco Company Ltd. He has also served as Chairman of the Data Protection Authority of Sri Lanka and held board or advisory roles with several regulatory and professional bodies, including as a Board Member of the Sri Lanka Accounting and Auditing Standards Monitoring Board, Commissioner of the Securities and Exchange Commission of Sri Lanka, and Member of the Company Law Advisory Commission. Additionally, he was Past President of both the South Asian Federation of Accountants and The Institute of Chartered Accountants of Sri Lanka, Chair of the Professional Accountancy Organisation Development Committee of the IFAC and served as a Board Member of the Confederation of Asia Pacific Accountants.

Ms Dilshani Gayathri Wijayawardana

Independent Non-Executive Director

Date of appointment to the Board

5 December 2024

Skills and expertise

Ms Wijayawardana is an experienced legal professional with extensive expertise in commercial law, including corporate law, banking, regulation, insurance, securities law, and intellectual property. She has over two decades of litigation experience in both primary and appellate courts. Her academic background includes an LLM specialising in commercial law from the University of Cambridge, UK. She has contributed to legal scholarship through numerous articles and is the co-author of the book Company Law (2014). Her deep understanding of legal and regulatory frameworks is further reflected in her advisory role in the drafting of the Securities and Exchange Act of 2021.

Other appointments

Ms Wijayawardana currently serves as an Independent Non-Executive Director of Union Bank PLC and continues to practice as an Attorney-at-Law of the Supreme Court of Sri Lanka, a position she has held since 1996.

Previous appointments

Her previous roles include serving as a Commissioner of the Securities and Exchange Commission of Sri Lanka from 2015 to 2018, and as a member of the Advisory Committee appointed for drafting the Securities and Exchange Act of 2021. She has also worked at the chambers of Dr K Kanag-Isvaran, President's Counsel, and served as a Legal Executive at Shook Lin and Bok, Advocates and Solicitors, Singapore, during 1999/2000. Earlier in her career, she was a Research Assistant to the late Hon. Justice Mark Fernando of the Supreme Court of Sri Lanka.

Ms Kasturi Angela Chellaraja

Independent Non-Executive Director

Date of appointment to the Board

5 March 2025

Skills and expertise

Ms Kasturi Angela Chellaraja is a distinguished corporate leader with over three decades of experience across finance, healthcare, logistics, and business transformation. She is recognised for her strategic leadership, operational excellence, and deep expertise in managing and scaling large businesses. An alumna of Harvard Business School and a Fellow of the Chartered Institute of Management Accountants (CIMA), she began her career in 1988 and has since held several key executive roles. Known for breaking barriers, she became the first female Group CEO of a listed conglomerate in Sri Lanka. Her leadership has been celebrated through numerous accolades, including recognitions by the Parliament of Sri Lanka and international organisations such as the World Bank and UNICEF. Ms Chellaraja is also known for her strong advocacy for ethical leadership, gender inclusion, and social impact.

Current appointments

Ms Chellaraja currently serves as the Chief Operating Officer (Head of APAC) at 5-hour International Corporation. She is a Non-Executive Independent Director at National Development Bank PLC and a Non-Executive Director at Capital Alliance Holdings Ltd. Ms Chellaraja also holds several key non-executive and advisory roles across a range of sectors, including her positions as Board member and Committee member of the Ceylon Chamber of Commerce and Management Committee Member of the Mercantile Services Provident Society. She is a Trustee of the Hemas Outreach Foundation, Hemas Wellness Trust, and Orphan Care Trust. In recognition of her leadership and commitment to social responsibility, she serves as the Regional Champion for the World Bank for South Asia and the UNICEF Sri Lanka Business Council (Child Rights and Business Principles).

Previous appointments

Ms Chellaraja has held numerous senior leadership and Board positions across multiple sectors, most notably serving as the Group Chief Executive Officer and Director of Hemas Holdings PLC from 2020 to 2024. Over her two-decade tenure at Hemas, she served on the Boards of several group subsidiaries spanning pharmaceuticals, FMCG, healthcare, mobility, logistics, and digital health. These include Hemas Pharmaceuticals (Pvt) Ltd., Hemas Manufacturing (Pvt) Ltd., Hemas Hospitals (Pvt) Ltd., Atlas Axillia Co. (Pvt) Ltd., Morison Ltd., Hemas Consumer Brands, and Hemas Surgicals and Diagnostics (Pvt) Ltd., among others. She also held key roles in maritime and logistics entities such as Spectra (Pvt) Ltd., Mazu Shipping (Pvt) Ltd., and Far Shipping Lanka (Pvt) Ltd. Beyond the Hemas Group, Ms Chellaraja served as an Independent Director at Capital Alliance Holdings Ltd. (2017–2023) and held advisory and governance roles in industry associations and institutions including the Sri Lanka Institute of Directors, the Ceylon Chamber of Pharmaceutical Industries (as President), the National Sports Council, and the Chartered Institute of Management Accountants. Her track record reflects a breadth of experience in executive management, governance, and industry representation.

Corporate Governance

Our Corporate Governance approach pivots on the core values of collaboration, independence, ethical conduct, and a focused approach to foster resilience, transparency and accountability across the organisation. This well-calculated and comprehensive approach enables the Board and management to navigate evolving challenges while safeguarding stakeholder interests. The Board remains firmly committed to upholding the highest standards of corporate governance and has embedded robust practices throughout the Company's operations. These practices ensure that Senkadagala Finance PLC continues to be directed, managed, and controlled responsibly and transparently across all branches and departments. During the year

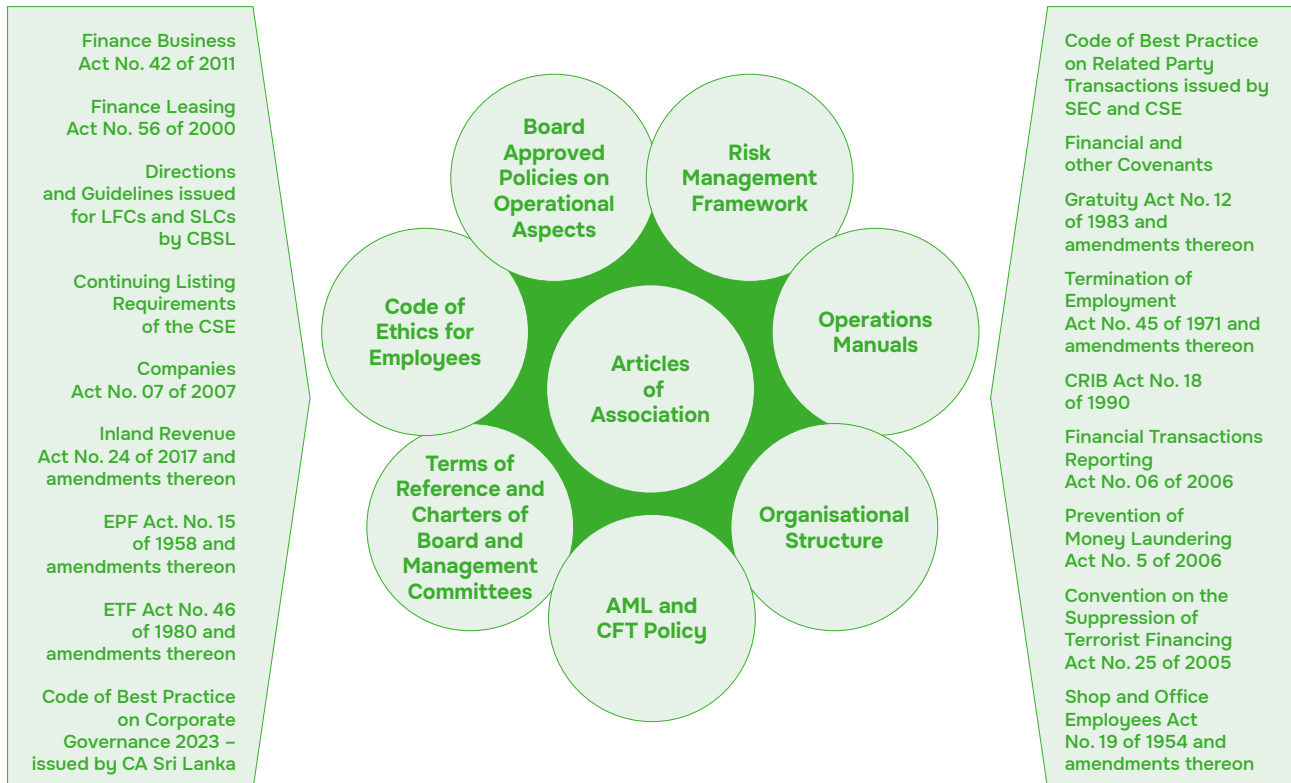
under review, we reinforced this commitment through significant enhancements to policies, structures, and processes, in alignment with the latest regulatory expectations and industry best practices.

Meanwhile, safeguarding the interests of all stakeholders—including shareholders, customers, employees, regulators, and the public—remains central to our governance philosophy. A new Policy on Communication, approved during the year, formalised the Company's principles of fair disclosure and transparent engagement. This framework ensures that all stakeholders are kept informed of material developments in a timely, accessible, and consistent manner.

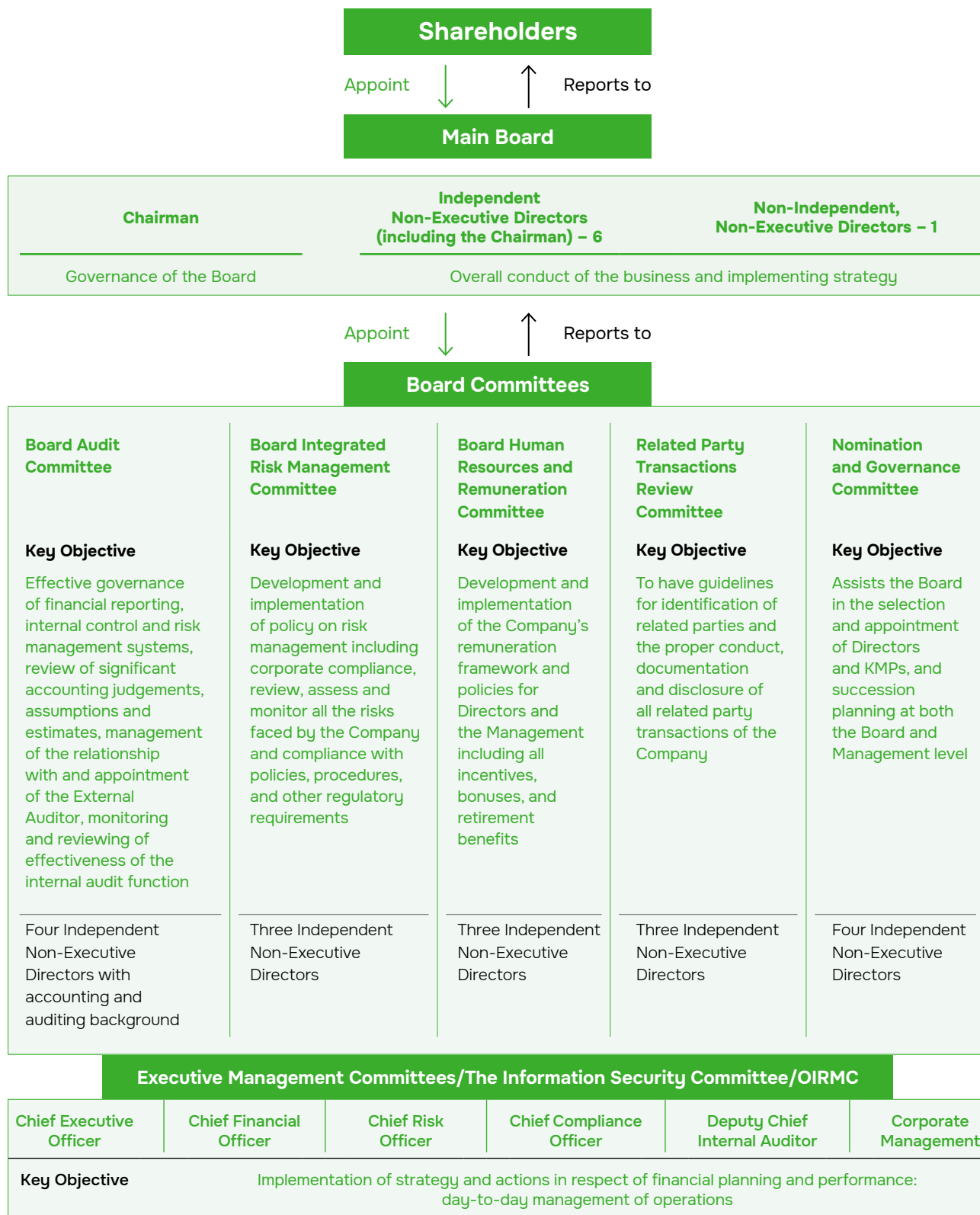
Governance Framework and Regulatory Compliance

In line with the emerging regulatory frameworks issued by the Central Bank of Sri Lanka (CBSL) and the Colombo Stock Exchange (CSE), the Board approved and implemented a comprehensive suite of governance policies. These included the Policy on Environmental, Social, and Governance Sustainability, the Whistleblowing Policy, the Anti-Bribery and Corruption Policy, and a refreshed Code of Conduct Policy. These policies collectively reaffirm our dedication to ethical business conduct, risk management discipline, and transparent stakeholder engagement. Additionally, we amended the Articles of Association in January 2025 to ensure compliance with the revised governance standards introduced during the year.

The overall corporate governance framework that we adhere to maintains applicable best practices, regulatory mandates, and industry standards.



The below illustration presents the corporate governance structure of Senkadagala Finance PLC:



Roles and Responsibilities

The Board assumes overall responsibility and accountability for the stewardship of the Company and its long-term sustainable success. Its primary roles and responsibilities include:

- Formulating and approving the Company's business strategy, governance frameworks, and risk appetite.
- Overseeing the implementation of policies and internal controls to ensure prudent and transparent management of operations.
- Ensuring compliance with all applicable laws, regulations, and regulatory directions, including those issued by the Central Bank of Sri Lanka and the Colombo Stock Exchange.
- Promoting a culture of integrity, ethical conduct, and accountability at all levels of the organisation.
- Regularly monitoring performance against strategic objectives and risk thresholds.
- Safeguarding stakeholder interests, with particular emphasis on depositors and shareholders.

The Chairman leads the Board, ensuring effective operation and that all key matters are deliberated comprehensively and resolved in a timely manner.

Director Appointment and Succession

We conduct appointments and resignations of Directors in keeping with the Finance Business Act Directions and the CBSL's Fitness and Propriety Criteria. The Board Nomination and Governance Committee retains the ultimate responsibility of assessing Board composition, identifying succession needs, and recommending suitable candidates for appointment. In addition to the changes made to the Board of Directors mentioned above, which took place during the financial year, the Board Nomination and Governance Committee retains oversight of ongoing the Board-approved succession plan for the CEO and other Key Responsible Persons.

Board of Director training

The newly appointed Directors gain access to governance documentation and receive briefings from senior management. The Company also facilitate ongoing training to ensure the Board's commitment to continuous improvement and regulatory compliance.

In addition, the Board has approved a Procedure for Reviewing Training and Development Needs of Board Members, adopted in February 2025. This ensures that all Directors are supported in maintaining the skills and knowledge necessary to discharge their duties effectively.

Board Evaluation

The Board conducts an annual self-evaluation process covering the effectiveness, composition, and functioning of the Board and its Committees. For the 2024/25 financial year, the evaluation reaffirmed the Board's independence, the effectiveness of its oversight mechanisms, and alignment with regulatory expectations and best practices.

The outcomes of the evaluation were reviewed by the Board Nomination and Governance Committee to identify areas for enhancement and to inform succession planning and development priorities. Records of these assessments are maintained in accordance with governance requirements.

Board Meetings

During the year, the Board convened 13 meetings, exceeding the statutory requirement of twelve meetings per year. The attendance of Directors reflected strong commitment and engagement in fulfilling their fiduciary responsibilities. The Chairman also convened separate meetings exclusively with Non-Executive Directors to ensure open dialogue and effective oversight.

Board of Directors Attendance

Name	Designation	Attendance*
Mr R Senanayake	Chairman/ Independent Non-Executive Director	13/13
Mr L Balasuriya (Retired as Executive Director effective 6 December 2024 but continues to serve as Chief Executive Officer)	Executive Director/ Chief Executive Officer	9/9
Ms L Fernando	Non-Independent Non-Executive Director	10/13
Mr S D Bandaranayake (Retired with effect from 8 March 2025)	Executive Director/ Additional Chief Executive Officer	11/12
Mr N Vasantha Kumar	Independent Non-Executive Director	13/13
Dr (Ms) R A Perera	Independent Non-Executive Director	12/13
Mr A Herath	Independent Non-Executive Director	13/13
Ms D G Wijayawardana (Appointed with effect from 5 December 2024)	Independent Non-Executive Director	04/04
Ms K A Chellaraja (Appointed with effect from 5 March 2025)	Independent Non-Executive Director	01/01

* All Board meetings held during the year were held physically at the Company's Registered Office, with some Directors attending virtually (hybrid meetings).

Ethics and Conduct

The Board of Directors of Senkadagala Finance PLC is committed to upholding the highest standards of ethical conduct, transparency, and integrity in all aspects of its governance and oversight responsibilities. This commitment is formally embedded through the Board-approved Code of Business Conduct and Ethics, which was updated and re-endorsed on 1 October 2024 to reflect emerging regulatory requirements and best practices.

The Code applies comprehensively to Directors, Key Management Personnel, and all employees, clearly articulating the principles

and standards expected of those entrusted with the stewardship of the Company. These principles cover, among other areas:

- avoidance and disclosure of conflicts of interest,
- maintaining confidentiality and safeguarding Company information,
- ensuring integrity and accountability in decision-making,
- compliance with applicable laws, regulations, and internal policies, including those on anti-bribery and corruption.

Directors are expected to exercise independent judgment and act in the best interests of the Company

and its stakeholders, demonstrating ethical leadership through their conduct and oversight. During the year under review, no waivers were granted in respect of the Code, and no material breaches or non-compliance events requiring disclosure were reported.

Remuneration of Board of Directors

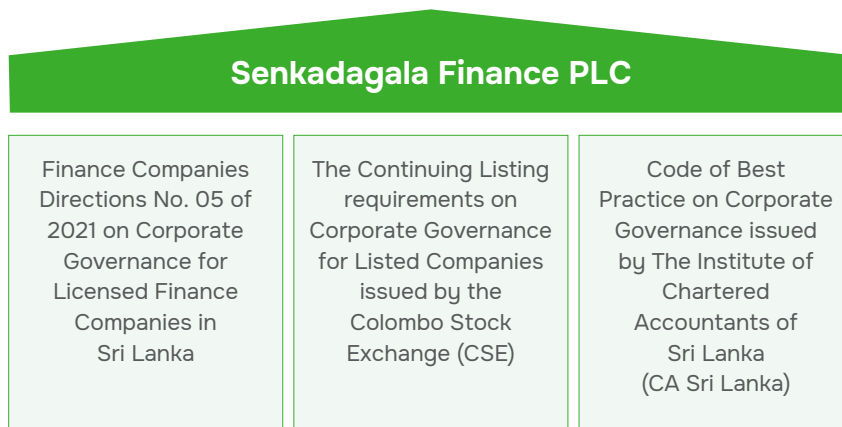
The Board Human Resources and Remuneration Committee oversee the remuneration of the Board of Directors of Senkadagala Finance PLC. The committee follows a formal and transparent process in this regard. No Director participates in decisions regarding their own remuneration. The remuneration of

Executive Directors is structured to link rewards to individual and Company performance, whereas Non-Executive Directors receive fees commensurate with their responsibilities and the time devoted to Board and Committee work. The aggregate remuneration paid to Directors during the financial year is disclosed in the Notes to the Financial Statements and reflects the principles of fairness, accountability, and compliance with applicable regulatory requirements.

Sustainability and ESG oversight

During the year under review, the Board of Senkadagala Finance PLC approved a comprehensive Policy on Environmental, Social and Governance (ESG) Sustainability. This policy integrates ESG considerations into the Company's governance framework, strategy formulation, and decision-making processes. The Board and senior management remain actively engaged in assessing ESG risks and opportunities, and have established clear processes for embedding sustainability priorities into operational practices and stakeholder engagement. In alignment with the Code of Best Practice on Corporate Governance and the Finance Companies Directions No. 05 of 2021, the Board's oversight ensures that environmental stewardship, social responsibility, and sound governance principles are integral to the Company's long-term objectives and risk management approach.

Codes Complied by the Company



Finance Companies Directions No. 05 of 2021 on Corporate Governance for Licensed Finance Companies in Sri Lanka.

The Direction comprises of sixteen fundamental principles, they are;

- Board's 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
- Delegation of Functions by the Board
- Board Subcommittees
- Internal Controls
- Related Party Transactions
- Group Governance
- Corporate Culture
- Conflicts of Interest
- Disclosures

The established structures in place and the conformance to the requirements are tabulated below under each fundamental principle:

CBSL rule	Corporate governance principle	Compliance status	Level of compliance
1. Board's overall responsibilities			
1.1	The Board shall assume overall responsibility and accountability for the operations of the finance company	Complied	The Board assumes overall responsibility and accountability for the operations, by setting up the strategic direction, governance framework, establishing corporate culture, and ensuring compliance with regulatory requirements.
1.2	Business strategy and governance frameworks	Complied	<p>The Board remains committed to providing strategic direction aligned with the long-term goals of the Company. The three-year strategic plan approved earlier has now reached its conclusion, and the formulation of a new strategic roadmap is currently underway. This new plan will reflect the evolving operating environment, regulatory developments, and emerging opportunities to ensure continued resilience and sustainable growth.</p> <p>In the interim, the Board continues to guide and oversee business operations in alignment with the Company's established governance frameworks and key priorities, ensuring consistency, compliance, and value creation for all stakeholders.</p> <p>The governance framework of the Company is effectively established and tailored to its size, complexity, business strategy, and regulatory requirements. The Board periodically assesses the effectiveness of this framework. The Board appoints the Chairperson and the Chief Executive Officer (CEO) and defines their roles and responsibilities.</p>
1.3	Corporate culture and values	Complied	<p>The Board ensures that there is a sound corporate culture within the Company, which reinforces ethical, prudent and professional behaviour.</p> <p>The Board plays the leading role in establishing the Company's corporate culture and values, which includes developing a code of conduct and managing conflicts of interest.</p> <p>The Board promotes sustainable finance by including appropriate Environmental, Social and Governance (ESG) considerations in the business strategy.</p> <p>The Board-approved communication policy for all stakeholders, including depositors, shareholders, borrowers, and other creditors, is in place. This policy ensures that company maintains a balanced and transparent approach in communicating its performance, position, and prospects to the public and regulatory authorities.</p>

CBSL rule	Corporate governance principle	Compliance status	Level of compliance
1.4	Risk appetite, risk management and internal controls	Partially Complied	<p>The Board approved RAS is in place and regularly monitored through the Board Integrated Risk Management Committee (BIRMC).</p> <p>The Board is responsible for overseeing a strong risk management framework. The Board takes an active role in defining the risk appetite and ensuring its alignment with the Company's business strategy, Governance Framework and capital.</p> <p>The Board enacts the implementation of appropriate systems and controls to identify, mitigate, and manage risks prudently.</p> <p>The Board adopts and reviews the adequacy and the effectiveness of the Company's internal control systems and management information systems periodically.</p> <p>The Board approves and oversees the business continuity and disaster recovery plan of the Company, to ensure stability, financial strength, and preserve critical operations and services if unforeseen circumstances impact the operations. (The Board oversees the Company business continuity plan, to ensure stability, financial strength, preserve critical operations and services if unforeseen circumstances impact the operations.</p>
1.5	Board commitment and competency	Complied	<p>All members of the Board devote sufficient time to deal with matters relating to affairs of the Company.</p> <p>All members of the Board possess the necessary qualifications, adequate skills, knowledge, and experience to be a Board member.</p> <p>The Board regularly reviews and agrees to the training and development needs of all the members. A procedure has been approved by the Board to review the training and development needs of the members of the Board</p> <p>The Board adopts a scheme of self-assessment to be undertaken by each Director annually on individual performance, of the Board as a whole and of the committees; and maintain records of such assessments.</p> <p>A Board approved procedure is in place for this regard. Governance Framework of the Company includes provisions in obtaining independent professional advice to the Board of Directors as and when necessary, at Company's expenses to discharge their duties. However, no such instances have occurred during the year when discharging their duties effectively.</p>

CBSL rule	Corporate governance principle	Compliance status	Level of compliance
1.6	Oversight of Senior Management	Complied	<p>The positions that have a significant influence over the Company's policies, direction of activities, control of business operations, and risk management have been identified by the Board and designated as Senior Management, as reflected in the updated organisational chart.</p> <p>The Board defines the areas of authority and key responsibilities for the Senior Management.</p> <p>The Board ensures that the Senior Management possesses the necessary qualifications, skills, experience, and knowledge to achieve the established strategic objectives.</p> <p>The Board ensures that there is an appropriate oversight of the affairs of the Company by the Senior Management.</p> <p>The Board ensures that the Company has an appropriate succession plan for Senior Management.</p> <p>The Board meets regularly with the Senior Management to review policies, establish lines of communication, and monitor progress towards the strategic objectives.</p>
1.7	Adherence to the existing legal framework	Complied	<p>The Board ensures that the Company does not act in a manner that is detrimental to the interests of and obligations to stakeholders including depositors, and shareholders.</p> <p>The Board adheres to the applicable regulatory environments and ensures compliance with relevant laws, regulations, directions, and ethical standards.</p> <p>The Board acts with due care and prudence, and with integrity, and is aware of potential civil and criminal liabilities that may arise from any failure to discharge their duties diligently.</p>
2. Governance framework			
2.1	Board shall develop and implement a governance framework	Complied	The Board implements the governance framework within the Company, which encompasses the requirements specified in the Direction.
3. Composition of the Board			
3.1	The Board's composition shall ensure a balance of skills and experience	Complied	The Board's composition includes members with the necessary skills and experience as required and appropriate for the requirements of the size, complexity, risk profile, and strategic goals of the Company.
3.2	Number of Directors on the Board	Complied	There were seven Directors on the Board as at the end of the financial year.
3.3	Total period of service of a Director	Complied	Please refer page 119 for the period of service for each Director.
3.4	Exception for the nine year rule for Non-Executive Directors	Not applicable	There were no such situations that arose during the financial year.

CBSL rule	Corporate governance principle	Compliance status	Level of compliance
3.5	Executive Directors	Complied	<p>During the financial year 2024/25, two Executive Directors retired from the Board, and no new Executive Director appointments were made.</p> <p>Mr L Balasuriya, the Chief Executive Officer of the Company, currently holds a shareholding exceeding the 10% threshold outlined in the Direction. The Board has taken note of this and is engaging in ongoing discussions to evaluate appropriate measures, with due consideration to regulatory expectations and the interests of all stakeholders.</p> <p>Please refer pages 119 and 73 to 76 for the composition of the Board and the designations of the Board members.</p>
3.6	Non-Executive Directors	Complied	<p>The Non-Executive Directors of the Company bring substantial experience and expertise to the table, aligning closely with the requirements of their respective fields.</p> <p>Please refer pages 119 and 73 to 76 for the composition of the Board and the designations of the Board members.</p> <p>None of the Non-Executive Directors hold positions as CEO or Executive Directors within the Company.</p>
3.7	Independent Directors	Complied	<p>There were six Independent Directors on the Board as at the end of the financial year.</p> <p>Please refer pages 119 and 73 to 76 for the composition of the Board and the designations of the Board members.</p>
3.8	Alternate Directors	Not applicable	No such situation arose during the financial year.
3.9	Cooling-off periods	Not applicable	No such situation arose during the financial year.
3.10	Common Directorships	Complied	Please refer the Board of Directors' Profiles section from pages 73 to 76 for information on other Directorships held by the members of the Board.
3.11	A Director shall not hold office as a Director or any other equivalent position in more than 20 organisations	Complied	None of the Directors of the Company hold Director positions in more than 20 organisations. Please refer the Board of Directors' Profiles section from pages 73 to 76 for information on other directorships held by the Board members.

CBSL rule	Corporate governance principle	Compliance status	Level of compliance
4. Assessment of Fitness and Propriety Criteria			
4.1	No person shall act as a Director unless that person is a fit and proper person in accordance with the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Directions No. 06 of 2021	Complied	Approval has been granted by CBSL for all the existing Directors as at the year end.
4.2	A person over the age of 70 years shall not serve as a Director	Complied	Mr S D Bandaranayake who reached the age of 72 years in September 2024, retired from the Board w.e.f. 8 March 2025.
4.3	A person who attains age of 70 can continue as a Director with regulatory approval	Complied	Mr L Balasuriya retired from the Board with effect from 6 December 2024 upon reaching the age of 70 years on the same date; however, he continues to serve as the Chief Executive Officer of the Company. Please refer page 119 for the composition of the Board and the age of the Board members.
5. Appointment and resignation of Directors and Senior Management			
5.1	Appointments and resignations of Key Responsible Persons (KRP) to take place in accordance with the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Directions No. 06 of 2021	Complied	Appointments, resignations, or removals of Key Responsible Persons (KRP) are carried out according to the specifications of the Direction.
6. The Chairperson and the CEO			
6.1	There shall be a clear division of responsibilities between the Chairperson and the CEO	Complied	The roles of Chairperson to the Board and CEO are segregated and are not performed by the same person.
6.2	The Chairperson shall be an Independent Director	Complied	The Chairman, Mr R Senanayake, serves as an Independent Non-Executive Director within the Company.
6.3	In case where the Chairperson is not independent	Not applicable	The Chairman of Senkadagala Finance PLC, Mr R Senanayake is an Independent Non-Executive Director.

CBSL rule	Corporate governance principle	Compliance status	Level of compliance
6.4	Responsibilities of the Chairperson	Complied	<p>The Chairman provides leadership to the Board and ensures that the Board works effectively and discharges its responsibilities. He also ensures that all key issues are discussed by the Board in a timely manner.</p> <p>The Company Secretary prepares the agenda for Board meetings under the direct supervision of the Chairman.</p> <p>The agenda with Notice of Meeting is duly circulated to the Directors at least seven days prior to the date of the meeting.</p> <p>All Directors are informed adequately and in a timely manner of the issues arising at each Board meeting.</p> <p>The Chairman ensures full and active contribution of all members of the Board including executive and non-executive members, and maintains the balance of power between the two parties.</p> <p>The Chairman does not engage in activities involving the direct supervision of Senior Management on operational activities.</p> <p>Chairman takes the lead in implementing decisions and directions by the regulators.</p> <p>Chairman ensures that appropriate steps are taken to maintain effective communication with shareholders and that the views of shareholders are communicated to the Board.</p> <p>Chairman carries out an annual assessment on the performance and the contribution of the Board and the CEO, during the past 12 months.</p>
6.5	Responsibilities of the CEO	Complied	<p>CEO implements business and risk strategies in order to achieve the established strategic objectives.</p> <p>CEO establishes a management structure that promotes accountability and transparency throughout the operations and preserves the effectiveness and independence of control functions.</p> <p>He promotes a sound corporate culture within the Company, while reinforcing ethical, prudent and professional behaviour.</p> <p>CEO ensures the implementation of proper compliance culture and being accountable for accurate submission of information to the regulator where applicable.</p> <p>Works to strengthen the regulatory and supervisory compliance framework.</p> <p>He addresses the supervisory concerns and any situations of non-compliance with regulatory requirements or internal policies, in a timely and appropriate manner.</p> <p>CEO devotes the whole of his professional time to the service of Senkadagala Finance PLC, and only carries on any other business in the capacity of a Non-Executive Director.</p>

CBSL rule	Corporate governance principle	Compliance status	Level of compliance
7. Meetings of the Board			
7.1	The Board shall meet at least twelve times a financial year	Complied	Thirteen meetings have been held in the financial year. Please refer page 80 for the Board meetings and their attendance details.
7.2	Inclusion of proposals by all Directors in the agenda	Complied	All Directors are able to submit proposals for discussion on matters pertaining to promotion of business and the risk management of the Company.
7.3	Notice of meetings	Complied	Directors are given adequate time and a minimum notice period for all Board meetings.
7.4	Directors shall devote sufficient time to prepare and attend Board meetings	Complied	All Directors contribute actively to matters arising at Board meetings and actively contribute by providing views and suggestions.
7.5	Meetings should constitute of 1/4th of the quorum as Independent Directors	Complied	All meetings have always had more than the minimum requirement of Independent Directors present. Please refer page 80 for the Board meetings and their attendance details.
7.6	The Chairperson shall hold meetings with the Non-Executive Directors only, at least twice a year	Complied	During the financial year, the Chairperson convened two meetings exclusively with the Non-Executive Directors.
7.7	A Director shall abstain from voting on any Board resolution where that Director has a conflict of interest	Complied	According to the Company's Article 31, directors are required to declare the nature of their interests. Any disclosed interests are presented to the Board, and directors with specific interests in matters before the Board abstain from participating and voting.
7.8	Attendance of Directors	Complied	All Directors have attended the Board meetings as stipulated by the Direction. Please refer page 80 for the Board meetings and their attendance details.
7.9	Scheduled Board meetings and ad hoc Board meetings	Complied	Most Directors physically participate in the Board meetings while some Directors join through electronic means when they are unable to be physically present.
8. Company Secretary			
8.1	Company Secretary	Complied	The Company Secretary has been appointed by the Board to handle secretarial services and other functions specified by the statutes and the Direction.
8.2	Access to the Company Secretary	Complied	All Directors have the opportunity to obtain advice and services of the Company Secretary without any restriction. The current Company Secretary appointment was approved by the CBSL on 14 June 2024.

CBSL rule	Corporate governance principle	Compliance status	Level of compliance
8.3	Agenda for Board meetings	Complied	The Board Secretary prepares the agenda for Board meetings under direct supervision of the Chairman. Prior to circulation, the Board Secretary obtains the Chairman's approval for the Notice of Meeting and the agenda.
8.4	Minutes of Board meetings maintained for six years	Complied	Board meeting minutes are maintained for six years.
8.5	Maintaining minutes in an orderly manner	Complied	Duly recorded minutes of the Board meetings are available with the Corporate Secretary and those can be accessed by any Director at any point in time.
8.6	Minutes recorded in sufficient detail	Complied	Minutes of all Board meetings are duly recorded in sufficient details and retained by the Corporate Secretary under the direct supervision of the Chairman.
8.7	The minutes shall be inspected by any Director	Complied	Duly recorded minutes of the Board meetings are available with the Corporate Secretary and those can be accessed by any Director at any point in time.
9. Delegation of functions by the Board			
9.1	The Board shall approve a delegation of authority	Complied	The Board approved delegation authority limits are in place. The authorised amounts have been explicitly detailed in the Delegation of Authority (DA).
9.2	Absence of any of the Subcommittee	Not applicable	Subcommittees as stipulated in the Direction are established.
9.3	Senior Management level Subcommittee	Complied	Information Security Committee (ISC), Operational Integrated Risk Management Committee (OIRMC) are in operation. The appropriate delegation of authority (DA) limits have been established in the board-approved DA document.
9.4	Extent of delegation	Complied	The Board ensures that delegation of authority at various levels does not hinder or reduce its ability as a whole to discharge its functions.
9.5	Review the delegation processes	Complied	The delegation of authority process is reviewed by the Board as and when necessary.
10. Board appointed committees			
10.1	Board committees	Complied	<p>There are five Board appointed subcommittees which report directly to the Board, namely; the Board Audit Committee (BAC), Board Integrated Risk Management Committee (BIRMC), Board Human Resources and Remuneration Committee (BHRRC), the Related Party Transactions Review Committee, and the Board Nomination and Governance Committee.</p> <p>Minutes are kept for each of the above committees under the supervision of the Chairman of each committee. A report on the performance, duties and functions of each committee has been made available in this Annual Report.</p>

CBSL rule	Corporate governance principle	Compliance status	Level of compliance
10.2	Board Audit Committee	Complied	<p>Mr A Herath, a Fellow Member of CA Sri Lanka and an Independent Non-Executive Director of the Company, acts as the Chairman of the Board Audit Committee. Mr R Senanayake, Chairman of the Board, stepped down from the position of Chairman of the Board Audit Committee w.e.f. 1 October 2024, in compliance with the Listing Rules of the CSE, but continues to serve as a member of the Committee.</p> <p>Other members of the Committee are also Independent Non-Executive Directors and possess multifaceted experience related to the finance industry.</p> <p>The details of the Board Audit Committee are set out in the Board Audit Committee Report on pages 129 to 130.</p>
10.3	Board Integrated Risk Management Committee	Complied	<p>The committee is chaired by an independent director, and all Board members are non-executive directors with expertise in banking, finance, and risk management issues and practices. The CEO and Chief Risk Officer (CRO) attend meetings by invitation. The BIRMC collaborates closely with senior management and makes decisions on behalf of the Board within the assigned framework of authority and responsibility.</p> <p>The details of the Integrated Risk Management Committee are given on pages 131 to 132 of this Annual Report.</p>
10.4	Board Nominations and Governance Committee	Complied	<p>The committee is comprised of three Independent Non-Executive Directors, with the CEO attending meetings by invitation of the committee. The Committee ensures the fitness and propriety of Directors and Senior Management to perform their functions.</p> <p>The Committee ensures 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.</p> <p>The Committee is in charge of establishing procedures and guidelines for the continuation of Directors.</p> <p>The Nomination and Governance Committee was set-up on 1 July 2024 in line with the requirements of the Finance Business Act Directions No. 05 of 2021, Corporate Governance.</p> <p>The details of the Board Nominations and Governance Committee are given on page 136 of this Annual Report.</p>
10.5	Board Human Resources and Remuneration Committee	Complied	<p>The Committee is Chaired by a Non-Executive Director and consists of three Independent Non-Executive Directors with the Chairperson.</p> <p>The Committee decides the salaries, allowances, and other financial payments relating to Executive Directors and Senior Management, and allowances structure for Non-Executive Directors.</p> <p>The remuneration structure is in line with the business strategy, objectives, values, long-term interests of the Company, while preventing conflicts of interest and incentives to take excessive risk.</p> <p>The details of the Board Human Resources and Remuneration Committee are given on pages 133 to 134 of this Annual Report.</p>

CBSL rule	Corporate governance principle	Compliance status	Level of compliance
11. Internal Controls			
11.1	Adopt well-established internal control system	Complied	An internal control system which includes the organisational structure, segregation of duties, clear management reporting lines, and adequate operating procedures exist in order to mitigate operational risks.
11.2	Features of an internal control system	Complied	The internal control system promotes effective and efficient operation, provides reliable financial information, safeguards assets, minimises the operating risk of losses from irregularities/frauds/errors, ensures effective risk management, and ensures compliance with relevant laws/regulations/directions/internal policies.
11.3	All employees shall be given the responsibility for internal controls	Complied	All employees are given responsibility for internal controls respectively.
12. Related party transactions			
12.1	Board shall establish policies and procedures for related party transactions	Complied	The Related Party Transactions Policy has been established following the requirements specified in the Direction and encompassing the internal procedure of handling related party transactions.
12.2	Avoiding conflict of interest in related party transactions	Complied	The Board has taken steps to avoid conflict of interest due to related party transactions as well as favourable treatments to related parties. Particulars relating to related party transactions have been disclosed in the Notes to the Financial Statements.
12.3	Engaging in transactions with a related party to grant "more favourable treatment"	Complied	The Company has not entered into any transaction in a manner that would grant the related party "more favourable treatment" than the treatment given for transactions with an unrelated customer. The details of the Related Party Transactions Review Committee are given on page 135 of this Annual Report.

CBSL rule	Corporate governance principle	Compliance status	Level of compliance
13. Group governance			
13.1	Responsibilities of the FC as a holding company	Complied	<p>Group governance framework establishes the roles and responsibilities for the oversight and implementation of group-wide policies.</p> <p>While the governance framework is not separately documented, all members of the group diligently practice good governance, and it has proven to be effective in maintaining the Group's standards and compliance.</p> <p>Differences in the operating environments are properly understood and reflected in the Group governance framework.</p> <p>Reporting arrangements are in place to understand and manage material risks and developments, which may affect the Company and its subsidiaries.</p> <p>The Board assesses whether the internal control framework of the Group adequately addresses risks in the Group, and any risks arising from intra-group transactions.</p> <p>The Board ensures that there are adequate resources to effectively monitor compliance of the Company and the subsidiaries.</p> <p>The Group structure does not undermine the Company's ability to exercise effective oversight. The Board's review and approval is required for the creation of new legal entities under its management. The Board has defined processes for identifying and managing all material group-wide risks through adequate and effective policies and control.</p>
13.2	Responsibilities as a subsidiary	Not applicable	Senkadagala Finance PLC is not a subsidiary of another financial institution.
14. Corporate culture			
14.1	Adopt a code of conduct	Complied	Senkadagala Finance PLC has incorporated in its HR Code as well as in other manuals of operations the areas relevant to the Code of Conduct as stipulated in the Direction, such as; appropriate conduct and addressing issues of confidentiality, conflicts of interest, integrity of reporting, protection and proper use of Company assets, and fair treatment of customers. While the HR policy is currently being finalised, these principles are already embedded in our practices to ensure adherence to high standards of conduct.
14.2	Maintain records of breaches of Code of Conduct	Complied	In any such situations, the records will be maintained.
14.3	Establish a whistle-blowing policy	Complied	Whistle-blowing policy and procedure has been established and the documentation is available for all staff to access.

CBSL rule	Corporate governance principle	Compliance status	Level of compliance
15. Conflicts of interest			
15.1 (a)	Directors shall abstain from voting on any Board resolution with a conflict of interest	Complied	Directors abstained from voting on resolutions with conflict of interest.
15.1 (b)	Board shall establish policies and procedures for conflicts of interest	Complied	The Related Party Transactions Policy includes considerations on Conflicts of Interest, and has been established following the requirements specified in the Direction and encompassing the processes of handling Conflicts of Interest.
16. Disclosures			
16.1 (a)	Financial reporting as per regulatory requirements and applicable accounting standards	Complied	The relevant Financial Statements are published in conformity with regulatory requirements and applicable accounting standards.
16.1 (b)	Publishing financial reports in Sinhala, Tamil, and English newspapers	Complied	The Financial Statements are published in all three languages in the newspapers.
16.1	Disclosures in the Annual Report	Complied	<p>i. 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 is given on page 121.</p> <p>A statement of responsibility of the Board for the preparation and presentation of Financial Statements is given on page 121.</p> <p>ii. Names and other information of Directors and Committees are provided on pages 73 to 76 and in respective Committee reports.</p> <p>iii. The Board of Directors conducts a comprehensive evaluation of the performance of the Board subcommittees through self-appraisal and collective effort. These assessments are based on predetermined criteria derived from the Terms of Reference (TORs) responsibilities assigned to each Board subcommittee, predetermined goals and objectives as per the organisation strategy, and the corporate governance framework. The outcomes of the evaluation serve as a constructive basis for deliberations on necessary enhancements to be made to the Board subcommittees.</p> <p>iv. Fees and remuneration paid by the Company to the Directors and senior management in aggregate is given on pages 126 of this report and Note 46 of the Financial Statements.</p> <p>A statement on remuneration policy is included in the report by the Board Human Resource and Remuneration Committee.</p>

CBSL rule	Corporate governance principle	Compliance status	Level of compliance
			<p>v. Nature of relationships between Directors is included in the Related Party Transactions Review Committee Report.</p> <p>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 core capital, and the aggregate values of the transactions with the Senior Management are given on Note 46 of the Financial Statements.</p> <p>vi. The details of the Chairperson and members of the Board committees together with their attendance are given in respective Committee reports on pages 129 to 136.</p> <p>vii. The Group structure is given on page 169.</p> <p>The Group governance is established to ensure transparency, accountability, and ethical conduct across all levels of Organisation including subsidiaries and associates where applicable. The Board has implemented a comprehensive system of clear reporting arrangements, including roles and responsibilities, effective risk management protocols, and a strong internal control framework. This framework promotes adherence to legal and regulatory requirements, as well as adherence to our own policies and standards by all relevant subsidiaries and associates; while ensuring that they are compliant with the regulatory and policy requirements that are applicable only to them.</p> <p>viii. Board's declarations relevant to this section are given throughout the Report, where applicable.</p> <p>ix. Statement of Internal Control by the Board is given on page 152 This statement has been certified by Messrs Ernst & Young, External Auditor of the Company, on their report, as given on page 154.</p> <p>There were no non-compliances to prudential requirements, regulations, laws, and internal controls.</p> <p>There were no regulatory and supervisory concerns on lapses in the Finance Company's risk management, non-compliance with the Act, and Rules and Directions that have been communicated by the Director of NBF and directed by the Monetary Board to be disclosed to the public.</p> <p>x. The External Auditor of the Company has submitted a factual finding report on the corporate governance status and its compliance with Directions issued by the Director, Department of Supervision of Non-Bank Financial Institutions of the Central Bank of Sri Lanka.</p> <p>xi. The Chairperson certifies the Code of Business Conduct and ethics for Directors, Senior Management, and employees through his statement on page 10.</p> <p>xii. Management Report is given on pages 3 to 71.</p> <p>xiii. The policy and methodology for communication with shareholders and the contact details are provided on page 124.</p>

Listing Rules issued by the Colombo Stock Exchange (CSE) on Continuing Listing Requirements

The Company has fully complied with all applicable provisions of Section 7.6 of the CSE Listing Rules.

Section	Governance Principle	Compliance Status	Page Reference
7.6	Contents of Annual Report		
7.6 (i)	Names of persons who were Directors of the Company during the Financial year	Complied	125
7.6 (ii)	Principal activities of the Company and its subsidiaries during the year	Complied	121
7.6 (iii)	Information on 20 largest shareholders at the end of the year	Complied	67
7.6 (iv)	The Public holding percentage	Complied	70
7.6 (v)	Directors' and Chief Executive Officer's holding in shares	Complied	68
7.6 (vi)	Information pertaining to material foreseeable risk factors	Complied	137 – 148
7.6 (vii)	Details of material issues pertaining to employees and industrial relations	Complied	57 – 62
7.6 (viii)	Information on buildings/land holdings and investment properties as at the end of the year	Complied	123
7.6 (ix)	Number of shares representing the stated capital as at the end of the year	Complied	124
7.6 (x)	A distribution schedule of the number of holders in each class of equity securities and related information	Complied	69
7.6 (xi)	Ratios and market price information on equity, debt, change in credit rating	Complied	69 – 70
7.6 (xii)	Significant changes in the Company's or Subsidiaries' fixed assets	Complied	243
7.6 (xiii)	Details of funds raised through a public issue, Rights Issue and a Private Placement during the year There were no share issue, rights issue or private placements during the year	Complied	N/A
7.6 (xiv)	Information in respect of Employee Share Ownership or Stock Option Schemes The Company does not have any Employee Share Ownership or Stock Option Schemes at present	Complied	N/A
7.6 (xv)	Disclosure pertaining to Corporate Governance practice in terms of Section 9 of the Listing Rules	Complied	96 – 103
7.6 (xvi)	Related party transactions exceeding 10% of the Equity or 5% of the total assets of the entity The Company did not have any Related Party Transactions exceeding this threshold during the year	Complied	122

Listing Rules issued by the Colombo Stock Exchange (CSE) on Corporate Governance

The disclosures below reflect the Company's compliance with the Requirements on Corporate Governance under the Section 09 of the Listing Rules of the Colombo Stock Exchange:

Principle	Compliance and implementation	Status	Comments
9.1 Applicability of Corporate Governance Rules			
	The Company has complied with CSE Listing Rule 9 by verifying its adherence of Corporate Governance Rules Refer Annual Report of the Board of Directors	Complied	All the requirements had been compliant.
9.2 Policies (Effective from 1 October 2024)			
9.2.1	The Company 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 Company, on its website (a) Policy on the matters relating to the Board of Directors (b) Policy on Board Committees (c) Policy on Corporate Governance, Nominations and Re-election (d) Policy on Remuneration (e) Policy on internal Code of Business Conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities (f) Policy on Risk Management and Internal Controls (g) Policy on Communication which covers the Relations with Shareholders and Investors and Corporate Disclosures (h) Policy on Environmental, Social and Governance Sustainability (i) Policy on Control and Management of Company Assets and Shareholder Investments (j) Policy on Whistleblowing (k) Policy on Anti-Bribery and Corruption	Complied	All the policies had been adopted by the Company
9.2.2	The Company has fully complied with the internal Code of Business Conduct and ethics and no waivers are granted	Complied	No such waivers were granted during the year under review
9.2.3 – 9.2.4	The policies that are in place have been disclosed on the Company website and changes are highlighted therein as well. All policies are accessible to shareholders upon a written request or through the website	Complied	All stated policies had been disclosed in the website.

Principle	Compliance and implementation	Status	Comments
9.3 Board Committees			
9.3.1 – 9.3.2	<p>The Company maintains all Board subcommittees out of the mandatory committees required by CSE Listing Rules:</p> <p>(a) Board Nomination and Governance Committee</p> <p>(b) Board Human Resources and Remuneration Committee</p> <p>(c) Board Audit Committee</p> <p>(d) Related Party Transaction Review Committee</p> <p>The Board has established five (5) board sub-committees including above four (4) Committees and Board Integrated Risk Management Committee (BIRMC). In addition, there are two management-level committees, namely the Operational Risk Management Committee (OIRMC) and the Information Security Committee (ISC), established to oversee the Company's risk management, information security, and sustainability functions, respectively.</p> <p>Refer Governance Structure in page 78 of this Annual Report.</p>	Complied	Nomination and Governance Committee was set up on 1 July 2024.
9.3.3	<p>The Chairperson of the Board of Directors does not hold the position of Chairperson for any Board Committees mentioned in Rule 9.3.1 above.</p> <p>Refer respective committee reports on pages 129 to 136 of this annual report.</p>	Complied	-
9.4 Adherence to principles of democracy in the adoption of meeting procedures and the conduct of all General Meetings with shareholders			
9.4.1	Company Secretary maintains all records of resolutions and information upon a resolution being considered at a General Meeting including valid proxy votes, votes in favour, against and abstained for the resolutions. A process in place to provide copies of above information to SEC or CSE upon request.	Complied	-
9.4.2	<p>The Company has established a communication policy to effectively communicate and maintain relationships with shareholders and investors, which is outlined in both the annual report and on the website.</p> <p>The Company secretary is designated as the contact person for communication purposes. The policy ensures that all Directors are informed of any significant concerns or issues raised by shareholders and these concerns are transparently addressed and communicated where necessary. The details of the 56th AGM, virtually held are disclosed in Annual Report.</p> <p>Refer Notice of Meeting for details of 56th AGM.</p>	Complied	-
9.5 Policy on matters relating to the Board of Directors			
9.5.1	The Company had adopted policies along with information regarding the Board composition, the roles of the Chairperson and CEO as well as other requirements.	Complied	-
9.5.2	The Company is compliant with the requirements of the policy referred to in Rule 9.5.1 above.	Complied	-

Principle	Compliance and implementation	Status	Comments
9.6 Chairperson and CEO			
9.6.1-9.6.4	The roles of Chairperson and CEO are occupied by two separate individuals; hence the Company has not designated a Senior Independent Director (SID).	Complied	-
9.7 Fitness of Directors and CEOs			
9.7.1-9.7.2	Every member of the Director Board is a fit and proper person to act as Director/CEO as specified in the Fit and Proper Assessment Criteria set out in Rule 9.7.3.	Complied	More stringent fitness and propriety assessments are carried out annually in line with the Directions of the Central Bank of Sri Lanka
9.7.3	Fit and Proper Assessment Criteria:	Complied	-
9.7.4	Listed Entities shall obtain declarations from their Directors and CEO on an annual basis confirming that each of them have continuously satisfied the Fit and Proper Assessment Criteria set out in these Rules during the financial year concerned and satisfies the said criteria as at the date of such confirmation.	Complied	-
9.7.5	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	(a) More stringent fitness and propriety assessments are carried out annually in line with the requirements of the Central Bank of Sri Lanka (b) No such instances were recorded during the year under review.

Principle	Compliance and implementation	Status	Comments
9.8 Board Composition			
9.8.1-9.8.2	The Board consist of seven (7) Directors and six (6) are independent. Hence 1/3 of the total number of Directors is independent as required.	Complied	-
9.8.3-9.8.4	The criteria for determining independence have been disclosed.	Complied	<p>Details of Independent Directors can be referred to on pages 119 and 73 to 76.</p> <p>The Company obtained a declaration as specified in appendix 9A to ensure their independence.</p>
9.8.5	Directors have annually submitted the formal declaration of independence. The Board has reviewed these annual declarations and other available information to verify adherence to the criteria for assessing independence.	Complied	<p>The Company obtained a declaration from each director.</p> <p>No such instances occurred during the year that the independence of an Independent Director has been impaired against the criteria set out in Rule 9.8.3</p>
9.9 Alternate Directors			
	The Company was not required to appoint an Alternate Director during the period.	Not applicable	No such situation was encountered during the financial year under review

Principle	Compliance and implementation	Status	Comments
9.10 Disclosures relating to Directors			
9.10.1	The maximum number of Directorships that can be held is 20, to be in line with the Central Bank Directions.	Complied	No Director holds more than 20 Directorships.
9.10.2	An announcement to the Market is carried out when a new Director is appointed to the Board.	Complied	Board Nominations and Governance Committee reviews all new appointments. Market announcements upon the appointment of new Directors have been made complying with the requirements. Two such announcements were issued during the year.
9.10.3	Change of composition of the Board committees will be immediately disclosed to the market through an announcement.	Complied	–
9.10.4	All the information required to Rule No. 9.10.4 has been disclosed.	Complied	Details of Directors can be referred to on pages 73 to 76.
9.11 Nomination and Governance Committee (Effective from 1 October 2024)			
9.11.1-9.11.3	The Company has established the Board Nomination and Governance Committee referred to in Rule 9.11.	Complied	Board Nominations and Governance Committee was established in July 2024.
9.11.4	Committee consists of three Independent Directors and the Chair is also Independent.	Complied	–
9.11.5	Functions of the Committee are carried out as defined in the rules. Committee is overall responsible for appointment of Directors and corporate governance.	Complied	–
9.11.6	Disclosures Refer the Report of Board Nomination and Governance Committee report in the page 136 of this annual report.	Complied	–

Principle	Compliance and implementation	Status	Comments
9.12 Remuneration Committee			
9.12.1-9.12.5	<p>The Company has a Board Human Resource and Remuneration Committee (BHRRC) that conforms the requirements set out in rule 9.12 of listing rules.</p> <p>The Company's Remuneration Committee maintains 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 their own remuneration.</p> <p>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.</p> <p>The Committee operates under a set of written Terms of Reference that clearly outline its scope, authority, duties and requirements for meeting quorum.</p>	Complied	Refer Board Human Resource and Remuneration Committee report on page 133 in this annual report.
9.12.6	<p>The Remuneration Committee comprises three Independent Non-Executive Directors.</p> <p>Since the Board Chairman cannot be Chairman of subcommittees as per the Listing Rule 9.3.3, Chairman of Board Human Resource and Remuneration Committee has been changed w.e.f. 1 October 2024.</p>	Complied	Refer Report of the Board Human Resources and Remuneration Committee on page 133 of this annual report.
9.12.7	The Committee recommends and assesses the relevance of the remuneration payable to the Executive Directors of the Company.	Complied	-
9.12.8	Relevant disclosures are made in the Report of the Remuneration committee	Complied	Remuneration Committee Report can be referred to on page 133.
9.13 Audit Committee			
9.13.1	The audit functions specified in section 9.13.4 are performed by BAC while a separate committee, BIRMC has been formed to perform risk function of the Company.	Not applicable	Refer Report of the BAC on page 129 and report of BIRMC on page 131 of this annual report.
9.13.2	The Committee operates under a set of written Terms of Reference that clearly outline its scope, authority, duties.	Complied	-

Principle	Compliance and implementation	Status	Comments
9.13.3	<p>The Board Audit Committee comprises four (4) Independent Non-Executive Directors and during the year the Committee met five (5) times with the participation of the CEO and CFO. An independent Director serves as the Chairperson.</p> <p>Since the Board Chairman cannot be Chairman of subcommittees as per the Listing Rule 9.3.3, Chairman of Board Audit Committee has been changed w.e.f. 1 October 2024.</p>	Complied	Refer Report of the BAC on page 129.
9.13.4-9.13.5	Functions of the Committee and required disclosures are disclosed in the Report of the Board Audit Committee.	Complied	Refer to the Audit Committee Report on page 129.
9.14 Related Party Transactions Review Committee			
9.14.1	The Related Party Transactions Review Committee conforms to the requirements set out in Rule 9.14 of these Rules.	Complied	Refer the Related Party Transactions Review Committee Report can be referred to on page 135.
9.14.2	The Committee comprises three (3) Independent Non-Executive Directors. An Independent Director serves as the Chairperson of the Committee.	Complied	Since the Board Chairman cannot be Chairman of subcommittees as per the Listing Rule 9.3.3, Chairman of Related Party Transactions Review Committee has been changed to Independent Non Executive Director w.e.f. 1 October 2024.
9.14.3	The Company has set up a Related Party Transactions Review Committee to oversee such transactions with the aim of safeguarding shareholders' interests and preventing abuse by Directors, CEOs or substantial shareholders. The Committee operates under a set of written terms of reference and Related Party Transaction Policy that clearly outline its scope, authority and duties.	Complied	Refer the Related party Transaction Review Committee Report on page 135.
9.14.4	<p>The Committee convenes quarterly, ensuring thorough documentation of meeting minutes for the Board of Directors. Committee members have access to adequate expertise to evaluate proposed transactions, seeking professional advice when necessary.</p> <p>Approval from the Board of Directors is required for reviewed transactions as mandated by Rule 9.14.4. Directors with personal interests in such matters must abstain from participation and voting during relevant Board meetings.</p>	Complied	Refer page 135 for attendance of the Committee meetings.

Principle	Compliance and implementation	Status	Comments
9.14.5-9.14.6	The Related Party Transactions Review Committee reviews all related party transactions, while also considering any material changes to previously reviewed transaction under Rule 9.14.5. They assess transaction details and Director independence and may establish guidelines for ongoing transactions and conduct annual compliance reviews.	Complied	The Company had not entered with any related party transaction which is required to get the shareholders' approval during the financial year.
9.14.7	There were no non-recurrent related party transactions which exceeded the aggregate value of 10% of the equity or 5% of the total assets. There were no recurrent related party transactions which exceeded the aggregate value of the 10% of the gross revenue/income (or equivalent term in the Income Statement) during the year.	Complied	The Board confirms that the Company has disclosed transactions with related parties in terms of Sri Lanka Accounting Standard (LKAS 24) and has complied with all requirements as per the CSE Listing Rules.
9.14.8	There were no transactions in the aggregate value of the non-recurrent related party transactions exceeding 10% of the equity or 5% of the total assets of the Company as per the latest Audited Financial Statements.	Complied	Refer the Related Party Transactions Review Committee Report on page 135.
9.14.9	No acquisitions or disposals of assets from/to related parties occurred during the year.	Complied	No acquisitions or disposals of assets were carried out with related party.
9.14.10	The Company has noted the definition given under exempted related party transactions when determining the related party transactions of the Company.	Complied	Refer the Related Party Transactions Review Committee Report on page 135.
9.15 Penalties for Non-Compliance with Board Committee Compositions requirements – Not applicable			
9.16 Definitions – Not applicable			
9.17 Additional Disclosures			
	The BOD have declared all material interests in contracts involving in the Entity and whether they have refrained from voting on matters in which they were materially interested.	Complied	Refer Annual Report of the Board of Directors on page 126.
	The BOD 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 will be provided.	Complied	Please refer Directors' Statement on Internal Control.
	The Board 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.	Complied	–
	The Board assures the 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.	Complied	No events to report.

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

The Company has voluntarily adopted the Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka. We have disclosed the status of compliance and how the Company complied with each requirement of the code, in this section

Section	Corporate governance principle	Adoption status	Level of adoption
A. Directors			
A.1 The Board			
Senkadagala Finance PLC is headed by an effective Board which directs, leads, and controls the Company.			
A.1.1	Board meetings	Adopted	A total of twelve (12) Board meetings were held during the year at approximately monthly intervals, in addition to one (1) special Board meeting convened during the year. Details of the meetings and individual attendance are given on page 80.
A.1.2	Board responsibilities	Adopted	<p>The Board of Directors of Senkadagala Finance PLC responsible for the following:</p> <ul style="list-style-type: none"> • Formulating, implementing, and executing a sound business strategy. • Ensuring that the CEO and the Management Team possesses the skills, experience, and knowledge to devise the strategy. • Having a proper succession plan for the Key Management Personnel including the CEO. • Approving Budget and major capital expenditure. • Determining the matters expressly reserved to the Board and those delegated to the management including limits of authority and financial delegation. • Securing integrity of information, designing effective internal controls, cybersecurity, ensuring business continuity and risk management are properly established. • The Company aligning the ICT roadmap in line with the business strategy of the Company and monitoring implementation process via the ICT dashboard. • Ensuring compliance with laws and regulations. • Considering all stakeholder interests in the corporate decision-making process. • Recognising sustainable business development in Company's strategy, decisions and other activities. • Company's values and standards are set with emphasis on adopting appropriate accounting policies. • The Board has met 13 times during the year to evaluate overall performance and financial performance throughout the year. The Board and its subcommittees have continuously reviewed and mentioned the progress of the business. • The Company issues and uploads the Quarterly Financial Statements and Annual Financial Statements together with the relevant disclosures on the CSE and Company Websites. • The Board is capable of providing the right direction and Board comprises members who have expertise in different areas.

Section	Corporate governance principle	Adoption status	Level of adoption
A.1.3	Independent professional advice	Adopted	Independent professional advice could be obtained by the Directors individually, or the Board collectively, as and when required at the Company's expense.
A.1.4	Access to the Company Secretary	Adopted	All Directors have the opportunity to obtain advice and services of the Company Secretary without any restriction. The current Company Secretary has been appointed in compliance with the Corporate Governance Rules of CBSL. The appointment was confirmed by the CBSL on 14 June 2024.
A.1.5	Independent judgement of Directors	Adopted	The Directors bring independent judgement and scrutiny on decisions taken by the Board on issues of strategy, performance, resources, and standard of its business conduct.
A.1.6	Directors' dedication of adequate time and efforts	Adopted	The Board of Directors of the Company dedicates sufficient time to review Board papers and call for additional information and clarifications, if required. They also follow up on actions taken for issues discussed at the meetings. Refer: Board and Sub Committee Reports which indicates the attendance on page 129 and 136. Refer: Directors' Statement on Internal Control on page 152.
A.1.7	1/3rd of Directors should be able to call for resolutions	Adopted	One third of the Directors of the Board can call for a resolution for the Board whenever they feel it is necessary.
A.1.8	Training for Directors	Adopted	All Directors are given the opportunity to get trained. A procedure has been adopted by the Board to review the training and development needs of the members of the Board
A.2 Chairman and Chief Executive Officer			
At Senkadagala Finance PLC, the Chairman is responsible for conducting the business of the Board while the CEO of the Company is responsible for conducting the business of the Company.			
A.2.1	Combining the posts of Chairman and CEO	Not applicable	The roles of the Chairman and the CEO have been separated to ensure that no individual has unfettered powers of decision-making. The Company has no intention of combining the two roles in the foreseeable future.

Section	Corporate governance principle	Adoption status	Level of adoption
A.3 The Chairman's role			
The Chairman of the Company is responsible for the effective conduct of the Board to preserve the order and good corporate governance.			
A.3.1	The role of the Chairman	Adopted	<p>The Chairman who is an Independent Non-Executive Director ensures effective discharge of Board functions through:</p> <p>Having monthly Board meetings with adequate notice preserving the agenda prepared by the Company Secretary under his close supervision.</p> <p>Ensuring effective participation of both Executive and Non-Executive Directors in the decision-making process while maintaining the balance of power among them. With effect from 8 March 2025, the Board has been comprised entirely of Non-Executive Directors, following the retirement of all Executive Directors.</p> <p>Encouraging effective contribution of all the Directors' respective capabilities towards the benefit of the Company.</p> <p>Obtaining views of all Directors for issues under consideration.</p> <p>Ensuring that the Board is in complete control of the Company's affairs and alert to its obligations to shareholders while maintaining proper communication with all the stakeholders.</p>
A.4 Financial acumen			
The Board of the Company consists of members with sufficient financial acumen and knowledge to offer guidance on matters of finance.			
The Board includes fellow members of both local and international professional accounting bodies. (The details of qualifications of Directors are given on pages 73 to 76). These Directors have sufficient financial acumen and knowledge to offer guidance on matters of finance to the Board.			
A.5 Board balance			
The Board of the Company consists of 4 Independent Non-Executive Directors, two Executive Directors and one Non- Independent Non-Executive Director as at the end of the year.			
A.5.1	Ratio of Executive and Non-Executive Directors	Adopted	A ratio of Non-Executive Directors in excess of the requirement ensures that the Board decisions are taken impartially. The roles of the Chairman and the CEO are not vested in one person, and the Chairman is an Independent Non-Executive Director.
A.5.2	Independent Directors	Adopted	Six of the Non-Executive Directors are Independent within the requirements of the Code.
A.5.3	Mode of independence	Adopted	All Independent Directors are independent of management and free of business relationships so that they could exercise their unfettered and independent judgement over decisions without any material interference.
A.5.4	Declaration of independence	Adopted	All Independent Non-Executive Directors submit their annual declarations as to their independence against the specified criteria.

Section	Corporate governance principle	Adoption status	Level of adoption
A.5.5	Determination of independence of the Directors by the Board	Adopted	The Board determines that the submission of declaration by the Independent Directors as to their independence is a fair representation and continues to evaluate it annually. There are no situations where a Director is determined to be independent notwithstanding any factors which indicate the contrary.
A.5.6	Alternate Director	Not applicable	The requirement for appointing an Alternate Director has not arisen during the year.
A.5.7 and A.5.8	Senior Independent Director	Not applicable	Such a situation has not arisen as roles of Chairman and CEO have been clearly separated.
A.5.9	Meetings with Non-Executive Directors only	Adopted	The Chairman has met 2 times during the year with Non-Executive Directors without the presence of Executive Directors. Further Non-Executive Directors meet the External Auditor without Executive Directors being present as per the requirement under CBSL Directions on Corporate Governance.
A.5.10	Recording of concerns in Board minutes	Adopted	Board minutes are recorded in detail including concerns raised and their subsequent solutions. If any matters taken up for discussion could not be resolved through unanimity at Board meetings, it is recorded in the minutes as well. There have been no concerns about the matters of the Company which could not be resolved unanimously during the financial year.
A.6 Supply of information			
The Company has provided appropriate and timely information to the Board enabling it to discharge its duties effectively.			
A.6.1	Information to the Board by Management	Adopted	The Management provides appropriate and timely information to the Board and the Board calls for further information where necessary. The Chairman ensures that all Directors are provided with all necessary information pertaining to the issues discussed at Board meetings.
A.6.2	Notice of Board meetings	Adopted	The Board papers including minutes of the immediately preceding meeting and the agenda are sent to the Directors, a minimum seven days before the respective Board meeting. This would give adequate time for Directors to study the related matters and get ready for effective discussions at Board meetings.
A.7 Appointments to the Board			
There is a formal and transparent procedure on new appointments to the Board.			
A.7.1	Nomination and Governance Committee	Adopted	The Board Nomination and Governance Committee makes recommendations to the Board on all new appointments to the Board . The Committee was set up in compliance with the requirements set out in this code and terms of reference of the committee approved by the Board.
A.7.2	Assessment of Board composition	Adopted	The Board Nomination and Governance Committee will annually assess the Board composition, to ascertain whether the combined knowledge and experience of the Board matches the strategic demands facing the Company. Findings of the assessment of the Board are considered for new Board appointments.

Section	Corporate governance principle	Adoption status	Level of adoption
A.7.3	Succession plan	Adopted	A Board approved succession plan is in place including the CEO and other KRPs. This will be reviewed by the Board Nomination and Governance Committee on an annual basis to determine the training and development requirements for those identified for succession.
A.7.4	Disclosure of details of new Directors to shareholders	Adopted	When appointing a new Director to the Board, a brief profile of the Director, experience and skills, other directorships, status of independence, etc., are disclosed not only to the shareholders but also to the general public as per the requirements under CSE Listing Rules.
A.7.5	Report of the Nomination Committee	Adopted	Refer the report from the Board Nomination and Governance Committee on page 136.
A.7.6	Terms of Reference	Adopted	The Board Nomination and Governance Committee's TOR include the guidance from the Code of Best Practices.
A.8 Re-election			
All Directors are required to be re-elected annually, in order to submit the annual Fitness and Propriety declarations to CBSL.			
A.8.1	Appointment of Non-Executive Directors	Adopted	Non-Executive Directors are only appointed for a period of nine years with the age limit of seventy.
A.8.2	Election of Directors	Adopted	Appointment and reappointment of all Directors including the Chairman of the Board is subject to election by shareholders.
A.8.3	Resignation of Directors	Adopted	If a Director is resigning before their appointed term has ended, they will provide a written communication to the Board with their reasons for resignation.
A.9 Appraisal of Board performance			
The Board performance is evaluated annually in order to ensure satisfactory discharge of its responsibilities.			
A.9.1 and A.9.2	Appraisal of Board performance and annual self-evaluation of Board performance and its committees	Adopted	A formal Board performance evaluation process has been implemented and it is carried out annually. A checklist has been introduced for this purpose and it is filed with minutes of the Board meetings by the Secretary.
A.9.3	Mode of Board performance appraisal	Adopted	The Board performance evaluation is being carried out as detailed in the above Sections A.9.1 and A.9.2.
A.9.4	Disclosure in the Annual Report	Adopted	The Board adopts a scheme of self-assessment to be undertaken by each Director annually on individual performance, of the Board as a whole and of the committees; and maintain records of such assessments.

Section	Corporate governance principle	Adoption status	Level of adoption
A.10 Disclosure of information in respect of Directors			
Details of Directors are made available for the shareholders through the Annual Report and publications in the CSE.			
A.10.1	Disclosure of details of Directors in the Annual Report	Adopted	<p>The name, qualifications, and the brief profiles including the nature of expertise of all the Directors have been set out on pages 73 to 76 in this Report.</p> <p>Please refer the table given on pages 119 and 80 for Directorship status, Board meeting, attendance by the Directors of the Company.</p>
A.11 Appraisal of Chief Executive Officer (CEO)			
Performance of CEO is assessed annually to see whether the Company has achieved the objectives set by the Board.			
A.11.1	Financial and non-financial targets for the CEO	Adopted	At the commencement of the financial year, reasonable financial and non-financial targets for the CEO are set by the Board in consultation with the CEO in line with short, medium, and long-term objectives of the Company.
A.11.2	Evaluation of the performance of the CEO	Adopted	The Board periodically assesses the performance of the CEO to ensure that the Company's short, medium, and long-term objectives are achieved against its targets set and approved by the Board.
B. Directors' remuneration			
B.1 Remuneration procedure			
The Company has a well-established, formal, and transparent procedure for developing an effective policy on executive remuneration and remuneration packages for individual Directors. No Director is involved in deciding their own remuneration.			
B.2 Remuneration Committee			
Level and makeup of remuneration of both Executive and Non-Executive Directors is sufficient to attract and retain the Directors needed to run the Company successfully.			
B.2.1	Remuneration Committee	Adopted	<p>A Board Human Resource and Remuneration Committee have been set up to make recommendations to the Board on the Company's remuneration framework.</p> <p>Details have been given on page 133, in the Board Report of the Human Resource and Remuneration Committee.</p>
B.2.2	Composition of the Remuneration Committee	Adopted	All the members of the Board Human Resource and Remuneration Committee are Independent Non-Executive Directors.
B.2.3	Consultation of the Chairman or the CEO and access to professional advice	Adopted	The Board Human Resource and Remuneration Committee consults the Chairman about its proposals where necessary. The CEO attends the Board Human Resources and Remuneration Committee meetings by invitation. External professional advice is obtained where necessary in determining the remuneration of the Directors and senior level staff members.
B.2.4	Remuneration of CEO and Senior Management	Adopted	Remuneration of CEO, Executive Directors, and Senior Management are appropriate to attract, retain and motivate persons of the quality required but is not more than necessary for this purpose.

Section	Corporate governance principle	Adoption status	Level of adoption
B.2.5	Executive Directors' remuneration	Adopted	Executive directors' remuneration is designed to promote the short, medium and long-term performances of the Company.
B.2.6	Industry Standards	Adopted	The Board Human Resource and Remuneration Committee decides where to position levels of remuneration of the Company, relative to other companies. Industry standards are taken into account alongside relative performance, but they are prioritised lower without evident improvements in performance.
B.2.7	Group Considerations	Adopted	The Board Human Resource and Remuneration Committee is sensitive to remuneration and employment conditions elsewhere in the Company or the Group of which it is a part, especially when determining annual salary increases.
B.2.8	Performance related remuneration	Adopted	The remuneration of the CEO and Executive Directors are aligned with the company interests, and is transparent and rigorously applied with annual performance reviews.
B.2.9	Executive share options	Not applicable	No executive share option schemes exist, however the guideline will be adopted if initiating in the future.
B.2.10	Performance related remuneration scheme	Adopted	Provisions in the guideline are followed when designing schemes of performance related remuneration.
B.2.11- B.2.12	Early termination	Adopted	The Board Human Resources and Remuneration Committee considers early termination compensation in executive contracts, and explicitly includes these commitments, excluding cases of misconduct. And in cases where it is not explicitly defined, the Board Human Resources and Remuneration Committee will strive to avoid rewarding poor performance while fairly handling departures.
B.2.13 - B.2.14	Remuneration of the Non-Executive Directors	Adopted	The Board as a whole decides on the remuneration of the Non-Executive Directors. Non-Executive Directors' remuneration reflects their time and responsibilities, aligns with market practices, and excludes share options.
B.2.15	Disclosures in the Annual Report	Adopted	Details of the members and the Chairman of The Board Human Resource and Remuneration Committee have been given on page of this Annual Report under the Report of The Board Human Resource and Remuneration Committee.
B.2.16	Terms of Reference	Adopted	TOR for The Board Human Resource and Remuneration Committee includes the guidelines set out in the code.
B.3 Disclosure of remuneration			
The Company has disclosed the remuneration policy and the details of remuneration of the Board as a whole in this Annual Report.			
B.3.1	Disclosure of remuneration	Adopted	The Board Human Resources and Remuneration Committee's Report setting out the policy and scope of the Committee is given on page 133. The remuneration paid to the Board of Directors is disclosed in aggregate in Note 46 to the Financial Statements on page 271.
B.3.2	Disclosure of Senior Management remuneration	Adopted	The remuneration paid to the Senior Management is disclosed in aggregate in Note 46 to the Financial Statements.

Section	Corporate governance principle	Adoption status	Level of adoption
C. Relations with shareholders			
C.1 Constructive use of the Annual General Meeting and conduct of General Meetings			
The Board uses the Annual General Meeting to communicate with shareholders and encourages their participation.			
C.1.1	Notice of AGM	Adopted	Notice of the AGM is given as per the requirements of the Companies Act No. 07 of 2007.
C.1.2	Separate resolutions for separate issues and Use of proxy votes	Adopted	A separate resolution is proposed for the adoption of Financial Statements. Shareholders are given the opportunity to vote separately for each substantially separate issue by having separate resolutions, if any. The Company has adopted a methodology to count all proxy votes and to indicate the level of proxies lodged on each resolution, if any.
C.1.3	Counting of votes and publishing of information	Partially adopted	All valid proxy appointments are properly recorded and counted. Resolutions and other relevant AGM information are published in the CSE website through the notice of AGM and the approved resolutions, further subsequent Annual Report will also include AGM information as necessary.
C.1.4	Availability of Board subcommittees Chairmen at the AGM	Adopted	The Chairman of the Board ensures that Chairmen of all subcommittees namely, the Board Audit Committee, the Human Resources and Remuneration Committee, the Board Integrated Risk Management Committee, the Board Nomination and Governance Committee, and the Related Party Transactions Review Committee are present at the AGM.
C.1.5	Procedure of voting at General Meetings	Adopted	Notice and the summary of the procedures governing voting at the Meeting including any other business to be transacted at the Meeting are circulated to the shareholders along with the Annual Report.
C.2 Communication with shareholders			
The Board has implemented effective communication methodologies with shareholders.			
C.2.1	Channel to reach all shareholders of the Company	Adopted	The Annual Report and the AGM form the primary channels of communication. Shareholders are given the Annual Report with adequate time to raise any issues at the AGM based on the information published therein. Moreover interim reports, stock exchange announcements, newspaper publications, etc. also form part of the communication procedure. These are usually available in the respective websites.
C.2.2	Policy and methodology for communication with shareholders	Adopted	The Company has adopted an open communication policy with its stakeholders by making available timely, relevant, and accurate information with fair disclosures. The Communication Policy can be referred to on page 124.
C.2.3	Disclosure of implementation of the above policy and methodology	Adopted	Implementation is carried out through the methodology mentioned under C.2.1. The Communication Policy has further details of implementation and can be referred to on page 124.
C.2.4	Contact person for communication	Adopted	Please refer to the Communication Policy on page 124 for contact details.

Section	Corporate governance principle	Adoption status	Level of adoption
C.2.5	Inform Directors of issues and concerns of shareholders	Adopted	The Directors can be directly contacted by the shareholders to convey their issues and concerns; the Company practices an open communication policy.
C.2.6	Contact by the shareholders	Adopted	The Company Secretary receives all the correspondence and communicates it to the Board or relevant individual Director at the earliest possible time. In the Secretary's absence, the shareholders can directly contact any relevant Director to raise their concerns.
C.2.7	The process for responding to shareholders' matters	Adopted	The Board or individual Director/s will respond to shareholders' matters through the Corporate Secretary.

C.3 Major and material transactions.

Directors disclose all major and material transactions to shareholders.

C.3.1	Major transactions	Adopted	Approval of majority shareholders will be sought prior to entering any major transaction, as defined in this Code. A process has been implemented to capture and disclose any material transactions either through its Audited Financial Statements or in interim publications or by making an announcement to the Colombo Stock Exchange. No such transactions occurred during the period under review.
C.3.2	Companies Act	Adopted	Requirements in the Companies Act are followed in any situation of similar nature.
C.3.3	Disclosures	Adopted	The Company complies with the disclosure requirements and shareholder approval as per relevant regulatory guidelines.

D. Accountability and audit

D.1 Financial and business reporting (The Annual Report).

The Board presents a balanced and understandable assessment of the Company's financial position, performance, and prospects within the Annual Report.

D.1.1 and D.1.2	The Board's responsibility for statutory and regulatory reporting	Adopted	Interim and Annual Financial Statements, other price sensitive public reports, reports to regulators, and reports required as per statutory requirements have been presented as per the requirements of the Companies Act No. 07 of 2007, the Finance Business Act No. 42 of 2011, other Regulatory Authorities such as the Central Bank of Sri Lanka, the Colombo Stock Exchange, and the Department of Inland Revenue. They also follow the applicable accounting standards and practices as per the situation.
D.1.3	The Board's responsibility to obtain relevant declarations from CEO and CFO on the Financial Statements and Internal Controls	Adopted	Responsibility Statement of Chief Executive Officer and Chief Financial Officer given on pages 150 to 151 describes the compliance with the requirements of this section.

Section	Corporate governance principle	Adoption status	Level of adoption
D.1.4	Declarations in the Directors' Report	Adopted	The Directors have made all their declarations in the "Annual Report of the Board of Directors" given on pages 120 to 128.
D.1.5	Statement of Directors' and Auditors responsibility for Financial Statements and Statement on Internal Controls	Adopted	<p>The Statement of "Directors' Responsibility for Financial Reporting" is given on page 121 of Annual Report.</p> <p>The Auditor's reporting responsibility is given in their Report on the Financial Statements on pages 156 to 159.</p> <p>The Directors' Statement on Internal Control is given on page 152 and the Auditor's certification on the Directors' Statement on Internal Control is given on page 154.</p>
D.1.6	Management Discussion and Analysis in the Annual Report	Adopted	Pages 9 to 71 of this Annual Report contain the Management Discussion and Analysis.
D.1.7	Requirement for calling for an EGM if the net assets fall below 50% of the shareholders' funds	Not applicable	Such a situation did not arise during the year. However, should the situation arise, an EGM will be called for and shareholders will be notified.
D.1.8	Disclosure of related party transactions in the Annual Report	Adopted	The Board ensures that the related party transactions are properly captured into the system of accounts, keeping proper records on them and making necessary disclosures in the Financial Statements accordingly. Refer to the Related Party Transactions Review Committee Report on page 135.

D.2 Risk management and internal control

The Board has implemented a process of risk management and a sound system of internal control to safeguard shareholders' investments and the Company's assets.

D.2.1 (D.2.1.1-D.2.1.8)	The annual review of risks and the effectiveness of the internal control system	Adopted	<p>The Board is responsible for establishing a sound framework of risk management and internal controls. Further, it has to be monitored for its effectiveness on a continuous basis. The Board Integrated Risk Management Committee has been set up by the Board in order to look after the risk aspects of the Company and report any concerns to the Board.</p> <p>The Board Integrated Risk Management Committee Report is given on page 131. The Directors' Statement on Internal Control is given on page 152.</p>
D.2.2 & D.2.2.1	Process for internal controls	Adopted	The Directors' Statement on Internal Control is given on page 152, it describes the compliance to the requirement of this section.

Section	Corporate governance principle	Adoption status	Level of adoption
D.2.2.2	Internal audit function	Partially adopted	<p>The company has a separate Internal Audit department that reports directly to the Audit Committee</p> <p>The Company's internal audit function was supported by Messrs Ernst & Young Advisory Services (Pvt) Ltd, to whom branch audits had been specifically outsourced. The selection of an alternative party for branch audits is currently under evaluation, following the appointment of Messrs Ernst & Young as the Company's external auditor. Internal audit function, special assignments, and investigations are coordinated and carried out by the Deputy Chief Internal Auditor. The Chief Compliance officer and Chief Risk Officer carried out this function during the year, until a separate internal audit function was set up by the Board Audit Committee in March 2025.</p>
D.2.2.3	Review of process and effectiveness of risk management and internal controls	Adopted	<p>Internal audit carries out regular reviews on the internal controls and reports to the Audit Committee. The Audit Committee once satisfied reports to the Board on the effectiveness of the internal control systems and based on that the Board issues the "Directors' Statement on Internal Control" Report which is given on page 152.</p> <p>The External Auditor reviews this statement independently and certifies it.</p>
D.2.2.4	Responsibilities of Directors in maintaining a sound internal control system	Adopted	<p>The contents of the Code have been considered in the "Directors' Statement on Internal Control" on page 152.</p>

D.3 Audit Committee

The Board has established formal and transparent arrangements in selecting and applying accounting policies, financial reporting and internal control principles, and maintaining an appropriate relationship with the Company's Auditors.

D.3.1	The composition of the Audit Committee	Adopted	<p>The Board Audit Committee is comprised four Independent Non-Executive Directors including its Chairman during the financial year.</p> <p>The Board Audit Committee Report is given on page 129 on this Annual Report.</p>
D.3.2	Terms of Reference of the Audit Committee dealing with its authority and duties	Adopted	<p>The Board Audit Committee monitors and reviews the scope and results of the audits and its effectiveness, independence and objectivity of the Auditors.</p> <p>The Committee has formulated a policy for the engagement of the External Auditor for non-audit services with the approval of the Board.</p> <p>The Board Audit Committee has been established by the Board of Directors to assist oversight of financial reporting, internal controls, risk management and functions relating to internal and external audit.</p> <p>The Board Audit Committee operates under the guidelines set forth in its charter, which serves as its official Terms of Reference. This charter outlines the scope, responsibilities, authority and procedures of the Board Audit Committee, ensuring clarity and direction in fulfilling its oversight role holding the responsibility for overseeing the preparation and presentation of the Company's Financial Statements with adequate disclosures in the Financial Statements in accordance with the Companies Act No. 07 of 2007 and applicable Sri Lanka Financial Reporting Standards. The Committee is also responsible for ensuring the adequacy and efficiency of internal controls adopted by the Company in maintaining accounting records and preparing Financial Statements and makes recommendations to the Board of Directors on matters regarding the Internal and the External Auditors including their independence, performance, terms of engagement and remuneration.</p>

Section	Corporate governance principle	Adoption status	Level of adoption
D.3.3	Disclosures of the Audit Committee	Adopted	<p>The names of the members of the Board Audit Committee are given in the Audit Committee Report on page 129.</p> <p>The Board Audit Committee has undertaken an annual evaluation of the independence and objectivity of the External Auditor and the effectiveness of the audit process and is satisfied as disclosed in the Board Audit Committee Report on page 129.</p>

D.4 Risk Committee

The Board has established a procedure for risk management including how the risk culture, risk appetite, risk identification and classification, rating and management of risks take place.

D.4.1	Composition of the Risk Committee	Adopted	The Board Integrated Risk Management Committee is comprised three Independent Non-Executive Directors including its Chairman during the financial year.
D.4.2	Terms of Reference of the Risk Committee dealing with its authority and duties	Adopted	The Board approved TOR is in place which covered the minimum requirements stipulated in this code.
D.4.3	Number of meetings	Adopted	Committee meets once in two months . Refer to Committee attendance on page 131.
D.4.4	External advice	Adopted	Committee has the authority to seek external professional advice if required in connection with the performance of its duties
D.4.5	Disclosures	Adopted	BIRMC Report is given on page 131 on this Annual Report.

D.5 Related Party Transactions Review Committee

The Board has established a procedure to ensure that the Company does not engage in transactions with related parties with the view of granting more favourable treatment than that accorded to third parties in the normal course of business.

D.5.1	Definitions of “Related Party” and “Related Party Transactions”	Adopted	LKAS 24 definitions have been adopted in formulating the policy on related party transactions of the Company.
D.5.2	Composition of the Related Party Transactions Review Committee	Adopted	The Related Party Transaction Review Committee is comprised three Independent Non-Executive Directors including its Chairman during the financial year.
D.5.3	Terms of Reference of the Related Party Transactions Review Committee dealing with its authority and duties	Adopted	<p>The Company has a Board-approved Related Party Transactions Terms of Reference in place which addresses requirements under this section.</p> <p>The Related Party Transactions Review Committee Report is given on page 135 of this Annual Report.</p>

Section	Corporate governance principle	Adoption status	Level of adoption
D.6 Code of Business Conduct and Ethics			
The Company has adopted a Code of Business Conduct and Ethics for Directors and Key Management Personnel.			
D.6.1	Code of Business Conduct and Ethics	Adopted	Senkadagala Finance has incorporated in its HR Code as well as in other manuals of operations, areas such as addressing of conflicts of interest, conditions in receiving gifts or any other benefits, accountability, confidentiality of information, record keeping, corporate opportunities, fair dealing, protection and proper use of the Company's assets and compliance with applicable laws and regulations including insider trading laws and, encouraging the reporting of any illegal or unethical behaviour.
D.6.2	Ensuring price sensitive information is promptly identified and reported	Adopted	The Company has a process to ensure timely disclosure of price sensitive information as per the CSE regulations.
D.6.3	Share purchase by Directors and Key Management Personnel	Adopted	The relevant disclosures have been made as per the requirement of this Code.
D.6.4	Procedure to deal with complaints	Adopted	A complaint handling mechanism in place overseen by two senior management personnel . The procedure is published on senfin.com website following CBSL guidelines.
D.6.5	Induction Training	Adopted	All employees go through induction training where HR informs them regarding the appropriate ways of business conduct.
D.6.6	Dissemination and exceptions	Adopted	All approved policies and documents are available to employees through the internal system. No exemptions were granted during the year that was contravening with the practices of the business conduct.
D.6.7	Affirmation of the Code of Conduct and Ethics	Adopted	The Chairman hereby confirms that he is not aware of any material violations of the appropriate ways of business and ethical conduct.
D.7 Corporate governance disclosures			
The Company has disclosed the extent of adherence to principles and practices of good corporate governance.			
D.7.1	Corporate Governance Report	Adopted	This report from pages 72 to 148 satisfies the requirement.
E. Institutional investors			
E.1 Shareholder voting			
Institutional shareholders have a responsibility to make considered use of their votes to ensure their voting intentions are translated into practice.			
E.1.1	Communication with institutional shareholders	Adopted	Mainly the AGM is used for effective communication with institutional shareholders. The Chairman communicates the views and queries of the shareholders to the Board and the Senior Management.

Section	Corporate governance principle	Adoption status	Level of adoption
E.2 Evaluation of governance disclosures			
When evaluating the Company's corporate governance arrangements, institutional investors are encouraged to give due weight to all relevant factors drawn to their attention particularly in the Board structure and composition.			
F. Other investors			
F.1 Investing/Divesting decision			
The Company, by disclosing all required information that would be useful for individual shareholders, encourages them to carry out adequate analysis or seek independent advice on investing or divesting decisions.			
F.2 Shareholder voting			
The Company sends adequate notices to all shareholders encouraging them to participate at General Meetings and this allows them to be prepared to duly exercise their voting rights.			
G. Internet of things and cybersecurity			
G.1-G.5 The Company ensures authorised access to all internal and external networks. CIO acts as the CISO of the Company.			
H. Sustainability: ESG risk and opportunities			
The Board considers in their general planning and decision-making; sustainability/ESG risk and opportunities in the Company's business model, operations, short and medium-term planning and in its long-term strategy to ensure that the Company remains resilient and able to deliver durable and sustainable value over the short, medium and long term in order to maintain the confidence and continued engagement of shareholders and all significant stakeholders.			
H.1.1	ESG planning	Adopted	ESG factors are considered in preparing the strategic plans and setting objectives for short, medium, and long-term periods.
H.2 and H.2.1	Stakeholder Engagement and ESG Consideration for Board and Key Management	Adopted	The Board and Key Management Personnel have continuously engaged with stakeholders to manage sustainability and ESG risks and opportunities, meeting heightened expectations. They have established processes to recognise significant stakeholders and engage them based on their interest and influence.
H.3 and H.3.1	Governance Framework Incorporating ESG factors	Adopted	The Company has established a governance framework that includes conformance, performance, and sustainability factors through environmental and social governance processes.
H.3.1.1	Integrated approach to ESG Practices	Partially adopted	The Organisation has adopted an integrated approach to environmental governance, considering economic, social, health, and environmental impacts.
H.3.1.2	Integrated Social Governance for Sustainable Growth and Corporate Responsibility	Partially adopted	The Organisation has adopted an integrated approach to social governance, engaging with community groups, customers, employees, suppliers, and other stakeholders to ensure sustainable growth. It has established processes for customer feedback, efficient service delivery, and product standards. Labour practices include policies on health and safety, career development, and industrial relations.
H.4 and H.4.1	Governance Structure for Sustaining Value and Managing ESG factors	Adopted	The Board has established a governance structure to support sustainability, managing risks, and measuring value creation using financial and non-financial metrics, recognising key resources and stakeholder influences.

Section	Corporate governance principle	Adoption status	Level of adoption
H.4.2	Process to assess and manage ESG factors	Partially adopted	Processes are in place to ensure sustainability impacts through the Company's actions are recognised.
H.4.3	Financial and Non-Financial measures	Partially adopted	The Annual Report depicts financial and non-financial measures in respect of all material matters.
H.5 - H.5.4	ESG and Integrated reporting/disclosures	Partially adopted	The Annual Report includes detailed information on how relevant ESG risks and opportunities are managed and integrated into the business model, strategy, and governance, highlighting their financial impacts and relevance to investors.

I. Special considerations for listed entities

I.1 Establishment and maintenance of policies

Maintained policies relating to governance and implementation of such policies are disclosed in the Annual Report.

I.1.1	Essential policies	Adopted	Policies relating to governance are maintained by the Company and details relating to implementation of such policies are hosted in the website.
I.1.2	Exemptions/ Waivers from the Code of Conduct	Not applicable	No exemptions or waivers are granted to any stakeholder from the established Code of Business Practices.
I.1.3	List of policies	Adopted	The list of policies approved and implemented in the Company is uploaded to the website.
I.1.4	Availability to shareholders	Adopted	Shareholders can request any policy from the Company Secretary and it will be supplied with due time.

I.2 Policy on matters relating to the Board of Directors

A formal policy governing matters relating to the Board of Directors is being established.

I.2.1	Policy Governing the Board of Directors	Adopted	The Company practices good governance of the Board of Directors, ensuring balanced representation, diversity, performance appraisal, meeting frequency, compliance with Listing Rules, director attendance, trading requirements, and participation via audiovisual means. The same practices had been included in the policy governing the Board of Directors.
I.2.2	Confirmation of Governance	Adopted	The Board of Directors confirm the Company's compliance with the requirements under I.2.1 and state that there have been no non-compliances with any of the requirements to provide explanations for.

Changes to Board Composition

During the financial year, the Board underwent changes due to several regulatory applications. Below is a summary of the changes.

Name	Age (years)	Period of service (years)	Directorship status at the start of the year (1 April 2024)	Change during the year	Directorship status at the end of the year (31 March 2025)
Mr L Balasuriya	70	43	Managing Director/ Chief Executive Officer	Retired as an Executive Director with effect from 6th December 2024 and continues to serve as the Chief Executive Officer	Chief Executive Officer
Ms L Fernando	66	29	Non Independent Non-Executive Director	None	Non Independent/ Non-Executive Director
Mr S D Bandaranayake	72	11	Executive Director/ Additional Chief Executive Officer	Retired with effect from 8 March 2025 due to reach age 72 years and	None (retired)
Mr R Senanayake	63	8	Chairman/ Independent Non-Executive Director	None	Chairman/ Independent Non-Executive Director
Mr N Vasantha Kumar	66	5	Independent Non-Executive Director	None	Independent Non-Executive Director
Dr (Ms) R A Perera	56	4	Independent Non-Executive Director	None	Independent Non-Executive Director
Mr A Herath	62	1 year and 8 months	Independent Non-Executive Director	None	Independent Non-Executive Director
Ms D G Wijayawardana	52	6 months	None	Appointed with effect from 5 December 2024	Independent Non-Executive Director
Ms K A Chellaraja	56	4 months	None	Appointed with effect from 5 March 2025	Independent Non-Executive Director

Annual Report of the Board of Directors of Senkadagala Finance PLC

The Board of Directors of Senkadagala Finance PLC has pleasure in presenting the Annual Report together with the Audited Financial Statements of the Company and the Audited Consolidated Financial Statements of the Group, for the year ended 31 March 2025 to the shareholders, which was approved by the Board of Directors on 25 June 2025.

The details set out here provide information required by the Companies Act No. 07 of 2007, Finance Business Act Directions No. 05 of 2021 on Corporate

Governance, read together with the Finance Business Act No. 42 of 2011, the Listing Rules of the Colombo Stock Exchange and recommendations on best practices in corporate governance.

Domicile and Legal Form

Senkadagala Finance PLC is a public limited liability company domiciled in Sri Lanka, incorporated under the Companies Act No. 51 of 1938 on 29 December 1968 bearing Registration No. PB 238 PQ and registered under the Finance Companies Act No. 78 of 1988 which was replaced by the

Finance Business Act No. 42 of 2011. The Company was re-registered under the Companies Act No. 07 of 2007. Senkadagala Finance PLC is listed in the *Diri Savi* Board of the Colombo Stock Exchange with effect from 22 March 2011.

The registered office of the Company is situated at 2 Floor, 267, Galle Road, Colombo 03.

The Company has been assigned a national loan term rating of BBB (lka) with a stable outlook by Fitch Ratings Lanka Limited.

As per the requirements set out in Section 168 of the Companies Act No. 07 of 2007, the following information is disclosed in this Report for the year under review:

Information Required to be Disclosed as per the Companies Act No. 07 of 2007	Reference to the Companies Act	Level of Compliance by the Company
The nature of the business of the Company	Section 168 (1) (a)	Page 121
Signed Consolidated Financial Statements of the Company and the Group for the accounting period under review	Section 168 (1) (b)	Page 160 to 320
Auditors' Report on the Consolidated Financial Statements of the Company and the Group	Section 168 (1) (c)	Page 156 to 159
Changes in Accounting Policies during the accounting period	Section 168 (1) (d)	Page 173
Particulars of entries in the Interests Register made during the accounting period	Section 168 (1) (e)	Page 126
Remuneration and other benefits paid to the Directors during the accounting period	Section 168 (1) (f)	Page 126
Total amount of donations made by the Company during the accounting period	Section 168 (1) (g)	Page 122
Information on Directorate of the Company at the end of the accounting period and names of Directors who ceased to hold office during the accounting period	Section 168 (1) (h)	Page 125
Amounts payable to the Auditors as audit fees and fees for other services rendered during the accounting period as a separate disclosure	Section 168 (1) (i)	Page 127
Auditors' relationship or any interest with the Company	Section 168 (1) (j)	Page 127
Annual Report of the Board of Directors to be signed on behalf of the Board by two Directors and the Company Secretary	Section 168 (1) (k)	Page 128

Vision and Mission

The Company's vision and mission are stated on page 05 of this Report.

Principal Activities and Operations

The principal lines of business of the Company include providing financial accommodation in the form of finance leases, hire purchase, commercial loans, personal loans, pawning and corporate loans, with gold loans and margin trading advances being introduced recently to diversify the product portfolio of the Company. Additional lines of business include foreign exchange transactions, investment in money market instruments and the acceptance of public deposits in the form of term deposits and savings deposits.

The principal line of business of the subsidiary, Senkadagala Insurance Brokers (Pvt) Ltd., is insurance brokering activities.

The principal line of business of Senfin Asset Management (Pvt) Ltd., a company licensed by the Securities and Exchange Commission of Sri Lanka, is managing unit trust funds and discretionary portfolios.

Senfin Real Estate (Pvt) Ltd., a fully owned subsidiary of Senfin Asset Management (Pvt) Ltd., is in the process of being stricken-off from the Registrar of Companies, as the business proposition of Senfin Real Estate (Pvt) Ltd. was no longer viable.

Senfin Securities Limited, a licensed stock broker with the Securities and Exchange Commission of Sri Lanka, engaged in providing brokerage services for trading of equity and debt security in

the Colombo Stock Exchange. With only 35% holding, Senfin Securities Limited is an associate of Senkadagala Finance PLC.

There have been no changes in the principal activities of the Company or of the Group during the financial year other than disclosed above.

Management and Financial Review of Business

A detailed description and analysis of the operations of the Company for the year under review is contained in the Chairman's Message (on pages 9 to 11), the Chief Executive Officer's Review (on pages 12 to 14) and Business Model and Our Story in 2024/25 (on pages 15 to 71) section. These reports, together with the audited Financial Statements, provide an overall assessment of the performance of the Company and the Group during the financial year.

Branch Expansion and Future Development

Senkadagala Finance PLC has 125 branches in operation Island wide. 15 new fully-fledged branches were opened during the financial year. Preparations are underway to open 25 new branches in the coming financial years, further expanding the reach of the Company.

Directors' Responsibility for Financial Reporting

The Financial Statements of the Company and the Group duly approved by two Directors are given on pages 160 to 320.

The Directors are responsible for the preparation of Financial Statements, the maintaining of proper accounting records and

disclosures regarding accounting policies and principles of the Company and the Group.

The Directors are of the view that the Financial Statements presented give a true and fair view of the affairs of the Company as at 31 March 2025 and the profit of the year then ended and has been prepared in conformity with the requirements of the Sri Lanka Accounting Standards (LKASs and SLFRSs) as issued by The Institute of Chartered Accountants of Sri Lanka and the requirements of the Companies Act No. 07 of 2007, the Finance Business Act No. 42 of 2011 and amendments thereto. These financials provide appropriate disclosures as required by the Central Bank of Sri Lanka and the Listing Rules of the Colombo Stock Exchange.

Directors' Statement on Internal Controls Over Financial Reporting

The Directors of the Company are responsible for setting out the policy regarding internal control over financial reporting, a statement on the general control mechanisms adopted by the Company as per Section 16.1 (ix) of Finance Companies (Corporate Governance) Directions No. 05 of 2021 is given on page 152 of this Report.

The Board has obtained an Assurance Report from the Independent Auditors on the Directors' Statement on Internal Controls over Financial Reporting as referred to on page 154 of this report.

Auditor's Report

The Auditors of the Company, Messrs Ernst & Young, Chartered Accountants performed the audit on the separate and the Consolidated Financial Statements for the year ended 31 March 2025. The Auditor's Report issued thereon is given on page 156 to 159 of this Annual Report.

Accounting Policies and Changes During the Year

The accounting policies adopted in preparing and presenting of these Financial Statements are given on page 169 to 283 of this Annual Report.

The Company and the Group prepared the Financial Statements for all periods up to and including the year ended 31 March 2025 in accordance with the Sri Lanka Accounting Standards (LKASs and SLFRSs) as issued by The Institute of Chartered Accountants of Sri Lanka, which has converged with the International Financial

Reporting Standards (IFRS) issued by the International Accounting Standards Board.

There were no significant changes to the accounting policies adopted by the Company and the Group during the year except for the changes set out in Note 2.10 (on page 173) of the Financial Statements.

Related Party Transactions

The Directors have disclosed the transactions that could be classified as related party transactions in terms of Sri Lanka Accounting Standard – LKAS 28 on, "Related Party Disclosures", in the Financial Statements, and accordingly given in Note 46 on page 271 of this Annual Report.

The Directors confirm that the transactions carried out with the related parties during the year ended 31 March 2025 are in line with the provisions contained in Section 9 of the Listing Rules of the Colombo Stock Exchange and there

were no related party transactions exceeding the threshold of 10% of equity or 5% of total assets as per the Audited Financial Statements of the Company during the year. All related party transactions have been reviewed by the Board Related Party Transactions Review Committee and observations of the Committee have been duly communicated to the Board.

The Chairman, Directors and the CEO of the Company have made declarations as per the requirements in Sections 16.1(ii) and (v) of Finance Business Act Directions No. 5 of 2021 and Rule 9.10.4 (c) of the Listing Rules of the CSE, that there is no financial, business, family or other material/ relevant relationship(s) between the Chairman and the CEO and/or amongst the members of the Board.

Donations

A sum of LKR 5,225,281 (2024 – LKR 470,000) was paid by the Company and LKR 47,000 (2024 – LKR 18,000) was paid by the subsidiaries by way of donations during the financial year under review.

Income

The income generated by the Group during the financial year comprise the following:

For the year ended 31 March	Company		Group	
	2025	2024	2025	2024
Interest income	8,458,676,341	7,361,849,965	8,461,034,309	7,364,892,058
Fee and commission income	79,743,357	69,834,519	323,474,141	281,323,821
Other income	673,480,286	811,871,347	712,343,176	877,676,015
Total	9,211,899,984	8,243,555,831	9,496,851,626	8,523,891,894

Further analysis of which is given in Note 4, 5.1, 6.1 and 7 to 9 of the Financial Statements on page 178 to 182 of this Report.

Profit and Appropriations

Details of appropriation of profit of the Company are given below:

For the year ended 31 March	2025	2024
Profit before income taxation	2,627,705,292	1,577,417,244
Income taxation expense	(1,005,814,595)	(381,130,777)
Profit for the year	1,621,890,697	1,196,286,467
Other comprehensive income/(loss) net of income tax	(19,603,694)	(12,122,130)
Transfer from fair value reserve	-	28,875,000
Balance brought forward net of prior year adjustments	5,538,843,136	4,441,885,691
Profit available for appropriation	7,141,130,139	5,654,925,028
Appropriated as follows:		
Transfers to statutory reserve fund	85,000,000	60,000,000
Dividends paid	155,303,701	56,081,892
Unappropriated profit carried forward	6,900,826,438	5,538,843,136

Company restated its brought forward retained earnings, incorporating material adjustments related to income taxes from prior financial years. These adjustments stemmed from the correction of errors in tax schedules and computations identified during the current period. In accordance with Sri Lanka Accounting Standard – LKAS 8 on “Accounting Policies, Changes in Accounting Estimates and Errors”, the Company has applied retrospective restatement to ensure the comparability and accuracy of its Financial Statements. As a result, opening balances as at 1 April 2023 were revised considering the total tax assessments of LKR 573.3 Mn.

Dividends

The dividend payout for the year was 14.90% (2024 –12.98%). Details on dividend declarations, payments, and the dividend policy are available in shareholder and investor capital on page 70 of this Report.

Taxation

The Company accounts for deferred taxation under the liability method on all timing differences. Details are disclosed in Note 15.1 on page 194 and Note 33 on page 256 of this Report.

Reserves

The aggregate reserves of the Company as at 31 March 2025 amounted to LKR 9,926.8 Mn., the restated aggregate reserves as at 31 March 2024 were LKR 8,504.6 Mn. Movement in reserves during the year is given in Statement of Changes in Equity on page 164 of this Report.

Capital Expenditure

The total capital expenditure for the year amounted to LKR 300.2 Mn. (2024 – LKR 352.3 Mn.).

Details of property, plant and equipment are available on pages 243 to 250 of this Report. Details relating to the depreciation charge for the year are also available on pages 191 to 192.

Market Value of Freehold Assets

The values of the freehold property and investment property of the Company have been obtained from the reports issued by an external independent property valuer Mr K M U Dissanayake dated 25 March 2023. The valuer has appropriately recognised professional qualifications and recent experience in the location and category of the property being valued.

The valuation has been carried out based on open market value of similar properties. These values have not been incorporated in the Financial Statements. Details of freehold property owned by the Company including extent, location and number of buildings are given in Note 29.2 and Note 30.9 of the Financial Statements on pages 241 and 249 to this Report.

Shares and Debentures

Stated capital

Senkadagala Finance PLC has in issue 86,279,834 ordinary shares with a book value of LKR 2,424,777,045 as at 31 March 2025. No new shares were issued during the year under review. The Company does not have any other categories of shares in issue.

Details of the stated capital are given in Note 43 of the Financial Statements on page 270 of this Report.

Debentures

The Company redeemed subordinated listed debenture issued in 2018/19 to the value of LKR 1,750 Mn. There were no new issues of debentures during the financial year under review.

Share Information

Information relating to earnings per share, dividends per share, net assets per share, market price per share and the distribution of shareholding is stated on page 66, under shareholder and investor capital section. The twenty largest shareholders as at 31 March 2025 together with an analysis of the shareholding are also stated therein.

Equitable Treatment to Shareholders

The Company has taken all possible steps to ensure equitable treatment to all its shareholders.

Communication with Shareholders

At Senkadagala Finance PLC, we place great importance on maintaining open and transparent communication with our valued

shareholders. We believe that effective shareholder communication is essential for building trust, fostering meaningful relationships, and aligning our strategic goals with their interests. Our communication policy aims to ensure timely and relevant information dissemination while upholding regulatory compliance and best practices.

We engage in regular and proactive communication with our shareholders through various channels. These include Annual General Meetings, quarterly updates, and other investor relations platforms such as the corporate website. During these interactions, we provide comprehensive updates on our financial performance, strategic initiatives, market trends, and other material developments that may impact the Company.

Furthermore, we actively encourage two-way communication with shareholders, allowing them to raise questions, express concerns, and provide feedback. We strive to address their inquiries promptly and comprehensively, ensuring that their voices are heard and their perspectives are taken into account. Our Company Secretary serves as the primary point of contact for shareholder queries and assists in communicating the same to the Board and providing suitable and timely responses. All such written communications should be mailed to the Company Secretary as provided below:

Ms J A H V Ranasinghe
Senkadagala Finance PLC
2 Floor, 267, Galle Road, Colombo 03
 Email: himasha@senfin.com

Our commitment to effective shareholder communication extends beyond regulatory requirements. We are committed to maintaining a proactive, transparent, and consistent approach to ensure that shareholders are well-informed about the Company's performance, future prospects, and material developments. By fostering strong shareholder relationships through effective communication, we aim to create a shared understanding of our objectives, foster long-term loyalty, and maximise value for all stakeholders.

Further details on engagement with the shareholders of the Company are provided under Stakeholder Engagement section on page 23 of the Annual Report.

Directors

The Board of Directors of Senkadagala Finance PLC consists of Directors with financial and commercial experience. The Directors are subject to an annual assessment of their fitness and propriety to continue as Directors in terms of the Directions No. 06 of 2021 (Assessment of Fitness and Propriety of Key Responsible Persons) of the Finance Business Act. Accordingly, the Directors have satisfied the fit and proper Assessment Criteria stipulated in the Listing Rules of the Colombo Stock Exchange.

Managing Director/Chief Executive Officer at the beginning of the year, Mr. L Balasuriya satisfied the fit and proper Assessment Criteria as stipulated by the aforementioned regulations. However, on reaching the age of 70 years, he retired from the position of Managing Director and continues to serve in the capacity of Chief Executive Officer of the Company.

A brief profile of the Directors with their qualifications and experience is detailed on pages 73 to 76 of this Report.

Following were the Directors of the Company during the year

- Mr R Senanayake
- Mr L Balasuriya (Retired from the position of Managing Director, with effect from 6 December 2024 upon reaching the age of 70 years)
- Ms L Fernando
- Mr S D Bandaranayake (Retired with effect from 8 March 2025 upon reaching the age of 72 years)
- Mr N Vasantha Kumar
- Dr (Ms) R A Perera
- Mr A Herath
- Ms D G Wijayawardana (Appointed with effect from 5 December 2024)
- Ms K A Chellaraja (Appointed with effect from 5 March 2025)

Following were the Directors of the subsidiary, Senkadagala Insurance Brokers (Pvt) Ltd. during the year

- Mr L Balasuriya
- Dr A Balasuriya
- Ms L Fernando
- Mr S D Bandaranayake

Following were the Directors of the subsidiary, Senfin Asset Management (Pvt) Ltd. during the year

- Dr P Ramanujam
- Mr S Balasuriya
- Mr D T P Collure
- Mr S K Balasuriya (Resigned with effect from 18 October 2024 due to a perceived conflict of interest)
- Mr S D Bandaranayake
- Mr J Sukumaran (Appointed with effect from 18 October 2024)

Following were the Directors of the associate, Senfin Securities Limited during the year

- Mr S K Balasuriya
- Mr S D Bandaranayake
- Mr D Balasuriya

Independence of Directors

The Board has carried out a determination of the independent or non-independent status of its Non-Executive Directors in accordance with the Section 9.19.2 of the Listing Rules of the CSE. Particulars of independence of Directors are set out on pages 73 to 76 of this Report along with a brief profile of the Directors.

Board and Committee Meetings

A number of Board meetings, Board Audit Committee meetings, Human Resources and Remuneration Committee meetings, Board Integrated Risk Management Committee meetings, Board Nomination and Governance Committee meetings and Related Party Transactions Review Committee meetings were held during the year at the Registered Office of the Company and virtually. Members of each of these committees have attended the meetings on a regular basis. Details of the members of the Board and their attendance are given on pages 119 and 80 of this Report. Details of Committee members and their attendance are given on respective Committee reports.

Retirement of Director

In accordance with the Section 4.2 of the Finance Business Act Directions No. 05 of 2021 (Corporate Governance), Mr L Balasuriya retired from the position of Managing Director of the Company, upon reaching 70 years of age. However, Mr L Balasuriya continues to serve as the Chief Executive Officer of the Company.

In accordance with the Finance Business Act Directions No. 06 of 2021 (Assessment of Fitness and Propriety of Key Responsible Persons), Mr S D Bandaranayake retired from service to the Company on 8 March 2025, upon reaching 72 years of age.

Directors' Shareholdings

Details of each Director's shareholding of the Company at the beginning and at the end of the financial year are given below:

For the year ended 31 March	2025		2024	
	Number of shares	Percentage (%) of holding	Number of shares	Percentage (%) of holding
Mr L Balasuriya and Mr S K Balasuriya (Retired w.e.f. 6 December 2024)	2,963,360	3.43	2,963,360	3.43
Mr L Balasuriya and Ms A S Balasuriya (Retired w.e.f. 6 December 2024)	2,963,358	3.43	2,963,358	3.43
Ms L Fernando and Ms S A Fernando	1,735,089	2.01	1,735,089	2.01
Ms L Fernando and Mr A R Fernando	1,735,088	2.01	1,735,088	2.01
Ms L Fernando and Ms A L Fernando	1,735,088	2.01	1,735,088	2.01
Mr L Balasuriya – The Trustee of the Capitalisation Issue (Retired w.e.f. 6 December 2024)	16	0.00	16	0.00
Mr S D Bandaranayake (Retired w.e.f. 8 March 2025)	-	0.00	-	0.00
Mr R Senanayake	-	0.00	-	0.00
Mr N Vasantha Kumar	-	0.00	-	0.00
Dr (Ms) R A Perera	-	0.00	-	0.00
Mr A Herath	-	0.00	-	0.00
Ms D G Wijayawardana (Appointed w.e.f. 5 December 2024)	-	0.00	-	0.00
Ms K A Chellaraja (Appointed w.e.f. 5 March 2025)	-	0.00	-	0.00

The Directors of the Company do not hold any shares of Senkadagala Insurance Brokers (Pvt) Ltd. or of Senfin Asset Management (Pvt) Ltd., the subsidiary companies, or of Senfin Securities Limited, the associate company, during or at the end of the financial year.

Directors' Interests in Debentures

Details of debentures held by the Directors of the Company are mentioned in Note 46.2.2 on page 272 of this Report.

Directors' Interests Register and Directors' interests in contracts or proposed contracts

The Company maintains the Directors' Interest Register in terms of the Companies Act No. 07 of 2007.

As required by the Section 192 (1) and (2) of the Companies Act, all Directors have made declarations of the interests with the Company. The share ownership of Directors is disclosed on page 68 of this Report.

Remuneration and Other Benefits of Directors

Directors' remunerations in respect of the Company is LKR 38,583,628 (2024 – LKR 35,764,070) and for the Group LKR 40,083,628 (2024 – LKR 37,414,070) for the financial year under review.

Additional Disclosures by Directors

In terms of Rule 9.17 of the Listing Rules of the CSE, the Directors declare that all material interests in contracts involving the Company have been disclosed to the Board and wherever any Director was materially interested in contracts or proposed

contracts with the Company, such Directors have refrained from voting on such contracts.

The Chairman and the Directors of the Company have made declarations, in terms of Section 16.1 (ii) and (v) of the Finance Business Act Directions No. 05 of 2021 and the Rule 9.10.4. (c) of the Listing Rules of the CSE, that there is no financial, business, family or other material/relevant relationship(s) between the Chairman and/or amongst the members of the Board.

Environment

The Directors are of the belief that the Company does not engage in any form of activity that is detrimental to the environment. Compliance with all environmental regulations has been adhered to during the year.

Statutory Payments

The Directors are of the view that all statutory payments in relation to government agencies and employees have been made up to date.

Events after the Reporting Date

A final dividend of LKR 2.80 per share for the financial year ended 31 March 2025 was recommended by the Board of Directors, subject to the approval by the shareholders at the Annual General Meeting.

In accordance with the LKAS 10 on “Events after the Reporting Period”, above transaction is not recognised in the Financial Statements as at year end.

Except as mentioned above, there were no material events occurring after the reporting period that require adjustment to or disclosure in the Financial Statements.

Appointment of External Auditors

The Financial Statements of the year under review have been audited by Messrs Ernst & Young, Chartered Accountants, who offer themselves for reappointment. A resolution will be proposed at the Annual General Meeting to appoint them as Auditors and authorising the Directors to resolve their remuneration for the financial year 2025/26.

Auditor’s Remuneration, Other Fees and Payables

The Auditors, Messrs Ernst & Young, were paid audit fees of LKR 4,400,000 for the Company and LKR 742,075 for the subsidiary companies for the period under review. In addition they were paid LKR 2,579,044, for permitted non-audit related services of the Company and no such fees were paid on behalf of the subsidiaries during the period under review. This information is disclosed as required by the Section 168 (1) of the Companies Act No. 07 of 2007.

Amounts pertaining to the audit fee of LKR 4,400,000 of the Company and LKR 742,075 of the subsidiaries were payable as at the year end.

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

Risk Management

Information pertaining to material foreseeable risk factors and specific steps taken by the Company in managing such risks are detailed in the risk management section on page 137 to 148 of this Report.

Corporate Governance

The Board place great emphasis on maintaining effective corporate governance practices, policies and systems are structured accordingly and reviewed from time to time to enhance transparency and accountability. The report on corporate governance is given on pages 77 to 119 of the Annual Report.

Appraisal of Board Performance

A scheme of self-assessment is undertaken annually by each Director in conformity with the Section 1.5 (d) of the Finance Business Act Directions No. 05 of 2021 by answering a self-assessment questionnaire. The responses are collated by the Company Secretary, which are submitted to the Board for discussion and further evaluated by the Board. In terms of the said Direction, the Board also carried out an annual self-evaluation of its own performance and that of the subcommittees to ensure that they discharge their duties and responsibilities satisfactorily in terms of the Companies Act No. 07 of 2007, the Finance Business Act Directions No. 05 of 2021, the Listing Rules of the Colombo Stock Exchange and Best Practices on Corporate Governance. Evaluations for the year under review of the Board of Directors and its subcommittees were discussed at the meeting of the Board of Directors.

Internal Control

The Directors of the Company are responsible for setting out the policy regarding internal control. The set of internal control procedures laid down seeks to manage against material errors

or omissions, losses, fraudulent practices and to safeguard assets and secure as far as is possible the accuracy and reliability of the records.

Employment Policies

The Company is an equal opportunity employer. In its goals and objectives, it seeks to achieve excellence and market orientation in its service. Continuous training and social participation amongst employees are encouraged.

A holistic approach prevails in the Company's strategic outlook where a participatory management style ensures that employees are involved in the decision-making process. Incentive schemes which are related to employee performance are one of the ways in which the Company ensures that rewards are directly related to performance. The Human Resources and Remuneration Committee ensures that a balance is struck between performance and related employee rewards structures.

The Company has also set up an in-house training facility in order to ensure that all employees meet certain standard requirements before job placement and also to enhance the existing skills of its staff. During the year under review, the Company initiated online training programmes to update staff on latest developments on policies, procedures and other operational related systems. The Company had 985 employees as at 31 March 2025 (2024 – 896) and 1,005 (2024 – 912) in the Group respectively.

The Company does not have any Employee Share Option Schemes (ESOS) or Employee Share Purchase Schemes (ESPS) as at the date of this Report.

There had been no material issues pertaining to employees and industrial relations of the Company or its subsidiaries during the year under review.

Subject to approval of the shareholders at the Annual General Meeting of the Company, the Management has proposed to establish Senfin Employee Health and Welfare Trust Fund, with an initial investment of rupees fifty million (LKR 50,000,000) allocated from the profits for the financial year 2024/25, with the objective of supporting employees in covering hospitalisation-related expenses that are not fully reimbursed through the Company's general health insurance cover and reduce the financial burden on employees during major medical events.

Going Concern

The Directors are satisfied that the Company has at its disposal adequate resources to continue in business in the foreseeable future; and hence the going concern concept is adopted in the preparation of the Financial Statements.

Compliance with Laws and Regulations

The Directors are of the belief that the Company has not engaged in any activities contravening the law and has complied with all applicable regulations.

Annual General Meeting

The Notice of the Fifty-Sixth (56th) Annual General Meeting appears on page 334.

Acknowledgement of the Content of the Report

As required by Section 168 (1) (k) of the Companies Act, this Report is signed on behalf of the Board of Directors of the Company by two (2) Directors and the Company Secretary in pursuance of the authority granted by the Board Resolution passed on 9 July 2025 pursuant to having acknowledged the contents of this Annual Report.

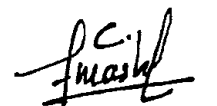
By Order of the Board of
SENKADAGALA FINANCE PLC



R Senanayake
Chairman



N Vasantha Kumar
Director



J A H V Ranasinghe
Company Secretary

9 July 2025

Colombo

Report of the Board Audit Committee

The Board Audit Committee has been established by the Board of Directors to assist oversight of financial reporting, internal controls and functions relating to internal and external audit. The Committee holds the responsibility for overseeing the preparation and presentation of the Company's Financial Statements with adequate disclosures in the Financial Statements in accordance with the Companies Act No. 07 of 2007, the Listing Rules of the Colombo Stock Exchange (CSE) and applicable Sri Lanka Financial Reporting Standards. The Committee is also responsible for ensuring the adequacy and efficiency of internal controls adopted by the Company in maintaining accounting records and preparing Financial Statements and makes recommendations to the Board of Directors on matters regarding the Internal and the External Auditors including their independence, performance, terms of engagement and remuneration.

Composition

The Board Audit Committee (the BAC) comprised the following Independent Non-Executive Directors, in conformity with the requirements of the Section 9.19.6 of the Listing Rules issued by the CSE and the Section D.3.1 of the Code of Best Practice on Corporate Governance – 2023, issued by The Institute of Chartered Accountants of Sri Lanka.

The composition and attendance of the members of the Board Audit Committee during the year under review are given below;

BAC members	Membership status	Attended/Eligible to attend
Mr A Herath FCA, CGMA, BSc (Colombo), MBA (UK), MA (Financial Economics) (Colombo) Independent Non-Executive Director	Chairman of the BAC with effect from 1 October 2024	5/6
Mr R Senanayake FCA, BCom (Special) (USJ), PG Dip (BMgt) Independent Non-Executive Director	Served as Chairman of the BAC up to 30 September 2024 and continues to serve as a member with effect from 1 October 2024	6/6
Mr N Vasantha Kumar Independent Non-Executive Director	Member	6/6
Dr (Ms) R A Perera Independent Non-Executive Director	Member	6/6

(Brief profiles of the Directors are set out on pages 73 to 76 of this Annual Report).

Following Senior Management representatives regularly attend the meetings:

Mr L Balasuriya – Chief Executive Officer (retired from the Executive Directorship w.e.f. 6 December 2024)

Mr S D Bandaranayake – Executive Director/Additional Chief Executive Officer (retired w.e.f. 8 March 2025)

Mr P K Rajapaksha – Chief Financial Officer

Mr H Silva – Deputy Chief Internal Auditor

Ms J A H V Ranasinghe – Company Secretary (Secretary to the Committee)

Other senior managers of the Company attend the Committee meetings whenever their presence is requested.

Policy and Scope

The Committee discharges its responsibilities through a series of meetings during the year. At these meetings, the Committee reviews the reports of Internal Auditors and External Auditors of the Company and interim and final Financial Statements of the Company ensuring their compliance with financial reporting requirements and regulatory requirements. In addition to these duties, the Committee assists the Board in overseeing key aspects of corporate governance and internal control systems. This oversight encompasses evaluating the effectiveness of internal controls over financial reporting, and monitoring the integrity of Financial Statements.

The Committee has reviewed the independence, objectivity, and performance of the internal

audit function and the adequacy of its resources. The findings of internal audits, their evaluation of Company's internal control systems and level of risks pertaining to those findings, effectiveness of implementation of audit recommendations were thoroughly reviewed and discussed at the meetings and accordingly, the Committee advised the Board on matters of high significance. The Company set-up an in-house internal audit function with the recruitment of Deputy Chief Internal Auditor effective from 3 March 2025, to oversee internal audit function, special assignments, and investigations. Chief Risk Officer coordinated the aforementioned functions during the year until the separate internal audit function was set up. The Company's internal audit function was supported by Messrs Ernst & Young Advisory Services (Pvt) Ltd., to whom branch audits had been specifically outsourced. The selection of an alternative party for branch audits is currently under evaluation, following the appointment of Messrs Ernst & Young as the Company's External Auditor.

The Board Audit Committee has undertaken the annual evaluation of the independence and objectivity of the External Auditor and the effectiveness of the audit process. The Financial Statements of the year under review have been audited by Messrs Ernst & Young, Chartered Accountants. Permitted non-audit related services were carried out

in line with the Company's policy on obtaining non-audit services from External Auditors which was formulated in keeping with the regulatory requirements. The Board Audit Committee ensured that the provision of such limited services did not impair the independence and objectivity of External Auditors and that work was assigned in such manner as to prevent any conflict of interest. Also the Board Audit Committee held two meetings with the External Auditors without the presence of Executive Directors and Senior Management Personnel, as per the corporate governance requirements.

The minutes of the BAC meetings were tabled at Board meetings, thereby providing Board members with access to the deliberations of the Committee. The Charter of the BAC, approved by the Board, clearly defines the Terms of Reference of the Committee and is annually reviewed to ensure that new developments relating to the Committee's functions are addressed. The Charter of the Committee was last reviewed and approved by the Board on 27 March 2025.

In order to comply with the Corporate Governance Directions No. 05 of 2021 of the Central Bank of Sri Lanka, Messrs Ernst & Young was appointed as the External Auditor of the Company. The Board Audit Committee's recommendation of the External Auditors was based on capability, resource availability of the firm and their level of independence from the Company and its Board of Directors. The BAC reviewed the Auditors' Declaration regarding their independence, confirming compliance with the Code of Conduct and Ethics issued by The Institute of Chartered Accountants of Sri Lanka. The fees payable to the Auditors for the financial year 2024/25 were recommended by the Board Audit Committee and approved by the Board.



A Herath

**Chairman
Board Audit Committee**

9 July 2025

Colombo

Report of the Board Integrated Risk Management Committee

The Board Integrated Risk Management Committee (BIRMC) is tasked with assisting the Board of Directors with oversight of the Company's enterprise-wide risk management function, ensuring the adequacy and effectiveness of the risk management framework.

In compliance with Section 10.3 of the Finance Business Act (Corporate Governance) Directions No. 05 of 2021, issued by the Central Bank of Sri Lanka, the Integrated Risk Management Committee of the Company was reconstituted comprising Independent Non-Executive Directors, as the Board Integrated Risk Management Committee (BIRMC) with effect from 1 July 2024. The Board of Directors of Senkadagala Finance PLC has delegated its authority to the Board Integrated Risk Management Committee to review and assess the adequacy and effectiveness of the Company's risk profile. This encompasses key risk areas including credit, market, liquidity, operational, strategic, and other statutory and regulatory risks.

Composition

The BIRMC comprised the following Directors and their respective attendance are given below table:

BIRMC members	Membership status	Attended/Eligible to attend
Mr N Vasantha Kumar Independent Non-Executive Director	Chairman of the BIRMC with effect from 1 July 2024	5/5
Mr R Senanayake Independent Non-Executive Director	Member	5/5
Dr (Ms) R A Perera Independent Non-Executive Director	Member	5/5

Following Senior Management representatives regularly attend the meetings:

Mr L Balasuriya – Chief Executive Officer (retired from the Executive Directorship w.e.f. 6 December 2024)

(Served as a member of the Integrated Risk Management Committee up to 30 June 2024, until the reconstitution of the Committee)

Mr S D Bandaranayake – Executive Director/Additional Chief Executive Officer (retired w.e.f. 10 March 2025)

(Served as the Chairman of the Integrated Risk Management Committee up to 30 June 2024, until the reconstitution of the Committee)

Mr T Ranatunga – Chief Risk Officer (Resigned w.e.f. 20 April 2025)

Mr S Edirisinghe – Acting Chief Compliance Officer

Ms J A H V Ranasinghe – Company Secretary (Secretary to the Committee)

Policies and Scope

The Committee operates under a set of written Terms of Reference (TOR) that clearly outlines its scope, authority, and duties. The said Terms of Reference is reviewed annually to reflect regulatory and other developments. The TOR of the BIRMC was last reviewed and approved by the Board of Directors on 27 March 2025.

Responsibilities of the BIRMC include determining the adequacy and effectiveness of the Company's risk management measures and ensuring that the actual overall risk profile of the Company conforms to the desirable risk profile, as defined by the Board. Special attention is given to the material risks that the Company may face within its existing portfolio of risks, as well as for forward-looking and emerging risks that require action to minimise their potential impact on future performance.

Committee Activities During the Year

- Developed the Risk Appetite Statement (RAS) for Board approval, setting the strategic parameters for risk taking, defining acceptable risk thresholds and guiding capital allocation decisions.
- Assessing all risks, including credit, market, liquidity, operational, AML/CFT, Compliance and strategic risk on a continuous basis using specific risk indicators through the Company's reporting systems and review policies and management controls of such risks.
- Established the Operational Integrated Risk Management Committee, Management Information Security Committee and the Margin Trading Credit Committee to strengthen oversight and enhance monitoring of respective risk areas at management level.
- Ensuring the level of current risks of the Company is within the prudent levels acceptable to the Management based on the Company's risk appetite and the regulatory and supervisory requirements.
- Taking appropriate remedial actions to mitigate the effects of specific risks in case such risks are beyond the prudent and acceptable levels on the basis of the Company's policies, procedures, and regulatory requirements.

- Review of the portfolio on a business line basis such as product, region, sector, etc. to evaluate trends.
- Reviewing any compliance related matters with applicable laws and regulations.

The minutes of the Committee meetings were tabled at Board meetings, thereby providing Board members with access to the deliberations of the Committee.



N Vasantha Kumar

Chairman

Board Integrated Risk Management Committee

9 July 2025

Colombo

Report of the Board Human Resources and Remuneration Committee

The Board Human Resources and Remuneration Committee (BHRRC) has been set-up to determine the human resources and remuneration policies relating to Directors, the Chief Executive Officer, other Senior Management Personnel and employees of the Company.

In compliance with Section 10.5 of the Finance Business Act (Corporate Governance) Directions No. 05 of 2021, issued by the Central Bank of Sri Lanka, the Remuneration Committee of the Company was reconstituted comprising Independent Non-Executive Directors, as the Board Human Resources and Remuneration Committee (BHRRC) with effect from 1 October 2024.

Senior Management representatives who attend the meetings are:

Name of the Attendees

Mr L Balasuriya – Chief Executive Officer (retired from the Executive Directorship w.e.f. 6 December 2024)

Mr S D Bandaranayake – Executive Director/Additional Chief Executive Officer (retired w.e.f. 8 March 2025)

Ms J A H V Ranasinghe – Company Secretary (Secretary to the Committee)

Other senior managers of the Company also attend the Committee meetings whenever their presence is requested.

Scope

The Company's remuneration standard aims to attract, motivate, and retain talent in a highly competitive environment with the appropriate professional, managerial and operational expertise necessary to achieve the objectives of the Company. The Company's remuneration framework for the CEO and the Corporate Management team is designed to create and enhance value for all stakeholders of the Company and to ensure alignment between short and long-term interests of the Company. The Committee reviews all significant human resource policies and initiatives, salary structures, and terms and conditions relating to all staff. The Committee deliberates upon and recommends to the Board of Directors the remuneration packages, annual increments and bonuses of the Company, members of the Corporate Management team and senior staff.

Components of Remuneration

- Base salary: The fixed, regular payment made to employees for their role and responsibilities, determined by market benchmarks and individual performance.
- Performance-related Pay: Variable compensation awarded based on the achievement of key financial targets and strategic goals for individual, team, or institutional performance.
- Benefits and perquisites: Non-salary wage compensation provided to employees, including health insurance, retirement plans, paid time off, loans at concessionary rates and other perks or allowances that supplement base salary and bonuses, in addition to regulatory benefits such as EPF/ETF and Gratuity.

Composition

The BHRRC comprised the following Directors and the respective attendance is given below:

BHRRC members	Membership status	Attended/Eligible to attend
Mr N Vasantha Kumar Independent Non-Executive Director	Chairman of the BHRRC with effect from 1 October 2024	1/1
Mr R Senanayake Independent Non-Executive Director	Served as Chairman of the Remuneration Committee up to 30 September 2024 and continues to serve as a member with effect from 1 October 2024	1/1
Dr (Ms) R A Perera Independent Non-Executive Director	Member	1/1

Statement on Remuneration Policy

The primary objective of the Remuneration Policy of the Company, adopted on 25 September 2024, is to align remuneration with performance, whilst ensuring that the Company is able to attract and retain employees critical to deliver the Company's strategy and to make continued progress towards ensuring a high performing culture in line with the Company's values. Through the Remuneration Policy, the Company endeavours to encourage an entrepreneurial mindset by creating a working environment that motivates high performance so that all employees can positively and ethically contribute to the strategy, vision, and goals of the Company while upholding its values.

The remuneration of Executive Directors and Senior Management are decided considering various factors such as qualifications, experience, expertise, prevailing remuneration in the industry, future contributions to the Company and the financial position of the Company while the remuneration of Non-Executive Directors is a fixed allowance.

The Committee has reviewed the remuneration standards during the financial year and confirm that they are in line with the regulatory requirements and industry standards on remuneration. Shareholder feedback is actively sought and incorporated into the Company's remuneration practices.

The committee reviewed the incentive scheme of Key Responsible Personnel and Senior Management during the year and a performance matrix was formulated considering both financial and non-financial criteria to ensure consistency with the long-term objectives and financial soundness of the Company.

This statement provides a concise overview of the Company's remuneration practices, ensuring transparency and alignment with shareholder interests.

Fees

All Non-Executive Directors receive a fee for attendance at Board meetings and subcommittees.

Details of aggregate remuneration paid to Executive and Non-Executive Directors are given in Note 46 on page 271 of the Financial Statements.

Access to Professional Advice

The Committee is authorised to seek external professional advice as and when it deems necessary.



N Vasantha Kumar

Chairman

Board Human Resources and Remuneration Committee

9 July 2025

Colombo

Report of the Related Party Transactions Review Committee

The Related Party Transactions Review Committee (RPTRC) has been set-up by the Board of Directors in order to strengthen the process of identifying, recording and reporting of related party transactions which in turn ensure strict compliance with the rules and regulations governing related party transactions of listed entities and thus improve its transparency and independence.

In compliance with Section 12 of the Finance Business Act (Corporate Governance) Directions No. 05 of 2021, issued by the Central Bank of Sri Lanka, the Related Party Transactions Review Committee of the Company was reconstituted comprising Independent Non-Executive Directors, with effect from 1 October 2024.

The RPTRC convened four (4) meetings during the year under review complying with the regulatory requirements.

Composition

The RPTRC comprised the following Directors and the respective attendance is given below:

Senior Management Personnel of the Company attend the Committee meetings whenever their presence is requested. The Company Secretary functioned as the Secretary to the Committee.

The Committee was reconstituted by the Board on 1 October 2024 in accordance with Section 9 of the Listing Rules of the Colombo Stock Exchange to ensure compliance with those rules thereby enhancing the Company's internal control mechanism.

Policy and Scope

The RPTRC operates in accordance with its Terms of Reference of the Committee as approved by the Board of Directors.

With the approval of the Board, the Company has adopted a policy on related party transactions that gives necessary guidelines in recognising, recording, and reporting of such transactions. It helps to determine whether related party transactions that are to be entered into by the Company require the approval of the Board or shareholders of the Company. Further, the policy ensures

that no Director of the Company shall participate in any discussion of a proposed related party transaction for which they are a related party to, unless such a Director is requested to do so by the Committee for the express purpose of providing information concerning the related party transactions to the Committee. Also it ensures that immediate market disclosures and disclosures in the Annual Report as required by the applicable rules/regulations are made in a timely and detailed manner.

Related Party Transactions During 2024/25

The Committee has reviewed the related party transactions during the financial year and has communicated the comments/observations to the Board of Directors. No significant related party transactions have taken place during the year, which requires specific approval of the Committee. Details of related party transactions of the Company during the above period are disclosed in Note 46 to the Financial Statements.

Declaration

A declaration by the Board of Directors in the Annual Report as an affirmative statement of the compliance with the Listing Rules pertaining to related party transactions is given on page 122 of this Annual Report. Further, the Directors declare that all related party transactions with the Company have been disclosed and that Directors have abstained from voting on matters in which they were materially interested in.



N Vasantha Kumar

Chairman

Related Party Transactions Review Committee

9 July 2025

Colombo

RPTRC members	Membership status	Attended/Eligible to attend
Mr N Vasantha Kumar Independent Non-Executive Director	Chairman of the RPTRC with effect from 1 October 2024	4/4
Mr R Senanayake Independent Non-Executive Director	Served as Chairman of the RPTRC up to 30 September 2024 and continues to serve as a member with effect from 1 October 2024	4/4
Dr (Ms) R A Perera Independent Non-Executive Director	Member	4/4
Mr S D Bandaranayake Executive Director/ Additional CEO (Retired w.e.f. 8 March 2025)	Served as a member up to 30 September 2024	1/1

Report of the Board Nominations and Governance Committee

The Board Nominations and Governance Committee (BNGC) was established by the Board of Directors with effect from 1 July 2024, in compliance with the mandatory requirements set out in Section 10.1 (a) and Section 10.4 of the Finance Business Act (Corporate Governance) Directions No. 05 of 2021, as well as the Corporate Governance requirements stipulated in the Listing Rules of the Colombo Stock Exchange.

Composition

The Board Nominations and Governance Committee comprised the following Directors and the respective attendance is given below:

BNGC members	Membership status	Attended/Eligible to attend
Dr (Ms) R A Perera Independent Non-Executive Director	Chairperson	4/4
Mr N Vasantha Kumar Independent Non-Executive Director	Member	4/4
Mr R Senanayake Independent Non-Executive Director	Member	4/4
Mr Arjuna Herath Independent Non-Executive Director	Member	3/4

Senior Management Personnel of the Company attend the Committee meetings whenever their presence is requested. The Company Secretary functioned as the Secretary to the Committee.

Terms of Reference of the Committee

The Committee was established to ensure the Board's oversight and control over the selection and appointment of Directors, the Chief Executive Officer, and Key Management Personnel (KMP). The composition and responsibilities of the Committee are defined under formal Terms of Reference, approved by the Board on 25 September 2024.

The Committee has the overall responsibility of ensuring that the Board and its Committees possess the right mix of skills, experience, independence, diversity, and expertise to discharge their duties effectively. Key responsibilities of the Committee include:

- To implement a procedure to select Directors to the Board
- Provide advice and recommendations to the Board or the Chairman on any such appointment
- To ensure that the Directors are fit and proper persons to hold office
- A member of the Committee opts out in decisions relating to his/her own appointment.

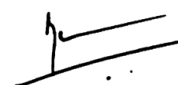
The Committee is required to meet at least annually or more frequently as deemed necessary. During the year under review, four (4) meetings were held.

Activities in 2024

The Committee, having duly considered the vacancies arising on the Board due to the retirement of Mr Lakshman Balasuriya as Executive Director and Mr Sanath Devale Bandaranayake as Executive Director and Additional Chief Executive Officer, identified suitably qualified individuals and recommended the appointment of Ms Dilshani G Wijayawardana and Ms Kasturi A Chellaraja as Independent Non-Executive Directors to the Board in December 2024 and March 2025, respectively.

Based on the Committee's recommendations, the Board approved the appointment of Chief Legal Officer, facilitating the process of obtaining the necessary regulatory approvals during the year.

In accordance with Article 26 (2) of the Articles of Association of the Company, the Committee further recommended the election of Ms Dilshani G Wijayawardana and Ms Kasturi A Chellaraja, who were appointed to fill casual vacancies on the Board during the financial year 2024/25.



Dr R A Perera
Chairperson
Board Nominations and Governance Committee

9 July 2025
Colombo

Risk Management

The adverse events of recent years – from bombings and pandemics to political turmoil and a prolonged economic crisis – have reinforced the importance of effective risk management and sound governance in building business resilience and sustainability. This has become all the more pertinent in the current climate of gradual macroeconomic stabilisation coupled with lingering structural vulnerabilities and geopolitical uncertainties. For financial institutions, whose core business revolves around financial intermediation and maturity management, effective risk management remains fundamental to ensuring business continuity and sustaining returns.

In a financial services organisation, “Risk management” involves identifying, assessing and prioritising financial risks. It encompasses the development and implementation of strategies to mitigate potential losses from market fluctuations, credit defaults, operational failures and regulatory changes. Timely and effective risk management ensures the organisation’s financial stability, protects assets and maintains regulatory compliance, thereby strengthening stakeholder confidence and achieving long-term business objectives.

Sri Lanka’s business environment is undergoing a period of transition, shaped by gradual macroeconomic stabilisation under the IMF-led reform programme. While certain indicators show signs of recovery, challenges such as high public debt, constrained fiscal space, sovereign credit limitations and external sector pressures continue to pose risks. Financial institutions must also navigate rapid technological change, heightened cybersecurity threats, evolving regulatory frameworks and intensified competition. Social dynamics – such as demographic shifts, changing consumer expectations and a continued shortage of skilled labour due to brain drain – further add to the complexity. In this context, strategic decision-making

remains inherently uncertain and risk-laden. These conditions highlight the importance of agile, forward-looking risk management systems that can adapt to emerging risks and support long-term business resilience and sustainability.

Risk Management Framework

A risk management framework is a structured approach for identifying, assessing, managing and monitoring risks. It includes defining risk appetite, establishing policies and procedures, implementing control measures and continuously reviewing and updating risk strategies to ensure alignment with organisational goals and regulatory requirements.

Senkadagala Finance PLC has developed a robust risk management framework to ensure that all risk exposures are proactively identified and effectively managed. The framework enables line managers, along with specialists in areas such as internal controls, risk management, compliance and audit, to support corporate management in establishing a cohesive and effective risk governance structure.

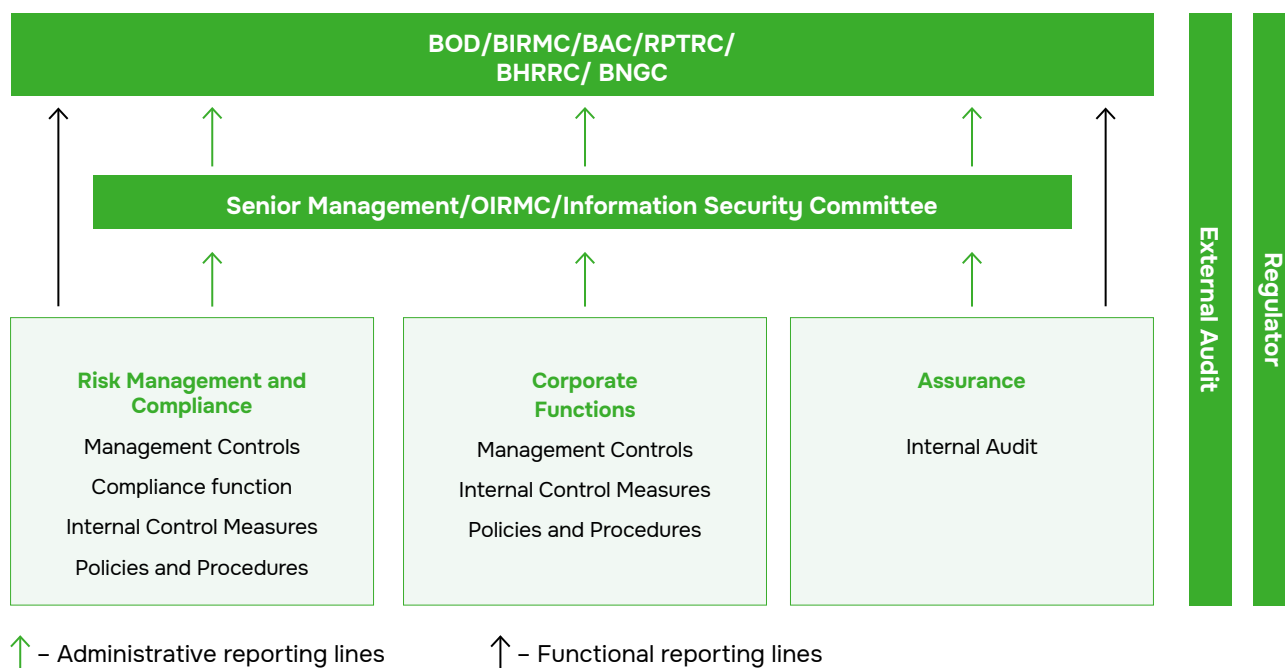
The three-tiered risk management structure adopted by the Company has provided a simple but effective technique which has resulted in a well-defined and effective risk management process.

Risk Governance

Risk governance refers to the framework that guides and oversees an organisation's risk management activities. It entails defining clear roles, responsibilities and accountability for risk-related decisions across all levels. Strong risk governance ensures alignment between risk management practices and the organisation's strategic goals, while fostering transparency and informed decision-making. It encompasses the establishment of risk appetite, formulation of policies, supervision of risk assessment

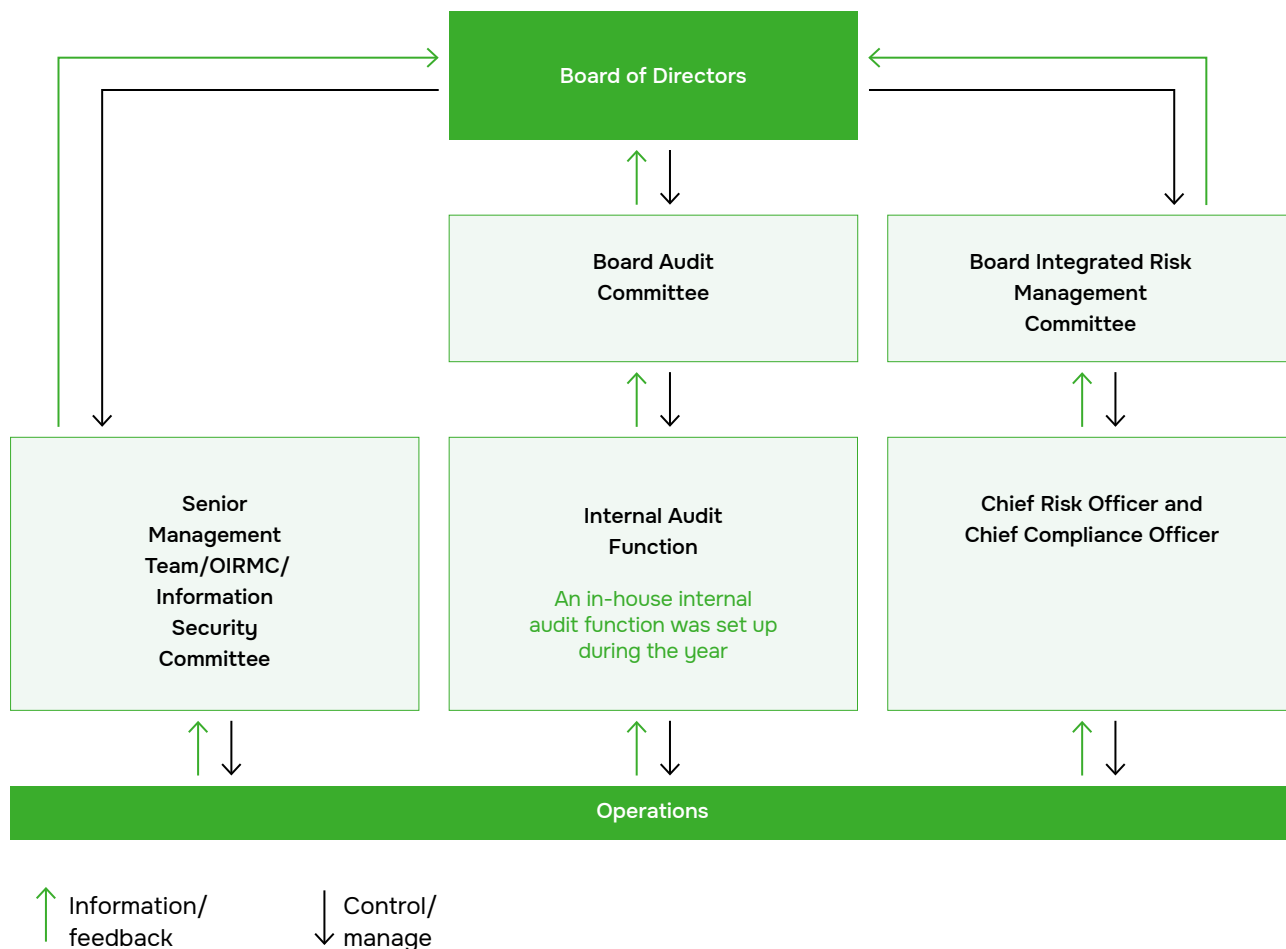
processes and adherence to regulatory requirements, ultimately supporting the organisation's integrity, resilience and long-term sustainability.

The role of risk governance is primarily vested in the Board of Senkadagala Finance, as it is the authority that holds the ultimate responsibility for risk management. Within this holistic approach, the overall risk strategy is defined and the corporate risk policies are set out by the Board, ensuring the alignment of the corporate strategy and the risk strategy in order to optimise the risk-return trade-off.



During the year under review the Integrated Risk Management Committee (IRMC) was reconstituted and the Board Integrated Risk Management Committee (BIRMC), a Subcommittee of the Board, was set up comprising independent Non-Executive Directors, to assess the effectiveness of the overall risk strategy of the Company in the context of changes in the operating environment. This Committee is supported by the Operational Integrated Risk Management Committee (OIRMC), which, with the participation of the Senior Management team of the Company, is designated to proactively identify emerging

risks while monitoring the set risk parameters within the risk appetite. Having considered and weighed all relevant factors, these bodies recommend the most effective risk management policies and practices to safeguard stakeholder interests. The Board modifies the corporate risk appetite, the degree of risk the Company is willing to take, and determines the risk management controls and policies based on the agreed risk appetite, taking into consideration the recommendations of the BIRMC. The Board also ensures that the internal control systems are adequate and promotes alignment of the organisation's culture with the risk management framework.



Risk Objectives of Senkadagala Finance

- Identify, analyse, measure and control potential risks that pose a threat to the profitability and continuing viability of the entity.
- Manage the financial position in order to strike a balance between assets and liabilities to optimise the value creation for the entity.
- Ensure that adequate controls are in place to curtail downside risks within the agreed risk appetite, while maximising returns and fostering a risk-aware culture across the Organisation. This approach aims to enable proactive action, prompt response and effective implementation to mitigate potential risks.

Risk Management Controls, Policies and Procedures

Risk management controls, policies and procedures collectively form a structured framework designed to identify, assess and mitigate risks within an organisation. Controls are specific actions or mechanisms implemented to manage identified risks. Policies are formal guidelines outlining the organisation's approach to risk management, setting the tone and expectations. Procedures are detailed, step-by-step instructions for implementing policies and controls, ensuring consistent and effective risk mitigation across the organisation. Together, these components enhance operational resilience, regulatory compliance and organisational stability in the long term.

The implementation of the risk management framework of controls, policies and procedures has been streamlined to ensure its effectiveness.

Corporate risk objectives are communicated to the operational level staff by way of risk controls, policies and procedures, which are geared towards creating a risk-sensitive culture within the Organisation. Controls are streamlined and reviewed regularly to identify and counter day-to-day risks as well as long-term strategic risks. The responsibility of managing these risk criteria within tolerable limits is shared among the operating managers and the higher-level management.

By promoting a risk-sensitive culture, Management encourages staff at all levels to be aware of the types and magnitude of risks that could arise. When new risks are identified, they are assessed for the likelihood of occurrence and the severity of impact. Control actions are decided based on these two factors. Risk tolerance levels are derived from the risk appetite of the entity and generally accepted industry norms.

Periodic reports are submitted to BIRMC meetings assessing the risk indicators against the risk parameters and tolerance levels of the entity. Reasons for variances against the risk appetite are discussed, while evaluating suggestions to control such deviations. Summarised risk reports together with BIRMC meeting minutes are forwarded to the Board meetings for risk assessment and remedial actions.

Independent Assurance

An in-house internal audit function was set up with the approval of the Board Audit Committee in March 2025. Previously, the Company's internal audit function was supported by Messrs Ernst & Young Advisory Services (Pvt) Ltd, to whom branch audits had been specifically outsourced. Following the appointment of Messrs Ernst & Young as the Company's External Auditor, the selection of an alternative party for branch audits is currently under evaluation.

A monthly reporting cycle communicates deviations from the standard operating procedures, misconducts and lapses in the internal control process, while identifying the severity of the impact. This adds another level of safety against risks arising from inadequate internal controls and overall risk management policies.

A specialised in-house team with in-depth technical knowledge carries out audits for gold-backed loan products at branches. Resources are allocated to carry out frequent visits based on the degree of risk. Reports on findings are submitted to the Chief Risk Officer and the Internal Auditor. Actions for audit findings are obtained from the unit heads. These are followed up with the operational heads, to ensure timely implementation of the findings.

Continuous monitoring and follow-up action are carried out to ensure that remedial actions taken are properly implemented. In-depth independent review and assurance ensures the risk management framework of the Company is robust and dynamic.

Environmental Scanning

Environmental scanning involves systematic monitoring and analysis of external factors that may influence an organisation. This process helps identify potential risks and opportunities by assessing political, economic, social, technological, legal and environmental (PESTLE) trends. By understanding these external drivers, organisations can better anticipate changes, make informed decisions and develop proactive strategies to mitigate emerging risks. Effective environmental scanning enhances organisational resilience, informs strategic planning and enables adaptability and competitiveness in a dynamic landscape.

At Senkadagala Finance, monitoring emerging macro- and micro-environmental developments is an integral component of prudent risk management. While the Company's standard risk management practices are well-established to address conventional risks, the accelerated pace of change and increased global interconnectivity have introduced new layers of complexity. In this context, a robust environmental scanning process is essential to ensure that the risk management framework remains forward-looking, responsive and effective.

Key Developments during the Year

The year under review was characterised by continued progress in macroeconomic stabilisation, building on the initial gains of the previous year under the IMF-led reform agenda. A gradual decline in market interest rates continuing through 2024,

alongside more moderate inflation, supported a measured uptick in credit demand. Importantly, the phased relaxation of import restrictions helped to revive trade flows and eased supply constraints that had burdened multiple sectors.

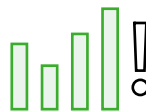
Despite these improvements, the residual impact of the economic crisis – including weakened household balance sheets and subdued business confidence – continued to hinder a full recovery in asset quality across certain segments. Tourism sustained its rebound on the back of stronger arrivals, but construction remained under pressure, still grappling with the aftershocks of the sovereign default and delayed project activity. These dynamics contributed to uneven employment recovery and constrained income-generation capacity, factors vital to the performance of the financial services sector.

The relative stability of the Sri Lankan Rupee contrasted with the sharp depreciation of prior years, though structural economic vulnerabilities persisted. Repricing risks in the loan portfolio and continued operational cost pressures, even after adjusting for inflation, challenged efforts to widen interest margins and improve profitability across the industry.

Meanwhile, accelerated digital adoption and rapid advances in AI continued to reshape operating environments and customer interactions. This shift, however, also heightened cyber-security risks, underscoring the need for robust governance, dynamic risk management and strong technological defences.

Risk Types

Implications of key risk areas such as credit risk, liquidity risk, market risk and operational risk are monitored on a regular basis. Key risk types affecting the Company are as follows:



1. Market risk

- a. Interest rate risk
- b. Foreign exchange risk
- c. Equity price risk
- d. Commodity price risk



2. Credit risk

- a. Default risk
- b. Concentration risk



3. Operational risk

- a. Internal controls
- b. IT risk
- c. Disaster and contingency
- d. Regulatory and compliance
- e. Strategic risk
- f. Reputation risk



4. Liquidity risk

Credit Risk

Credit risk is the possibility that borrowers or counterparties fail to meet their obligations, leading to financial loss for the lender or financial institution. Forms of Credit Risk include:

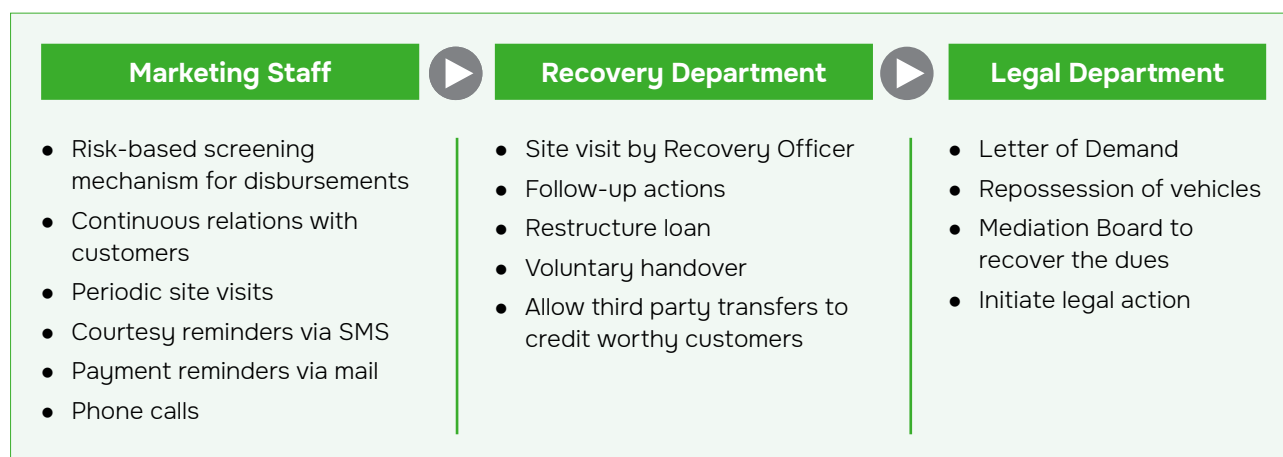
- **Default risk:** The risk that a borrower will not be able to make required payments.
- **Concentration risk:** The risk of loss due to heavy exposure to a single borrower or group of related borrowers.

Financial institutions, by the very nature of their business, are highly susceptible to credit risk. Meticulous credit risk management is vital to optimally balance risks and return for such businesses.

Loans and advances, a major component of the assets of the Company are exposed to credit risk and this exposure amounted to LKR 30,099 Mn. as at 31 March 2025, the bulk of which was accounted for by finance leases. Hence, this risk is extremely important in the Company's risk profile and managing it is critical to the operations of the Company.

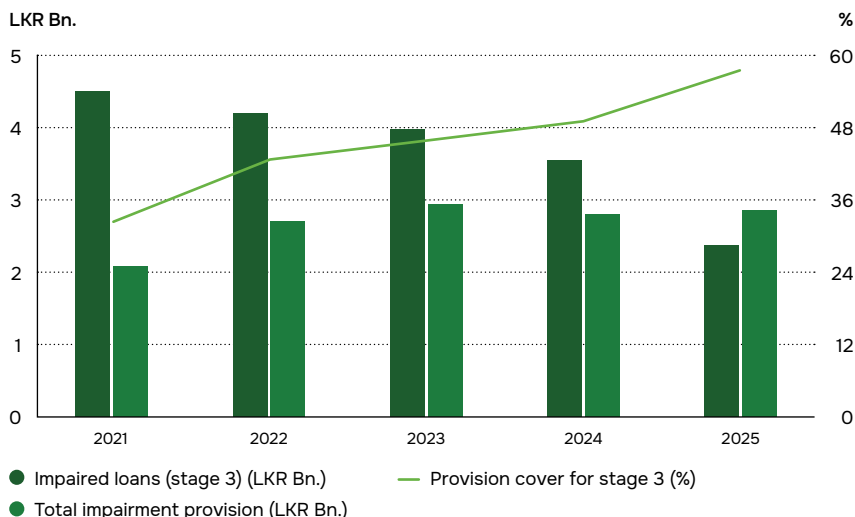
The Company has in place a robust credit risk management process with clear policies and procedures, segregation of approval limits, collateral valuation and handling process, social and environmental risk management policy, credit risk monitoring and independent assurance.

A summary of the credit risk monitoring and recovery procedure of Senkadagala Finance is provided below:



Several strategic initiatives were undertaken in the recent past to further strengthen the Company's credit evaluation framework. One such key initiative was the system automation for the capture of Credit Information Bureau (CRIB) information. As a result, the Company is expected to achieve more rapid credit evaluation, while reducing human errors. Systematic credit appraisals have enabled the Company to streamline the pricing to align with the risk appetite of the Company, maximising the risk-return trade-off. The Company has managed to record a notable improvement in the credit quality over the year under review owing to these improvements.

Non performing loans and provision cover



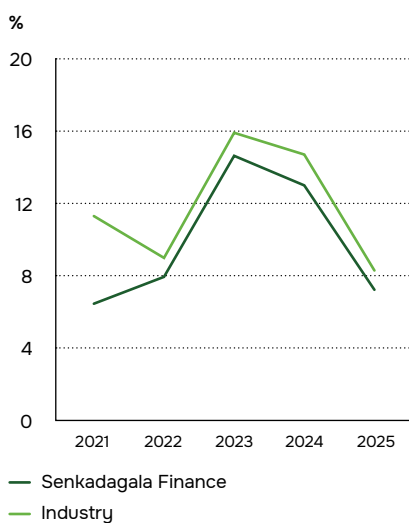
Concentration risk is managed by diversifying exposures to minimise risk. This takes the form of diversifying to industry sectors, products, geographical regions, collateral types, customer segments and individual entities. Management has set parameters to each of the above criteria based on the risk appetite of the Company. Periodic statements are submitted to the BIRMC and the Board evaluating the adherence to set limits. Tolerance limits are also evaluated periodically in line with the developments in the business environment.

In the previous year, the Company had launched two loan products – gold loans and margin trading – with the objective of diversifying its product offerings. Both products have shown promise, recording year-on-year growth rates of 18.8% and 249% respectively. However, finance leasing remains the core product of the Company, accounting for 88.1% of the total loan portfolio.

With the deferred application of the Finance Business Act Directions No. 1 of 2020, Classification and Measurement of Credit Facilities, the threshold for recognising contracts as NPL was gradually tightened to 90 days from the due date. However, with stringent credit control measures in place, the Company managed to improve the 90-day Stage 3 ratio to 7.24% by March 2025 compared to 13.00% recorded in March 2024.

The Company managed to maintain its Stage 3 ratios below the industry average of 8.3% for the same period.

Gross Stage 3 Loans Ratio Gross NPL ratio



Market Risk

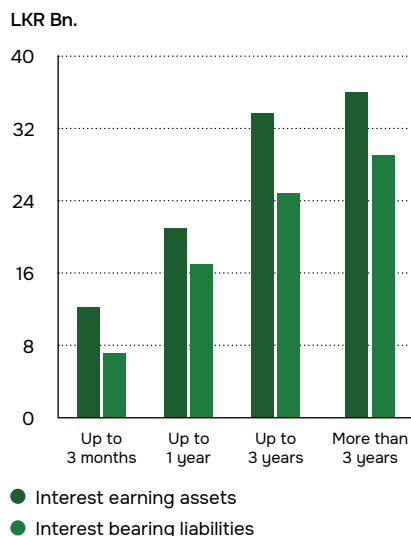
Risk type	Description	Risk mitigation objectives	Risk mitigation techniques
Interest rate risk	Losses arising from unfavourable movement of interest rates	Maintain an optimal net interest spread	<ul style="list-style-type: none"> • Meticulous Asset and Liability Management (ALM) • Setting risk tolerance levels • Continuous environmental scanning • Yield curve analysis • Periodical review of the interest rates offered • Explore alternate funding sources • Secure long-term fixed rated funding during low interest rate periods
		Strike a balance between floating and fixed rated borrowings	<ul style="list-style-type: none"> • Reprice assets and liabilities in line with market trends • Continuous review of loans pricing strategies
		Maintain an optimal gearing ratio	<ul style="list-style-type: none"> • Identify and maintain the optimum mix of equity and borrowing • Minimise Weighted Average Cost of Capital (WACC)
Equity price risk	Losses arising from volatility in exchange-traded equity and debt instruments	Minimise equity-related risk	<ul style="list-style-type: none"> • Maintain equity investments within defined risk tolerance level • Apply stop-loss limits to minimise losses • Monthly mark-to-market valuations to identify the impact
		Maintain a diversified investment portfolio	<ul style="list-style-type: none"> • Invest in a variety of industries • Diversifying types of securities invested
Foreign exchange risk	Materialisation of losses due to adverse movements in the foreign exchange rates	Minimise transaction losses	<ul style="list-style-type: none"> • Avoiding overnight foreign currency positions • Regular employee training on counterfeit detection and fraud • Monitoring exchange rate trends to predict transactional exposures
		Minimise translation losses	<ul style="list-style-type: none"> • Swap cash flows to minimise the exchange risk exposure • Hedge foreign currency borrowings • Regularly review the effectiveness of the hedge
Commodity price risk	Losses due to adverse movements in commodity prices	Minimise exposure to commodities	<ul style="list-style-type: none"> • Minimal exposure to such risk due to nature of business • Daily monitoring of gold price fluctuations • Setting optimum Loan-to-Value (LTV) ratios for pawning and gold-backed loans

Market risk is the potential for financial loss due to adverse movements in market prices and rates affecting a financial institution's assets and liabilities. This risk can stem from fluctuations in interest rates, foreign exchange rates, equity prices and commodity prices. Market risk is inherent in trading activities, investment portfolios and even in the broader balance sheet of financial institutions. Probable losses vary with the extent of fluctuation of the underlying variable and the extent of exposures.

In managing interest rate risk, the Company focuses on controlling the potential impacts of repricing interest-earning assets and interest-bearing liabilities as well as risk arising from yield curve shifts and basis risk, where movements in hedging instruments do not fully offset underlying exposures. Meticulous management of interest rate risk is vital for the Company, as interest income continues to represent the primary source of earnings.

During the year under review, market interest rates began to stabilise following earlier volatility; however, regulatory interventions and evolving monetary policy conditions continued to pose challenges. Nevertheless, through prudent funding strategies and proactive asset-liability management, the Company successfully improved its net interest margin to 17.53%, up from 11.86% the previous year. In addition, the Company consistently maintained a positive gap across all maturity buckets between cumulative interest-earning assets and interest-bearing liabilities, reflecting sound interest rate risk management practices.

Analysis of cumulative maturity gap



Liquidity Risk

Liquidity risk refers to the potential for a financial institution to be unable to meet its short-term obligations due to an inability to convert assets into cash quickly and at a fair price. It arises when there is a disparity between the timing of cash inflows and outflows, or when there is insufficient market depth to accommodate large transactions without affecting prices adversely.

A critical factor for the credibility and continuing viability of a financial organisation is that it should be able to honour its financial commitments as they fall due. Liquidity risk materialises when an institution fails to service such financial commitments in a timely manner. Impact of unforeseen or ill-planned liquidity risk is one of the common reasons for insolvency of financial institutions; even major players in the finance business have at times failed due to poor liquidity management. Therefore, prudent liquid assets management is key for a financial institution's success. Senkadagala Finance PLC continuously maintains a high level of liquidity in managing its working capital. This is one of the strengths that enabled us to steer through the crisis situation prevailed over the recent past.

The CBSL regulates and monitors the liquid asset management framework of NBFIs by way of Directions on Liquid Assets. In addition, the Company has defined tolerance levels set in conformance with the operational liquidity requirements and contingency funding arrangements in the event of unexpected deviations, lined up to make use of as needed. Senkadagala Finance has consistently adhered to CBSL regulations on liquid assets.

Key liquidity ratios stipulated by the CBSL and the respective Company ratios:

Liquidity ratio	Regulatory requirement (%)	As at 31 March 2025 (%)	As at March 2024 (%)
Government securities to average deposit liabilities	7.50	25.84	10.11
Liquid assets to fixed deposits and CDs	10.00	47.11	16.16
Liquid assets to savings deposits	15.00	909.25	292.40
Liquid assets to unsecured senior borrowings	10.00	142.03	72.03

The OIRMC of the Company is closely monitoring liquidity risk. The Head of the Treasury Department presents liquidity-related information including forecasted cash flows, current and future funding requirements together with periodic stress testing to the OIRMC for their discussion and decisions as and when necessary.

Operational Risk

Operational risk refers to the potential for financial loss arising from inadequate or failed internal processes, people, systems or external events. It includes risks such as fraud, errors, operational disruptions and legal/regulatory compliance failures, impacting a financial institution's reputation, operational efficiency and financial performance.

To effectively mitigate operational risks, it is essential to maintain a robust internal control framework and ensure sufficient capital buffers to absorb potential losses.

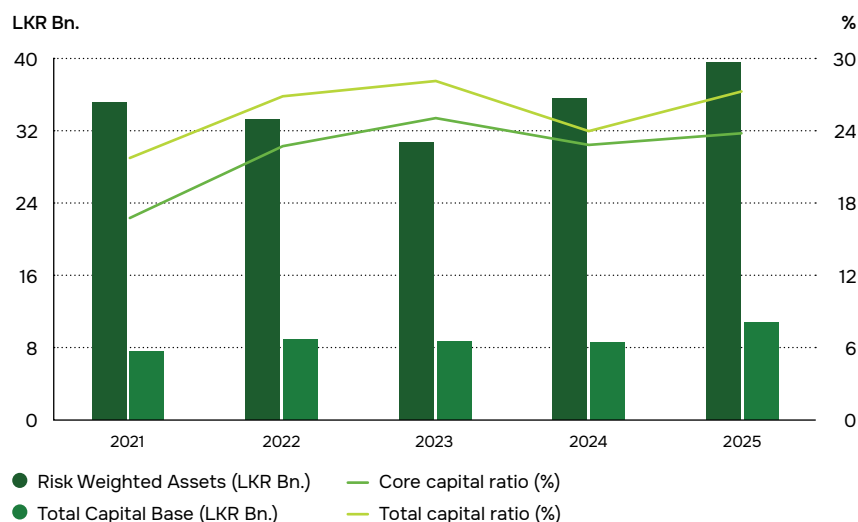
Risk type	Description	Risk mitigation objectives	Steps taken to avoid operational risk
Internal controls	Losses arising in failures in internal controls	Eliminate internal fraud	<ul style="list-style-type: none"> • Robust internal control systems • Accountability • IT-integrated controls with embedded authority limits • A strong risk culture set by the Board and Senior Management • Procedures for reviews and controls • Whistle-blowing mechanism updated • Fraud response plans • Complaint handling procedures
		Minimise external fraud	<ul style="list-style-type: none"> • Dynamic customer screening process • Enhanced information system security • Proactive and responsive fraud investigation teams • Internal audit • Fraud response plans

Risk type	Description	Risk mitigation objectives	Steps taken to avoid operational risk
		Enhance employment practices and workplace safety	<ul style="list-style-type: none"> • Pre-employment screening and background checks • Continuous training and development • Update systems, processes and procedures • Emphasis on ethical conduct and values
		Develop execution, delivery and process management	<ul style="list-style-type: none"> • Comprehensive operations manuals • Ongoing education of the operational staff on changes to market conditions and business processes
Technology related risk	Risks associated with the use, reliance or failure of IT systems and infrastructure	Minimise system downtime	<ul style="list-style-type: none"> • System development and upgrades • Well-trained systems support team • Online system support
		Improve system and data security	<ul style="list-style-type: none"> • Regular updates and enhancements to system security • State-of-the-art system security software • Ensure accuracy and reliability of MIS • Continuous system development • Experienced IT personnel
		Improve hardware functionality and reduce system failures	<ul style="list-style-type: none"> • Regular maintenance and upkeep • Co-sourcing external vendors for prompt issue resolution
Disasters and contingencies	Loss due to unforeseen events	Minimise business disruption and system downtime	<ul style="list-style-type: none"> • Disaster Recovery Site in place enabling continuous operations with minimal downtime • Business Continuity Plan and disaster management protocols • Data backups and cloud servers
		Minimise losses due to damage to physical assets	<ul style="list-style-type: none"> • Comprehensive insurance covers • Regular staff training on workplace safety • Implementation of physical safeguards (e.g., fire extinguishers, branch safety protocols)
Strategic risk	Losses arising due to poor strategic decisions or ineffective implementation	Systematic analysis of strategic decisions and meticulous implementation	<ul style="list-style-type: none"> • Environmental scanning • Periodic review of strategy execution • Remedial measures for deviations • Independent perspective provided by Non-Executive Directors • External expert's advice

Risk type	Description	Risk mitigation objectives	Steps taken to avoid operational risk
Regulatory and compliance risk	Losses that arise due to failure of complying with applicable rules, regulations and codes of conduct	Ensure full adherence to regulatory requirements	<ul style="list-style-type: none"> • Incorporate regulatory limits and restrictions into internal controls • Prompt communication to IT and operational departments • Assign responsibility to functional managers • Compliance Register and frequent reports • Regular reports for monitoring
Reputational risk	Loss of earnings, profitability, capital or brand image due to negative publicity	Preserve brand value and stakeholder confidence	<ul style="list-style-type: none"> • Transparent and timely communication • Robust internal controls • Regulatory compliance • Ethical, customer-focused business conduct • Effective customer grievance handling

The Company maintains adequate capital levels to safeguard against the possibility of operational risk. Detailed information on the capital position of the entity is available on page 71 of this Report. In line with the Finance Business Act, Direction (Capital Adequacy Requirement) No. 03 of 2018, a capital charge for operational risk of LKR 5,359 Mn. was provided as at 31 March 2025.

Risk weighted assets and capital positions



Financial Reports

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Responsibility Statement of the Chief Executive Officer and the Chief Financial Officer

The Financial Statements of Senkadagala Finance PLC and the Consolidated Financial Statements of the Company and its Group Companies as at 31 March 2025 have been prepared and presented in compliance with the following regulatory requirements:

- Sri Lanka Accounting Standards (SLFRS/LKAS) issued by The Institute of Chartered Accountants of Sri Lanka
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995
- The Companies Act No. 7 of 2007
- The Finance Business Act No. 42 of 2011
- The Finance Leasing Act No. 56 of 2000
- Directions, Circulars, and Guidelines issued under the above Acts by the Department of Supervision of Non-Bank Financial Institutions of the Central Bank of Sri Lanka (CBSL)
- The Listing Rules of the Colombo Stock Exchange (as amended)
- The Code of Best Practice on Corporate Governance (2023) issued by the Institute of Chartered Accountants of Sri Lanka

The Financial Statements and accompanying disclosures, as included in the Annual Report and interim Financial Statements, are prepared in accordance with the formats prescribed by the Central Bank of Sri Lanka and are fully compliant with the disclosure requirements of the Sri Lanka Accounting Standard – LKAS 1: Presentation of Financial Statements.

The Group presents its financial results to shareholders on a quarterly basis.

The Group has consistently applied its material accounting policies in full compliance with the Sri Lanka Accounting Standards (SLFRS/LKAS). Significant accounting judgments and estimates have been reviewed with the Board Audit Committee and External Auditors. Comparative information has been restated where necessary, and all material items are appropriately disclosed in the Notes to the Financial Statements.

To the best of our knowledge, the Financial Statements present a true and fair view of the financial position, performance, and cash flows of the Company and the Group for the year ended 31 March 2025. The Financial Statements have been prepared on a going concern basis, reflecting our belief that the Group has adequate resources to continue operations in the foreseeable future.

The Board of Directors and Management of the Company accept full responsibility for the integrity of the Financial Statements. The estimates and judgments made in preparation were based on reasonable and prudent assumptions, ensuring that the Financial Statements reflect a true and fair view of the form and substance of transactions, and fairly reflect the state of affairs of the Company and the Group.

Robust internal control systems, including system integrated controls, are in place to safeguard assets and prevent irregularities, and are continuously reviewed. During the year, the Company established an in-house Internal Audit function to provide reasonable assurance that the established policies and procedures are consistently followed. However, inherent limitations exist in any internal control system and should be considered when relying on the level of assurance provided.

Details on the internal control framework are outlined in the Annual Report of the Board of Directors (on page 121) and the Directors' Statement on Internal Controls (on pages 152 to 153). Messrs Ernst & Young, Chartered Accountants, have audited the effectiveness of the Group's internal controls over financial reporting and issued an assurance report presented on page 154 on this report.

The Financial Statements have also been audited by Messrs Ernst & Young, Chartered Accountants, the independent External Auditors. The unqualified Auditor's Report appears on pages 156 to 159 of this report.

The Board Audit Committee reviews the adequacy and the effectiveness of the Internal Control Systems, including the effectiveness of the internal controls over financial reporting. This review ensures that transactions are accurately and completely recorded in the books of

account, and that compliance with Sri Lanka Accounting Standards (SLFRS/LKAS) and other regulatory requirements relating to financial reporting and disclosures is maintained. The Board Audit Committee Report is available on pages 129 to 130.

To ensure complete independence, both External and Internal Auditors have full and unrestricted access to the Board Audit Committee to discuss any matter of substance. The Committee also approves both audit and non-audit services provided by Messrs Ernst & Young to ensure that their independence is not compromised.

We confirm, to the best of our knowledge, that:

- The Company has complied with all applicable laws, regulations, and prudential requirements; and
- There is no material non-compliance; and
- There is no material litigation pending against the Company; and
- All taxes, duties, levies, and statutory payments payable by the Company, and all contributions, levies, and taxes payable on behalf of or in respect of employees as at 31 March 2025 have been paid or, where applicable, duly provided for.



L Balasuriya

Chief Executive Officer



P K Rajapaksa

Chief Financial Officer

9 July 2025

Colombo

Directors' Statement on Internal Control

Directors' Statement on Internal Control over Financial Reporting

Responsibility

In line with section 16 (1) (ix) of the Finance Companies Corporate Governance Directions No. 05 of 2021, and Section D.1.5 of the Code of Best Practices on Corporate Governance issued by The Institute of Chartered Accountants of Sri Lanka in 2023, the Board of Directors of Senkadagala Finance PLC presents this report on the Internal Controls of the Company.

The Board of Directors ("Board") has overall responsibility for ensuring the adequacy and effectiveness of the internal control over financial reporting in place at Senkadagala Finance PLC ("Company").

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company and this process includes the system of Internal Control over Financial Reporting. The process is regularly reviewed by the Board. The Board is of the view that the system of Internal Control over Financial Reporting in place, is adequate to provide reasonable assurance regarding the reliability of financial reporting, and that the preparation of Financial Statements for external purposes is carried out in accordance with relevant accounting principles and regulatory requirements.

The management assists the Board in the implementation of the Board's policies and procedures pertaining to Internal Control over Financial Reporting. The management is continuously engaged in enhancing the processes related to Internal Controls over financial reporting. In assessing the Internal Control System over Financial Reporting, identified officers of the Company collate 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 through internal audit functions of the Company for suitability of design and effectiveness on an on-going basis.

Key Features of the Process Adopted in Applying and Reviewing the Design and Effectiveness of the Internal Control System over Financial Reporting

The Board has designated multiple subcommittees to support the smooth functioning of the Company's daily activities and ensure their alignment with corporate goals, strategies, the business plans, and the policies and business directions approved by the Board.

The Board approves policies/charters governing key functional areas of the Company including the Internal Controls over Financial Reporting. The committees appointed by the Board review and recommend these policies/charters before seeking Board approval.

Compliance department of the Company ensures that the policies/charters and other documentation are created in line with regulatory requirements and taking into account the best practices of the industry. The Company carries out periodic reviews where these factors are monitored to ensure optimum compliance.

The internal audit function of the Company conducts continuous Audit checks on policy and procedure compliance, as well as the effectiveness of internal control systems and information system controls, thereby identifying noteworthy instances of non-compliance. Audits are conducted in accordance with the annual audit plan, which is reviewed and approved by the Board Audit Committee. The Board Audit Committee receives all significant findings identified through the Internal Audit function.

The Company adheres to Sri Lanka Accounting Standards, encompassing LKASs and SLFRSs, and continuously enhances its processes to meet the requirements of recognition, measurement, classification, and disclosure. To strengthen financial reporting and management information processes, constant monitoring and adaptation to market realities are undertaken. The Company evaluates existing models to assess potential implications of the current economic conditions, and these models undergo regular review and validation by independent industry experts to ensure accurate financial representation.

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 that the preparation of Financial Statements for external purposes has been done in accordance with Sri Lanka Accounting Standards and comply with the regulatory requirements of the Central Bank of Sri Lanka and the Colombo Stock Exchange.

Review of the Statement by External Auditors

The External Auditor, Messrs Ernst & Young, has 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 operating effectiveness of the internal control system over financial reporting of the Company. Their independent assurance report on the "Directors' Statement on Internal Control over Financial Reporting" is given on page 154 of this Annual Report.

Statement on Prudential Requirements, Regulations and Laws

The Company is fully compliant with prudential requirements, regulations, laws and internal controls and there were no material non-compliances that required rectification during the financial year.

There were no material supervisory concerns raised by the Director of the Department of Supervision of the Non-Bank Financial Institutions of the Central Bank of Sri Lanka, to be disclosed to the public on lapses in the Company's risk management or compliance with the Finance Business Act, Rules and Directions issued by the Central Bank of Sri Lanka thereunder.

By order of the Board,



R Senanayake
Chairman



A Herath
Chairman of the Board Audit Committee

9 July 2025
Colombo

Independent Assurance Report



Shape the future
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INDEPENDENT ASSURANCE REPORT TO THE BOARD OF DIRECTORS OF SENKADAGALA FINANCE PLC

Report on the Statement on Internal Control Over Financial Reporting included in the Directors' Statement on Internal Control

We were engaged by the Board of Directors of Senkadagala Finance PLC ("The Company") to provide assurance on the Statement of Internal Control Over Financial Reporting included in the Directors' Statement on Internal Control for the year ended 31 March 2025 ("The Statement") included in the annual report for the year ended 31 March 2025.

Management's responsibility

Management is responsible for the preparation and presentation of the Statement in accordance with the "Guidance for Directors of License Finance Companies/ Finance Leasing Companies on the Directors' Statement on Internal Control" issued in compliance with section 16 (1) (ix) of Finance Companies Corporate Governance Direction No 05 of 2021, by the Institute of Chartered Accountants of Sri Lanka.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Sri Lanka Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibilities and compliance with SLSAE 3051

Our responsibility is to assess whether the Statement is both supported by the documentation prepared by or for directors and appropriately reflects the process the directors have adopted in reviewing the design and effectiveness of the internal control of the Company.

We conducted our engagement in accordance with Sri Lanka Standard on Assurance Engagements (SLSAE) 3051, Assurance Report for License Finance Company/Finance Leasing Company on Directors' Statement on Internal Control, issued by the institute of Chartered Accountants of Sri Lanka.

Partners: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA FCCA, B E Wijesuriya FCA FCMA
R N de Saram ACA FCMA, Ms. N A De Silva FCA, N M Sulaiman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA,
C A Yalagala ACA ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), B Vasanthan ACA ACMA, W D P L Perera ACA

Principals: T P M Ruberu FCA FCCA MBA (USJ-SL), G B Goudian ACMA, D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp)

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This Standard required that we plan and perform procedures to obtain limited assurance about whether Management has prepared, in all material respects, the Statement on Internal Control.

For purpose of this engagement, we are not responsible for updating or reissuing any reports, nor have we, in the course of this engagement, performed an audit or review of the financial information.

Summary of work performed

We conducted our engagement to assess whether the Statement is supported by the documentation prepared by or for directors; and appropriately reflected the process the directors have adopted in reviewing the system of internal control over financial reporting of the Company.

The procedures performed were limited primarily to inquiries of Company personnel and the existence of documentation on a sample basis that supported the process adopted by the Board of Directors.

SLSAE 3051 does not require us to consider whether the Statement covers all risks and controls or to form an opinion on the effectiveness of the Company's risk and control procedures. SLSAE 3051 also does not require us to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

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

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

Our conclusion

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

9 July 2025

Colombo

Independent Auditor's Report



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TO THE SHAREHOLDERS OF SENKADAGALA FINANCE PLC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Senkadagala Finance PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

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

Basis for opinion

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

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 judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Partners: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA FCCA, B E Wijesuriya FCA FCMA
RN de Saram ACA FCMA, Ms. N A De Silva FCA, N M Sulaiman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA,
C A Yalagala ACA ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), B Vasanthan ACA ACMA, W D P L Perera ACA

Principals: T P M Ruberu FCMA FCCA MBA (USJ-SL), G B Goudian ACMA, D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp)

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Key Audit Matter

How our audit addressed the key audit matter

Allowances for Expected Credit Losses of loans and lease receivables measured at amortised cost

Allowances for expected credit losses of loans and lease receivables measured at amortised cost as stated in Notes 23 and 24 respectively, is determined by management on the accounting policies described in Note 10 to the financial statements.

This was a key audit matter due to

- the involvement of significant management judgements, assumptions and level of estimation uncertainty associated in estimating future cash flows to recover such loans and lease receivables; and
- the materiality of the reported amount of Allowances for expected credit losses.

Key areas of significant judgements, assumptions and estimates used by management in the assessment of the allowances for expected credit losses for loans and lease receivables include forward-looking macroeconomic scenarios and their associated weightages. These are subject to inherently heightened levels of estimation uncertainty and subjectivity.

Further information on the key estimates, assumptions and judgements is disclosed in Notes 10.

In addressing the adequacy of the allowances for expected credit losses of loans and lease receivables, our audit procedures included the following key procedures:

- Assessed the alignment of the Company's allowances for expected credit losses computations and underlying methodology including responses to economic conditions with its accounting policies, on the best available information up to the date of our report.
- Evaluated the design, implementation and operating effectiveness of controls over estimation of expected credit losses, which included assessing the level of oversight, review and approval of allowances for expected credit losses, policies and procedures by the Board and the management.
- Tested the completeness, accuracy and reasonableness of the underlying data used in the expected credit loss computations by cross checking to relevant source documents and accounting records of the Company.
- Evaluated the reasonableness of credit quality assessments and related stage classifications.

In addition to the above, the following procedures were performed:

- For Loans and lease receivables assessed on a collective basis for impairment:
 - Tested the key inputs and the calculations used in the impairment for expected credit losses.
 - Assessed the reasonableness of judgements, assumptions and estimates used by the Management in the underlying methodology and the management overlays. Our testing included evaluating the reasonableness of forward-looking information used, economic scenarios considered, and probability weighting assigned to each scenario.
 - Assessed the adequacy of the related financial statement disclosures set out in notes 23, 24, 10 and 51.2.

Key Audit Matter

How our audit addressed the key audit matter

Information Technology (IT) system related internal controls over financial reporting

Company's financial reporting process is significantly reliant on multiple IT systems and related internal controls. Further, key financial statement disclosures are prepared using data and reports generated by IT systems, that are compiled and formulated with the use of spreadsheets.

Accordingly, IT systems related internal controls over financial reporting were considered a key audit matter.

Our audit procedures included the following key procedures:

- Obtained an understanding of the internal control environment of the relevant significant processes and test checked key controls relating to financial reporting and related disclosures.
- Involved our internal specialised resources and;
 - Obtained an understanding of IT Governance Structure of the Company
 - Identified, evaluated and tested the design and operating effectiveness of IT systems related internal controls over financial reporting, relating to user access and change management, and
 - Obtained a high-level understanding of the cybersecurity risks affecting the Company and the actions taken to address these risks primarily through inquiry.
- Tested source data of the reports used to generate disclosures for accuracy and completeness, including review of the general ledger reconciliations.

Other matter

The financial statements of Senkadagala Finance PLC for the year ended 31 March 2024 were audited by another auditor who expressed an unmodified opinion on those financial statements on 19 June 2024.

Other Information included in the 2025 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

The Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

Responsibilities of the management and those charged with governance for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance



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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 judgement 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 internal controls of the Company and the Group.
- 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 Group'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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in

a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 8513.

26 June 2025
Colombo

Statement of Profit or Loss

For the year ended 31 march	Note	Company		Group	
		2025 LKR	2024 LKR	2025 LKR	2024 LKR
Gross income	4	9,211,899,984	8,243,555,831	9,496,851,626	8,523,891,894
Interest income	5.1	8,458,676,341	7,361,849,965	8,461,034,309	7,364,892,058
Interest expense	5.3	(2,733,357,893)	(3,715,481,541)	(2,732,624,643)	(3,705,027,885)
Net interest income	5	5,725,318,448	3,646,368,424	5,728,409,666	3,659,864,173
Fee and commission income	6.1	79,743,357	69,834,519	323,474,141	281,323,821
Fee and commission expense	6.2	(76,115,371)	(55,093,360)	(76,115,371)	(55,093,360)
Net fee and commission income	6	3,627,986	14,741,159	247,358,770	226,230,461
Net gain from trading	7	364,725,362	121,711,775	369,868,304	123,369,575
Net gain from financial instruments at fair value through profit or loss	8	141,294,501	515,684,592	175,909,223	535,438,389
Other operating income	9	167,460,423	174,474,980	166,565,649	218,868,051
Net other operating income		673,480,286	811,871,347	712,343,176	877,676,015
Total operating income		6,402,426,720	4,472,980,930	6,688,111,612	4,763,770,649
Impairment charges and other credit losses	10	(476,838,644)	(213,568,341)	(476,756,386)	(213,568,341)
Net operating income		5,925,588,076	4,259,412,589	6,211,355,226	4,550,202,308
Personnel expenses	11	(1,185,537,531)	(967,767,892)	(1,235,797,927)	(1,007,416,374)
Depreciation and amortisation	12	(314,748,243)	(325,277,707)	(324,298,990)	(333,338,348)
Reversal of impairment charge on investment in subsidiaries	27.2	-	4,938,214	-	-
Other operating expenses	13	(1,049,947,122)	(915,872,762)	(1,074,395,897)	(935,597,637)
Operating profit before taxation on financial services		3,375,355,180	2,055,432,442	3,576,862,412	2,273,849,949
Taxes on financial services	14	(758,863,420)	(525,554,791)	(758,863,420)	(525,554,791)
Operating profit after taxation on financial services		2,616,491,760	1,529,877,651	2,817,998,992	1,748,295,158
Share of profit of associate, net of tax	28.1	11,213,532	47,539,593	11,213,532	47,539,593
Profit before income tax		2,627,705,292	1,577,417,244	2,829,212,524	1,795,834,751
Income tax expense	15	(1,005,814,595)	(381,130,777)	(1,057,166,955)	(432,011,241)
Profit for the year		1,621,890,697	1,196,286,467	1,772,045,569	1,363,823,510
Basic earnings per share	16	18.80	13.87	20.54	15.81

Figures in brackets indicate deductions.

The accounting policies and notes as set out on pages 169 to 320 form an integral part of the Financial Statements.

Statement of Other Comprehensive Income

For the year ended 31 March	Note	Company		Group	
		2025 LKR	2024 LKR	2025 LKR	2024 LKR
Profit for the year		1,621,890,697	1,196,286,467	1,772,045,569	1,363,823,510
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Actuarial loss on defined benefit plans	42.2	(29,105,375)	(16,814,428)	(31,373,738)	(16,904,560)
Deferred tax effect on actuarial loss	33.1	8,731,613	5,044,328	9,412,121	5,071,368
Net change in fair value of equity investments at fair value through other comprehensive income		(3,402,102)	(34,730,273)	(3,402,102)	(34,730,273)
Tax effect on changes in fair value of equity investments at fair value through other comprehensive income		(21,432,570)	9,057,570	(21,432,570)	9,057,570
Share of other comprehensive income of associate, net of tax	28.1	770,068	(352,030)	770,068	(352,030)
Other comprehensive income for the year, net of tax		(44,438,366)	(37,794,833)	(46,026,221)	(37,857,925)
Total comprehensive income for the year		1,577,452,331	1,158,491,634	1,726,019,348	1,325,965,585

Figures in brackets indicate deductions.

The accounting policies and notes as set out on pages 169 to 320 form an integral part of the Financial Statements.

Statement of Financial Position

		Company		Group	
As at 31 March	Note	2025 LKR	2024 LKR Restated	2025 LKR	2024 LKR Restated
Assets					
Cash and cash equivalents	20	777,987,016	675,179,658	803,981,136	745,484,204
Financial assets at amortised cost – Deposits with licensed financial institutions	21	1,214,166,101	2,621,954,788	1,222,225,279	2,630,031,829
Financial assets at amortised cost – Repurchase agreements		2,803,208,069	251,569,750	2,803,208,069	251,569,750
Financial assets held at fair value through profit or loss	22	1,462,003,225	4,483,199,237	1,747,122,200	4,622,384,957
Financial assets at amortised cost – Finance leases and hire purchases	23	26,505,267,002	22,240,442,963	26,499,962,501	22,240,442,963
Financial assets at amortised cost – Other loans and receivables	24	3,593,642,343	2,235,738,399	3,594,047,793	2,236,019,399
Financial assets measured at fair value through other comprehensive income	25	157,110,004	160,512,106	157,110,004	160,512,106
Financial assets at amortised cost – Other financial instruments	26	1,190,996,021	1,199,615,574	1,190,996,021	1,199,615,574
Investments in subsidiaries	27	51,729,600	51,729,600	–	–
Investment in associate	28	175,911,300	163,927,700	175,911,300	163,927,700
Investment property	29	344,266,624	348,495,373	344,266,624	348,495,373
Property, plant and equipment	30	1,385,170,938	1,255,786,307	1,392,036,192	1,262,424,662
Intangible assets	31	44,876,040	54,281,007	45,279,927	54,775,488
Right-of-use assets	32	465,060,526	385,709,783	498,666,916	385,709,783
Deferred tax assets	33	409,307,436	248,863,640	410,954,942	249,298,956
Other assets	34	185,021,661	183,248,477	198,304,838	170,057,950
Total assets		40,765,723,906	36,560,254,362	41,084,073,742	36,720,750,694
Liabilities					
Due to banks	35	12,630,583,113	6,509,926,076	12,630,583,113	6,509,926,076
Financial liabilities at amortised cost – Due to depositors	36	13,348,714,467	13,839,119,884	13,284,609,795	13,776,589,964
Financial liabilities at amortised cost – Other borrowings	37	1,151,394,682	3,699,366,257	1,151,394,682	3,699,366,257
Subordinated debt instruments	38	1,543,197,051	1,768,784,186	1,543,197,051	1,768,784,186
Lease liabilities	39	462,437,965	398,134,175	490,472,567	398,134,175
Current tax payable	40	676,967,701	1,035,645,419	692,791,709	1,042,788,064
Other liabilities	41	828,639,201	649,415,476	836,094,167	687,995,028
Employee retirement benefits	42	196,994,212	155,216,005	206,816,261	159,768,195
Total liabilities		30,838,928,392	28,055,607,478	30,835,959,345	28,043,351,945

Statement of Financial Position

As at 31 March	Note	Company		Group	
		2025 LKR	2024 LKR Restated	2025 LKR	2024 LKR Restated
Equity					
Stated capital	43	2,424,777,045	2,424,777,045	2,424,777,045	2,424,777,045
Statutory reserve fund	44	676,036,033	591,036,033	676,036,033	591,036,033
Fair value reserve	45	(74,844,002)	(50,009,330)	(74,844,002)	(50,009,330)
Retained earnings		6,900,826,438	5,538,843,136	7,222,145,321	5,711,595,001
Total equity		9,926,795,514	8,504,646,884	10,248,114,397	8,677,398,749
Total liabilities and equity		40,765,723,906	36,560,254,362	41,084,073,742	36,720,750,694

It is certified that the Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007 and the Finance Business Act No. 42 of 2011.



P K Rajapaksa
Chief Financial Officer

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

Approved and signed for and on behalf of the Board,



R Senanayake
Chairman



A Herath
Director

Figures in brackets indicate deductions.

The accounting policies and notes as set out on pages 169 to 320 form an integral part of the Financial Statements.

25 June 2025
Colombo

Statement of Changes in Equity

	Stated capital LKR	Statutory reserve fund LKR	Fair value reserve LKR	Retained earnings LKR Restated	Total LKR
Company					
Balance as at 1 April 2023	2,424,777,045	531,036,033	4,538,373	5,015,183,577	7,975,535,028
Adjustment to correct error (Note 52)	-	-	-	(573,297,886)	(573,297,886)
Balance as at 1 April 2023 (Restated)	2,424,777,045	531,036,033	4,538,373	4,441,885,691	7,402,237,142
Profit for the year	-	-	-	1,196,286,467	1,196,286,467
Other comprehensive income, net of tax	-	-	(25,672,703)	(12,122,130)	(37,794,833)
Total comprehensive income for the year	-	-	(25,672,703)	1,184,164,337	1,158,491,634
Transfers to reserves	-	60,000,000	-	(60,000,000)	-
Transfer of net gains on disposal of equity investments at FVOCI to retained earnings	-	-	(28,875,000)	28,875,000	-
Transactions with equity holders recognised directly in equity					
Dividends paid to equity holders	-	-	-	(56,081,892)	(56,081,892)
Total contributions from and distribution to equity holders	-	-	-	(56,081,892)	(56,081,892)
Balance as at 31 March 2024 (Restated)	2,424,777,045	591,036,033	(50,009,330)	5,538,843,136	8,504,646,884
Balance as at 1 April 2024 (Restated)	2,424,777,045	591,036,033	(50,009,330)	5,538,843,136	8,504,646,884
Profit for the year	-	-	-	1,621,890,697	1,621,890,697
Other comprehensive income, net of tax	-	-	(24,834,672)	(19,603,694)	(44,438,366)
Total comprehensive income for the year	-	-	(24,834,672)	1,602,287,003	1,577,452,331
Transfers to reserves	-	85,000,000	-	(85,000,000)	-
Transactions with equity holders recognised directly in equity					
Dividends paid to equity holders	-	-	-	(155,303,701)	(155,303,701)
Total contributions from and distribution to equity holders	-	-	-	(155,303,701)	(155,303,701)
Balance as at 31 March 2025	2,424,777,045	676,036,033	(74,844,002)	6,900,826,438	9,926,795,514

	Stated capital LKR	Statutory reserve fund LKR	Fair value reserve LKR	Retained earnings LKR Restated	Total LKR
Group					
Balance as at 1 April 2023	2,424,777,045	535,997,079	4,538,373	5,015,500,445	7,980,812,942
Adjustment to correct error (Note 52)	-	-	-	(573,297,886)	(573,297,886)
Balance as at 1 April 2023 (Restated)	2,424,777,045	535,997,079	4,538,373	4,442,202,559	7,407,515,056
Profit for the year	-	-	-	1,363,823,510	1,363,823,510
Other comprehensive income, net of tax	-	-	(25,672,703)	(12,185,222)	(37,857,925)
Total comprehensive income for the year	-	-	(25,672,703)	1,351,638,288	1,325,965,585
Transfers to reserves	-	60,000,000	-	(60,000,000)	-
Reclassification of reserves of wound-up subsidiary	-	(4,961,046)	-	4,961,046	-
Transfer of net gains on disposal of equity investments at FVOCI to retained earnings	-	-	(28,875,000)	28,875,000	-
Transactions with equity holders recognised directly in equity					
Dividends to equity holders	-	-	-	(56,081,892)	(56,081,892)
Total contributions from and distribution to equity holders	-	-	-	(56,081,892)	(56,081,892)
Balance as at 31 March 2024 (Restated)	2,424,777,045	591,036,033	(50,009,330)	5,711,595,001	8,677,398,749
Balance as at 1 April 2024 (Restated)	2,424,777,045	591,036,033	(50,009,330)	5,711,595,001	8,677,398,749
Profit for the year	-	-	-	1,772,045,569	1,772,045,569
Other comprehensive income, net of tax	-	-	(24,834,672)	(21,191,549)	(46,026,221)
Total comprehensive income for the year	-	-	(24,834,672)	1,750,854,021	1,726,019,349
Transfers to reserves	-	85,000,000	-	(85,000,000)	-
Transactions with equity holders recognised directly in equity					
Dividends to equity holders	-	-	-	(155,303,701)	(155,303,701)
Total contributions from and distribution to equity holders	-	-	-	(155,303,701)	(155,303,701)
Balance as at 31 March 2025	2,424,777,045	676,036,033	(74,844,002)	7,222,145,321	10,248,114,397

Figures in brackets indicate deductions.

The accounting policies and notes as set out on pages 169 to 320 form an integral part of the Financial Statements.

Statement of Cash Flows

		Company		Group	
For the year ended 31 March		2025 LKR	2024 LKR	2025 LKR	2024 LKR
	Note				
Cash flows from operating activities					
Interest and commission receipts		8,825,037,757	7,387,646,273	9,071,126,509	7,602,177,668
Interest payments		(2,645,124,187)	(3,756,220,350)	(2,639,019,769)	(3,745,230,025)
Recoveries of bad debts	9	83,138,795	63,185,870	83,138,795	63,185,870
Other operating income		43,139,343	47,745,007	42,076,950	47,409,110
Operating expenses		(1,980,013,854)	(1,540,342,963)	(2,004,462,629)	(1,560,067,838)
Rent expenses		(4,617,603)	(8,462,490)	(4,617,603)	(8,462,490)
Cash payments to employees		(1,149,136,199)	(929,780,198)	(1,196,395,098)	(967,897,110)
Operating cash flow before changes in operating assets and liabilities (Note A)		3,172,424,052	1,263,771,149	3,351,847,155	1,431,115,185
Changes in operating assets and liabilities					
Net funds advanced to customers		(6,287,391,689)	(278,053,648)	(6,288,129,380)	(278,033,648)
Net deposits from customers		(490,405,417)	3,575,865,809	(491,980,169)	3,599,979,395
Net deposits with licensed financial institutions		1,368,977,120	2,153,676,267	1,368,994,983	2,153,776,760
Government and other securities		(2,543,018,766)	890,338,480	(2,543,018,766)	890,338,480
Other assets		(27,273,184)	6,206,214	(28,246,888)	1,562,478
Other liabilities		199,439,327	410,475,261	172,833,538	438,175,617
		(7,779,672,609)	6,758,508,383	(7,809,546,682)	6,805,799,082
Net cash flows from operations		(4,607,248,557)	8,022,279,532	(4,457,699,527)	8,236,914,267
Taxes paid	40	(1,557,862,042)	(300,516,664)	(1,605,583,518)	(350,862,986)
Employee retirement benefits paid	42	(23,728,500)	(18,401,200)	(23,728,500)	(18,401,200)
Net cash (used in)/generated from operating activities		(6,188,839,099)	7,703,361,668	(6,087,011,545)	7,867,650,081
Cash flows from investing activities					
Net investment in trading securities		3,527,215,875	(3,360,051,673)	3,421,040,291	(3,407,551,673)
Net investment in financial assets at FVOCI		-	165,000,000	-	165,000,000
Dividends received		38,771,388	75,726,881	13,446,978	16,226,881
Purchase of property, plant and equipment	30	(299,019,349)	(345,834,945)	(300,741,942)	(346,423,656)
Purchase of intangible assets	31	(1,158,775)	(6,459,981)	(1,158,775)	(6,570,841)
Proceeds from sale of property, plant and equipment		36,548,602	27,499,151	36,548,602	27,499,151
Addition of right-of-use assets	32	(60,977,675)	(36,431,384)	(65,277,683)	(36,431,384)
Proceeds from right-of-use assets		5,546,667	-	5,546,667	-
Net cash generated from/(used in) investing activities		3,246,926,733	(3,480,551,951)	3,109,404,138	(3,588,251,522)

For the year ended 31 March	Note	Company		Group	
		2025 LKR	2024 LKR	2025 LKR	2024 LKR
Cash flows from financing activities					
Borrowings obtained		11,950,000,000	4,828,915,479	11,950,000,000	4,828,915,479
Repayment of borrowings		(8,341,245,777)	(8,683,168,776)	(8,341,245,777)	(8,683,168,776)
Subordinated term loan obtained		1,500,000,000	-	1,500,000,000	-
Redemption of subordinated debentures		(1,750,000,000)	-	(1,750,000,000)	-
Repayment of lease liabilities	39	(161,297,921)	(145,136,628)	(169,913,306)	(154,208,628)
Dividends paid		(155,294,327)	(53,370,046)	(155,294,327)	(53,370,046)
Net cash generated from/(used in) financing activities		3,042,161,975	(4,052,759,971)	3,033,546,590	(4,061,831,971)
Net increase in cash and cash equivalents		100,249,609	170,049,746	55,939,183	217,566,588
Cash and cash equivalents at the beginning of the year		524,360,810	354,311,064	594,665,356	377,098,768
Cash and cash equivalents at the end of the year		624,610,419	524,360,810	650,604,539	594,665,356
Reconciliation of cash and cash equivalents					
Cash and cash equivalents	20	778,098,519	675,479,712	804,092,639	745,784,258
Bank overdrafts	35	(153,488,100)	(151,118,902)	(153,488,100)	(151,118,902)
		624,610,419	524,360,810	650,604,539	594,665,356

		Company		Group	
For the year ended 31 March		2025 LKR	2024 LKR	2025 LKR	2024 LKR
	Note				
Note A					
Reconciliation of operating profit					
Profit before income tax		2,627,705,292	1,577,417,244	2,829,212,524	1,795,834,751
Depreciation and amortisation	12	314,748,243	325,277,707	324,298,990	333,338,348
Dividends received	9	(13,271,388)	(67,226,881)	(13,446,978)	(16,226,881)
Net profit on disposal of property, plant and equipment		(35,364,160)	(27,499,153)	(35,356,189)	(123,160,665)
Provision for retirement benefit plan	11	36,401,332	37,987,694	39,402,829	39,519,264
Impairment charge on financial assets		377,487,892	71,489,538	377,405,634	71,489,538
Reversal of impairment on investment in subsidiaries	27.2	-	(4,938,214)	-	-
Profit on disposal of right-of-use assets		(705,127)	-	(705,127)	-
Net gain from trading	7	(364,725,362)	(121,711,775)	(369,868,304)	(123,369,575)
Net gain from financial instruments designated at FVTPL	8	(141,294,501)	(515,684,592)	(175,909,223)	(535,438,389)
Loan losses and write-offs/write down	10.3	1,727,422	19,627,312	1,727,422	19,627,312
Net (gain)/loss from auction of pawned articles	10.3	(1,377,087)	70,166,951	(1,377,087)	70,166,951
Gain on winding up subsidiary		-	(612,179)	-	(679,635)
Unrealised loss on foreign currency conversion		7,453,263	31,794,110	7,453,263	31,794,110
Interest expenses on lease liabilities	5.3	70,881,627	65,995,070	76,252,795	66,531,739
Share of profit of associate, net of tax		(11,213,532)	(47,539,593)	(11,213,532)	(47,539,593)
Net interest accrued for leases, hire purchases, other loans and receivables		286,618,059	(44,038,212)	286,618,059	(44,038,212)
Accrued interest on borrowings		(7,060,786)	(106,717,307)	(7,060,786)	(106,717,307)
Accrued interest on subordinated debt instruments		24,412,865	(16,571)	24,412,865	(16,571)
Operating cash flow before changes in operating assets and liabilities		3,172,424,052	1,263,771,149	3,351,847,155	1,431,115,185

Figures in brackets indicate deductions.

The accounting policies and notes as set out on pages 169 to 320 form an integral part of the Financial Statements.

Notes to the Financial Statements

1 Corporate Information

1.1 Domicile and legal form

Senkadagala Finance PLC is a public limited liability company domiciled in Sri Lanka, incorporated under the Companies Act No. 51 of 1938 on 29 December 1968 and registered under the Finance Companies Act No. 78 of 1988 which was replaced by the Finance Business Act No. 42 of 2011. The Company was re-registered under the Companies Act No. 07 of 2007 on 14 November 2011.

Senkadagala Finance PLC is listed in the *Diri Savi* Board of the Colombo Stock Exchange with effect from 22 March 2011.

The registered office of the Company is situated at 2nd Floor, No. 267, Galle Road, Colombo 03.

As a registered finance company, it is supervised by the Department of Supervision of Non-Bank Financial Institutions of the Central Bank of Sri Lanka.

1.2 Number of employees

The number of employees of the Company and the Group as at the end of the year were as follows;

Company	985 (31 March 2024-896)
Group	1,005 (31 March 2024-912)

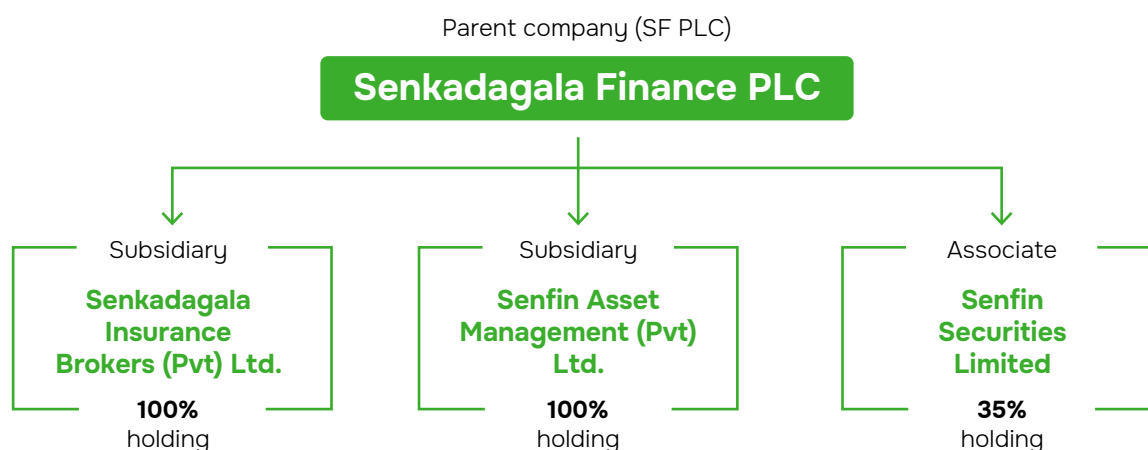
1.3 Consolidated Financial Statements

The Consolidated Financial Statements of Senkadagala Finance PLC (the “Company”) for the year ended 31 March 2025 comprise those of the Company (parent company) and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) and the Group’s interest in its Associate.

The Financial Statement of all companies in the Group are prepared for a common financial year, which is from 1 April to 31 March.

E W Balasuriya and Company (Pvt) Ltd, which is incorporated and domiciled in Sri Lanka is the immediate and ultimate parent enterprise of Senkadagala Finance PLC.

1.4 Principal activities, nature of operations of the Group, and the ownership structure



Entity	Nature of operations
Company	
Senkadagala Finance PLC	The principal lines of business of the Company include providing financial accommodation in the form of finance leases, hire purchase, commercial loans, and personal loans. Additional lines of business include pawning, gold loans, corporate loans, margin trading, foreign exchange transactions, and the acceptance of term deposits and savings deposits.
Subsidiaries	
Senkadagala Insurance Brokers (Pvt) Ltd.	The principal activity of the Company is providing insurance brokering services.
Senfin Asset Management (Pvt) Ltd.	A company licensed by the Securities and Exchange Commission of Sri Lanka, to float, operate and manage unit trusts and discretionary portfolios.
Associate	
Senfin Securities Limited	A licensed stock broker with the Securities and Exchange Commission of Sri Lanka, engaged in providing brokerage services for trading of equity and debt security in the Colombo Stock Exchange.

There were no significant changes in the nature of the principal activities of the Company or of the Group during the financial year under review.

2 Basis of Accounting

2.1 Statement of compliance

The Financial Statements of the Company and the Group are prepared in accordance with Sri Lanka Accounting Standards (LKASs and SLFRSs) as issued by The Institute of Chartered Accountants of Sri Lanka and in compliance with the requirements of the Companies Act No. 07 of 2007, the Finance Business Act No. 42 of 2011 and the amendments to these Acts and appropriate disclosures are provided as required by the Directions and Circulars of the Central Bank of Sri Lanka and the Listing Rules of the Colombo Stock Exchange.

The Group did not adopt any inappropriate accounting treatments, which are not in compliance with the requirement of the SLFRSs and LKASs, regulation governing the preparation and presentation of the Financial Statements.

The formats used in the preparation of the Financial Statements and the disclosures made therein also comply with the specified format prescribed by the Central Bank of Sri Lanka for the preparation, presentation and publication of Annual Audited Financial Statements of Non-Bank Financial Institutions.

2.2 Responsibility for Financial Statements

The Board of Directors is responsible for the preparation and presentation of the Financial Statements of the Company and the Group in accordance with the provisions of the Companies Act No. 07 of 2007 and Sri Lanka Accounting Standards (LKASs and SLFRSs).

The Board of Directors acknowledges the responsibility in relation to the Financial Statements, as set out under the Directors' Responsibility for Financial Reporting, in the "Annual Report of the Board of Directors" and in the statement appearing with the Statement of Financial Position of the Financial Statements.

The Consolidated Financial Statements of Senkadagala Finance PLC for the year ended 31 March 2025 were authorised for issue in accordance with a resolution of the Board of Directors on 25 June 2025.

These Financial Statements include the following components:

- A Statement of Profit or Loss providing the information on the financial performance of the Company and the Group for the year under review.
- A Statement of Other Comprehensive Income providing the other comprehensive income of the Company and the Group for the year under review.
- A Statement of Financial Position providing the information on the financial position of the Company and the Group as at the year end.
- A Statement of Changes in Equity providing the information on all changes in shareholder's equity of the Company and the Group, during the year under review.
- A Statement of Cash Flows providing the information on the cash and cash equivalents, generating ability of the Company and the Group and the utilisation of those cash flows.
- Notes to the Financial Statements comprising accounting policies and other explanatory information of the Company and the Group.

2.3 Basis of measurement

The Financial Statements of Senkadagala Finance PLC and its subsidiaries are prepared on a historical cost basis except for the following material items;

Items	Basis of measurement
Financial instruments measured at fair value through profit or loss	Fair value
Financial instruments measured at fair value through other comprehensive income	Fair value
Employee retirement benefit	Net liability for defined benefit obligations are recognised as the present value of the defined benefit obligation, plus unrecognised actuarial gains, less unrecognised past service cost, and unrecognised actuarial losses

No adjustments have been made for inflationary factors affecting the Financial Statements.

2.4 Going concern

The Management has made an assessment of the Group's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, Management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Financial Statements of the Group continue to be prepared on the going concern basis.

In making this assessment, the Management considered the negative impact the uncertain economic condition of the country could bring to the business operations of the Group. In doing so the Management has taken into account the likely, worst and the best case scenarios by considering available information and economic forecasts together with historical profitable operations of the Group, strong liquidity positions, availability of proven funding sources and assets at disposal of the Group.

2.5 Functional and presentation currency

Items included in the Financial Statements of the Company and the Group are measured using the currency of the primary economic environment in which the Company and the Group operates. Financial Statements are presented in Sri Lankan Rupees, which is the Company's, its Subsidiaries' and the Associate's functional currency. There was no change in the Group's presentation and functional currency during the year under review.

2.6 Presentation of Financial Statements

The Company and the Group presents its Statement of Financial Position broadly grouped by nature and listed in order of relative liquidity. An analysis based on maturity of recovery or settlement is presented in Note 49 of this Report.

Income and expenses are not offset in the Statement of Profit or Loss unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the Notes to the Financial Statements of the Company or the Group.

2.7 Materiality, aggregation, and rounding

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard – LKAS 1 on “Presentation of financial statements”.

The amounts in the Financial Statements have been rounded off to the nearest Rupees, except where otherwise indicated as permitted by the Sri Lanka Accounting Standard – LKAS 1.

2.8 Comparative information

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period in the Financial Statements in order to enhance the understanding of the current period’s Financial Statements and to enhance the inter period comparability. The presentation and classification of the Financial

Statements of the previous year are amended, where relevant for better presentation and to be comparable with those of the current year.

2.9 Significant accounting judgements and estimates

The preparation of the Financial Statements of the Company and the Group in conformity with Sri Lanka Accounting Standards (LKASs/SLFRSs) requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation, uncertainty, critical judgements and assumptions in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements are described in the notes below:

2.9.1 Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the Financial Statements are included in the following notes:

Item	Note	Page number
Establishing the criteria for determining whether credit risk on a financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of Expected Credit Loss (ECL) and selection and approval models used to measure ECL	10	182
Determination of control over investees	28	238
Classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial assets are Solely Payment of Principal and Interest (SPPI) on the principal amount outstanding	18	197
Classification of non-financial assets: assessment of the business model to identify the current use of such assets, whether held to earn contractual cash flows, for capital appreciation or generate cash flows by use in regular business activities of the Company.	29, 30	240, 243
Right-of-use assets: Determination of the lease term for lease contracts with renewal and termination options.	32	253

2.9.2 Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments to the carrying amounts of assets and liabilities is included in the following notes:

Item	Note	Page number
Impairment of financial instruments: determining inputs into the ECL measurement model, including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information.	10	182
Measurement of the fair value of financial instruments with significant unobservable inputs.	19	205
Measurement of defined benefit obligations: key actuarial assumptions.	42	266
Recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised.	33	256
Impairment testing for cash generating units (CGU) containing goodwill: key assumptions underlying recoverable amounts.	25	235
Recognition and measurement of contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.	47	276
Lease liability: determining the Incremental Borrowing Rate (IBR) in measuring the lease liability.	39	264

2.10 Changes in accounting policies and disclosures

The Group has consistently applied the accounting policies to all periods presented in these Financial Statements, except for the changes asset out below.

2.10.1 Amendments to LKAS 1: Classification of liabilities as current or non-current with covenants

Amendments to LKAS 1 alter the classification of liabilities like convertible debt and introduce new disclosure requirements for liabilities subject to covenants.

2.10.2 Amendments to SLFRS 16: Lease liability in a sale and leaseback

The amendments specifically affect seller-lessee accounting in sale and leaseback transactions that qualify as a sale under SLFRS 15, especially those involving variable lease payments not based on an index or rate. They modify how a seller-lessee accounts for these leasebacks, preventing recognition of gains on retained rights of use due to lease term modifications or changes, which previously could occur when variable payments not defined as “lease payments” were excluded.

2.10.3 Amendments to LKAS 7 and SLFRS 7: Supplier Finance Arrangements

The amendments require enhanced disclosures in Financial Statements about liabilities and supply chain finance arrangements, focusing on their impact on liabilities, cash flows, and liquidity risk, and specifying additional details about terms, conditions, and amounts related to these arrangements.

2.10.4 Amendments to LKAS 21: Lack of Exchangeability

The amendments provide guidance on how an entity should evaluate the exchangeability of a currency and establish a spot exchange rate in cases where exchangeability is absent. They also mandate disclosures that help users of Financial Statements comprehend the effects of a currency’s non-exchangeability.

Management reviewed the accounting policies and made updates to the information disclosed in Note 3 “Material Accounting Policies”.

2.11 Accounting for moratorium

Since March 2020 Based on the guidelines issued by Central Bank of Sri Lanka and Company's own initiatives, various forms of assistance to customers including debt moratoria were granted.

The moratorium on loan repayment was considered as a non-substantial modification of a financial asset under SLFRS 9. Modifications to the original terms and conditions of the loans due to the moratorium did not result in derecognition of the original loans if the modification does not result in cash flows that are substantially different. Accordingly based on the change in cash flows discounted at the original effective interest rate, the Company records a modification loss which have been netted off under the interest income. Accordingly, reversal of modification

loss of LKR 0.12 Mn. (2024 – LKR 0.53 Mn.) is recognised during the year ended 31 March 2025 under interest income in Note 5, representing the difference between the original carrying value of the loan before moratorium and the present value of the revised cash flows (discounted at the original effective interest rate of the contract) at the date of the loan modification.

Proposed accounting treatment for lease contracts is not a lease modification since there is no change in scope or the consideration for the lease. Accordingly, the requirements as per SLFRS 16 – “Leases” is applicable when accounting for lease contracts under moratorium scheme. The lease contracts were accounted based on the requirements specified in SLFRS 16 – “Leases” and the related changes in the lease payments were accounted as a variable lease payment.

3 Material Accounting Policies

The material accounting policies set out below have been applied consistently to all periods presented in the Financial Statements of the Group. These accounting policies have been applied consistently by Group entities.

Set out below is an index of the material accounting policies:

Description	Note	Page number
Basis of consolidation	3.1	175
Foreign currency	3.2	176
Interest	5	178
Fees and commission	6	180
Net trading income	7	181
Net trading income from financial assets designated through profit or loss	8	181
Dividend income	9	182
Leases	32, 39	253, 264
Income tax	15	193
Financial assets and financial liabilities	18	197
– Recognition and initial measurement	18	197
– Classification	18	197
– Derecognition	18	197
– Modification of financial assets and financial liabilities	18	197
– Offsetting	18	197
– Fair value measurement	19	205
– Impairment	10	182
– Designation at fair value through profit or loss	22	215

Description	Note	Page number
Cash and cash equivalents	3.3, 20	177, 214
Trading assets and liabilities	22	215
Finance leases, hire purchases, other loans and receivables	23, 24	220, 227
Investment securities	22, 25, 26	215, 235, 236
Property, plant and equipment	30	243
Investment property	29	240
Intangible assets	31	250
Impairment of non-financial assets	10	182
Deposits, debt securities in issue and subordinated liabilities	35, 36, 37, 38	258, 260, 261, 263
Financial guarantees and loan commitments	47	276
Employee retirement benefits	42	266
Share capital, other equity and reserves	43, 44, 45	270, 271, 271
Earnings per share	16	196
Segment reporting	50	282

3.1 Basis of consolidation

The Financial Statements of the Group comprise the Financial Statements of the Company and its subsidiaries for the year ended 31 March 2025. The Financial Statements of the Company's subsidiaries for the purpose of consolidation are prepared for the same reporting year as that of Senkadagala Finance PLC, using uniform accounting policies.

All intra-group balances, transactions, income and expenses are eliminated in full.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date on which control commences until the date on which control ceases.

The Group accounts for business combination using the acquisition method, when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining

whether a particular set of activities acquired includes, at a minimum, an input and a substantive process and whether the acquired set of activities and assets has the ability to produce outputs.

The Group has an option to apply a "concentration test" that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net asset acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchases is recognised in profit or loss immediately. Transaction costs are expensed, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

3.1.1 Subsidiaries

Details of the Company's subsidiaries, how they are accounted in the Financial Statements of the Company are set out in Note 27.

3.1.2 Loss of control

Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date on which the control commences until the control ceases. When the Group loses control of a subsidiary, a gain or loss is recognised in the Statement of Profit or Loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable SLFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under Group's accounting policy for financial instruments.

3.1.3 Associates

Details of the associate, and how it is accounted in the Financial Statements of the investee is set out in Note 28.

3.1.4 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.1.5 Transactions with related parties

The Company carries out transactions with parties who are defined as related parties, in the ordinary course of business on an arm's length basis at commercial rates. Disclosures as required by the Sri Lanka Accounting Standard LKAS 24 on "Related Party Disclosures" are provided in Note 46 of this Report.

3.2 Foreign currency

Transactions in foreign currencies are translated into the functional currency of the operations at the spot exchange rates at the dates of the transactions. All differences arising on non-trading activities are taken to "Other operating income", in the Statement of Profit or Loss.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the spot exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest, impairment and payments during the year, and the amortised cost in the foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value is determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Unrealised gains and losses on foreign currency translations are dealt under "other operating income" in the Statement of Profit or Loss.

3.3 Cash Flow Statement

The Statement of Cash Flows has been prepared using the “Direct Method” of preparing cash flows in accordance with the Sri Lanka Accounting Standard (LKAS) – 7 “Statement of Cash Flows”. Cash and cash equivalents comprise short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The cash and cash equivalents include cash in hand, balances with banks, money at call and short notice, and money market funds.

3.4 New accounting standards issued but not yet effective

Several amendments to Accounting Standards are effective for annual reporting periods beginning on or after 1 April 2025, and early application is permitted. However, the Group has not early adopted the following amendments to Accounting Standards in preparing these Consolidated Financial Statements as they are not expected to have a significant impact on the Consolidated Financial Statements.

3.4.1 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 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 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.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025. The Group does not expect this will result in a material impact on its Financial Statements.

3.4.2 Amendments to SLFRS 17: Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace Sri Lanka Accounting Standard – SLFRS 4 on “Insurance Contracts” (SLFRS 4) that was issued in 2005. SLFRS 17 is effective from annual report period beginning on or after 1 January 2026. The Group does not expect this will result in a material impact on its Financial Statements.

4 Gross Income

Accounting Policy

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

		Company		Group	
For the year ended 31 March	Note	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Interest income	5.1	8,458,676,341	7,361,849,965	8,461,034,309	7,364,892,058
Fee and commission income	6.1	79,743,357	69,834,519	323,474,141	281,323,821
Net gain from trading	7	364,725,362	121,711,775	369,868,304	123,369,575
Net gain from financial instruments at fair value through profit or loss	8	141,294,501	515,684,592	175,909,223	535,438,389
Other operating income	9	167,460,423	174,474,980	166,565,649	218,868,051
Total		9,211,899,984	8,243,555,831	9,496,851,626	8,523,891,894

5 Net Interest Income

Accounting Policy

Interest income and interest expenses from financial instruments are recognised using the effective interest rate (EIR). The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

The carrying amount of the financial asset or financial liability is adjusted if the Group revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original EIR and the change in carrying amount is recorded as “interest income” for financial assets and “interest expense” for financial liabilities.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Interest from overdue rentals have been accounted for on a cash basis.

		Company		Group	
For the year ended 31 March	Note	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Interest income	5.1	8,458,676,341	7,361,849,965	8,461,034,309	7,364,892,058
Interest expense	5.3	(2,733,357,893)	(3,715,481,541)	(2,732,624,643)	(3,705,027,885)
Net interest income		5,725,318,448	3,646,368,424	5,728,409,666	3,659,864,173

5.1 Interest income

For the year ended 31 March	Note	Company		Group	
		2025 LKR	2024 LKR	2025 LKR	2024 LKR
Cash and short-term funds		17,872,084	21,011,017	21,140,416	22,848,041
Financial assets at amortised cost					
– Fixed deposits		86,289,729	233,218,295	86,289,729	234,423,364
– Repurchase agreements		35,640,394	50,393,615	35,640,394	50,393,615
– Finance leases and hire purchases		6,481,708,963	4,990,779,538	6,480,798,599	4,990,779,538
– Commercial loans	5.2	67,903,414	51,531,129	67,903,414	51,531,129
– Personal loans		55,884,015	40,013,069	55,884,015	40,013,069
– Pawning advances		8,304,791	281,213,288	8,304,791	281,213,288
– Loans against fixed deposit		25,988,630	42,363,526	25,988,630	42,363,526
– Short-term corporate loans		8,501,732	32,613,716	8,501,732	32,613,716
– Gold loans		82,958,431	28,929,657	82,958,431	28,929,657
– Margin trading		128,116,352	9,795,205	128,116,352	9,795,205
– Other financial instruments		128,490,319	242,043,622	128,490,319	242,043,622
Interest on delayed insurance premium		107,335,397	113,839,160	107,335,397	113,839,160
Interest on overdue rentals		1,223,682,090	1,224,105,128	1,223,682,090	1,224,105,128
Total		8,458,676,341	7,361,849,965	8,461,034,309	7,364,892,058

5.2 Impact due to moratorium

Interest income from commercial loans includes LKR 0.12 Mn. (2024 – LKR 0.53 Mn.) impact of modifications made to loans due to debt concessionary schemes implemented by the Company as a measure to support the recovery of businesses of customers affected by the COVID-19 pandemic. (Refer Note 2.11)

5.3 Interest expense

For the year ended 31 March	Company		Group	
	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Due to banks	709,846,606	1,036,648,664	709,846,606	1,036,648,664
Financial liabilities at amortised cost				
– Due to depositors	1,580,468,967	1,956,515,570	1,574,364,549	1,945,525,245
– Other borrowings	224,987,234	418,934,435	224,987,234	418,934,435
– Commercial paper	3,060,802	11,784,913	3,060,802	11,784,913
Subordinated debt instruments	144,112,657	225,602,889	144,112,657	225,602,889
Interest expenses on lease liabilities	70,881,627	65,995,070	76,252,795	66,531,739
Total	2,733,357,893	3,715,481,541	2,732,624,643	3,705,027,885

6 Net Fee and Commission Income

Accounting Policy

The Group earns fee and commission income from a diverse range of services it provides to its customers. These income includes credit-related fees and commission income. Credit related fees are collections from the customers for reimbursement of expenses. These fees include legal fees, valuation and document charges and are recognised when earned. Commission income earned are recognised to the Statement of Profit or Loss on accrual basis.

		Company		Group	
For the year ended 31 March	Note	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Fee and commission income	6.1	79,743,357	69,834,519	323,474,141	281,323,821
Fee and commission expense	6.2	(76,115,371)	(55,093,360)	(76,115,371)	(55,093,360)
Net fee and commission income		3,627,986	14,741,159	247,358,770	226,230,461

6.1 Fee and commission income

		Company		Group	
For the year ended 31 March		2025 LKR	2024 LKR	2025 LKR	2024 LKR
Finance charges		61,222,805	48,354,762	61,222,805	48,354,762
Loan protection fee		3,959,394	6,711,779	3,959,394	6,711,779
Commission income		7,213	3,266	243,737,997	211,492,568
Legal and other charges		14,553,945	14,764,712	14,553,945	14,764,712
Total		79,743,357	69,834,519	323,474,141	281,323,821

6.2 Fee and commission expense

		Company		Group	
For the year ended 31 March		2025 LKR	2024 LKR	2025 LKR	2024 LKR
Commission paid		2,047,459	345,000	2,047,459	345,000
Inspection fee and other charges		74,067,912	54,748,360	74,067,912	54,748,360
Total		76,115,371	55,093,360	76,115,371	55,093,360

6.3 Performance obligation and revenue recognition policies

Fee and commission income from contracts with customers is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms
Finance, legal and other charges	Revenue is recognised based on services provided to the customers. Therefore, revenue is recognised at a point in time.
Loan protection fee	Revenue from loan protection fees is recognised over the tenure of the loan granted to customers.
Management fee and registrar fee	Revenue is calculated on a daily basis based on a percentage of the NAV of the funds managed by Senfin Asset Management (Pvt) Limited and recognised on a monthly basis. The Trustee confirms the management fees to the Company on a daily basis. Therefore, revenue is recognised at a point in time.
Management fee from private portfolio	Revenue is calculated on a daily basis based on agreed fixed monthly charge. Management issues a monthly invoice to customers and recognise revenue on monthly basis. Therefore revenue is recognised at a point in time.
Front end fee	Revenue is calculated based on total subscription amount from initial investments. Therefore, revenue is recognised at a point in time.
Brokerage income	Revenue is recognised based on the brokerage services provided to the Insurance Companies. Therefore, revenue is recognised at a point in time.

7 Net Gain from Trading

Accounting Policy

Results arising from trading activities include all realised gains and losses from sale of financial instrument measured at FVTPL. (Refer Note 18)

	Company		Group	
For the year ended 31 March	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Investment securities:				
Equities	10,730,984	2,690,816	10,730,984	2,690,816
Unit trusts	353,994,378	119,020,959	359,137,320	120,678,759
Total	364,725,362	121,711,775	369,868,304	123,369,575

8 Net Gain from Financial Instruments at Fair Value Through Profit or Loss (FVTPL)

Accounting Policy

Net gain/(loss) from financial instruments at FVTPL includes unrealised fair value changes of financial instruments measured at FVTPL. (Refer Note 18)

	Company		Group	
For the year ended 31 March	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Investment securities:				
Equities	153,296,776	138,733,206	153,296,776	158,487,003
Unit trusts	(12,002,275)	376,951,386	22,612,447	376,951,386
Total	141,294,501	515,684,592	175,909,223	535,438,389

9 Other Operating Income

Accounting Policy

Other operating income includes dividend income from equity investments, dividend income from group entities, net gain/(loss) on disposal of property, plant and equipment, net gain/(loss) on foreign currency translation, recovery of loans previously written-off and rental income and other income.

	Company		Group	
For the year ended 31 March	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Dividend income from subsidiaries	-	51,000,000	-	-
Dividend income from other equity investments	13,271,388	16,226,881	13,446,978	16,226,881
Net profit on disposal of property, plant and equipment	35,364,160	27,499,153	35,356,189	123,160,665
Rent income	33,512,727	28,920,263	32,450,334	28,584,366
Income from trading of foreign currency	110,777	97,162	110,777	97,162
Net loss from foreign currency translation	(7,453,263)	(31,794,110)	(7,453,263)	(31,794,110)
Recovery of loans previously written-off	83,138,795	63,185,870	83,138,795	63,185,870
Gain on winding up subsidiary	-	612,179	-	679,635
Other income	9,515,839	18,727,582	9,515,839	18,727,582
Total	167,460,423	174,474,980	166,565,649	218,868,051

10 Impairment Charges and Other Credit Losses

Accounting Policy

Impairment charges as per SLFRS 9

The Group recognises the loss allowance for impairment using the expected credit loss (ECL) methods for the following financial instruments;

- Cash and Cash equivalents
- Deposits with licensed financial institutions
- Finance leases and hire purchases
- Other loans and receivables
- Debt and other financial instruments at amortised cost

No impairment loss is recognised on equity investments that are measured at FVTPL.

The assessment of credit risk and the estimation of ECL are required to be unbiased and probability weighted, and should incorporate all available information relevant to the assessment, including information about past events, current economic conditions at

the reporting date and reasonable and supportable forecasts thereof. In addition, estimation of ECL takes into account the time value of money.

Individually assessed finance leases, hire purchases, other loans and receivables

The Group reviews its individually significant finance leases, hire purchases, other loans and receivables at each reporting date to assess whether an impairment loss should be provided in the Statement of Profit or Loss. In particular, the Management judgements are required in the estimation of the amount and timing of the future cash flows when determining the impairment loss. These estimates are based on assumptions about number of factors and hence actual results may differ, resulting in future changes to the impairment allowance made. The individual impairment provision applies to financial assets evaluated individually for impairment and is based on the management's best estimate of the present value of future cash flows

that are expected to be received. In estimating these cash flows, management makes judgements about the borrower's financial situation and the realisable value of any underlying collateral.

For finance leases, hire purchases, other loans and receivables above a predefined threshold, the Group individually assesses for significant increase in credit risk (SICR). If a particular loan is individually impaired, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Collective assessment

A collective impairment provision is established for:

- Groups of homogeneous loans and receivables that are not considered individually significant; and
- Groups of assets that are individually significant but that were not found to be individually impaired.

The Group manages credit quality using a three stage approach which is in line with SLFRS 9.

- **Stage 1:** A financial asset that is not originally credit-impaired on initial recognition is classified in Stage 1. Financial instruments in Stage 1 have their ECL measured at an amount equal to the proportion of 12 months expected credit losses that result from default events possible within next 12 months (12M ECL).
- **Stage 2:** If a significant increase in credit risk (SICR) since origination is identified, it is moved to Stage 2 and the Group records an allowance for Life Time Expected Credit Loss (LTECL).
- **Stage 3:** If a financial asset is credit impaired, it is moved to Stage 3 and the Group recognises an allowance for LTECL, with probability of default at 100%.
- **Purchased or originated credit impaired (POCI) financial assets:** Financial assets which are credit impaired on initial recognition are categorised within Stage 3 with a carrying value already reflecting the lifetime expected credit losses. The Group does not have POCI loans as at the reporting date.

The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgment and estimates include:

- The Group's criteria for qualitatively assessing whether there has been a SICR and if so, allowances for financial assets measured on a LTECL basis;

- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Development of ECL models, including the various statistical formulas and the choice of inputs;
- Determination of associations between macro-economic inputs, such as GDP growth, inflation, interest rates, exchange rates and unemployment, and the effect on Probability of Default (PDs), Exposure at Default (EAD) and Loss Given Default (LGD).
- Selection of forward-looking macro-economic scenarios and their probability weights, to derive economic input into ECL models.

The accuracy of the provision depends on the model assumptions and parameters used in determining the collective provision.

The key inputs into the measurement of ECL are the term structure of the following variables:

- **Probability of default (PD)**

PD is an estimate of the likelihood of a borrower defaulting on its financial obligations over a given time horizon. Days past due (DPD), the number of days since the due date is the primary input into the determination of the term structure of the PD exposures. The Group uses statistical models to analyse the data and generate estimates of the remaining lifetime PD of exposures and how these are expected to change over time.

- **Loss given on default (LGD)**

LGD is an estimate of 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. The Group estimates LGD parameters based on historical recovery rates of claims against defaulted counterparties. They are calculated on a discounted cash flow basis using the EIR as the discounting factor. LGD is usually expressed as a percentage of the EAD.

- **Exposure at default (EAD)**

EAD represents the expected exposure in the event of a default. The Group estimates EAD, taking into account the repayment of principal and interest from the reporting date to the default event together with any expected drawdowns of committed facilities.

The key judgements and assumptions adopted by the Group in addressing the requirements of SLFRS 9 are discussed below:

Significant increase in credit risk (SICR)

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group 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 Group's historical experience and expert credit assessment and including forward looking information. The Group considers an exposure to have significantly increased credit risk when contractual payments of a customer are more than 30 days past due in accordance with the rebuttable presumption in SLFRS 9 or other qualitative indicators reveal that there had been SICR.

For instruments other than government securities denominated in the local currency, measured at amortised cost or at FVOCI, which are having an external credit rating, the Group determines significant increase in credit risk based on the generally accepted investment/non-investment grade definitions published by international rating agencies. Debt instruments are moved to Stage 2 if their credit risk increases to the extent that they are no longer considered as investment grade with considering other SICR criteria above mentioned.

Definition of default and credit impaired assets

The Group considers finance leases, hire purchases, other loans and receivables to other customers be defaulted when:

- The borrower is unlikely to pay its obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- The borrower becomes 90 days past due on its contractual payments.
- The borrower is decreased/insolvent.

In addition, the Group classifies the financial investments under Stage 3 when the external credit rating assigned to the particular investment is "default". In assessing whether a borrower is in default, Group reviews its individually significant finance leases, hire purchase, other loans and receivables above a predefined threshold at each reporting date.

Movement between the stages

Financial assets can be transferred between the different categories (other than POCI) depending on their relative change in credit risk since initial recognition. Financial instruments are transferred out of Stage 2 if their credit risk is no longer considered to be significantly increased since initial recognition based on the assessments. Financial instruments are transferred out of Stage 3 when they no longer exhibit any evidence of credit impairment as described above.

Grouping financial assets measured on collective basis

The Group calculates ECLs either on a collective or an individual basis. Asset classes where the Group calculates ECL on individual basis include;

- Credit impaired facilities of individually significant customers,
- The treasury, trading and interbank relationships (such as due from Banks, money at call and short notice, placements with banks, government securities, investments in debentures etc.)

Those financial assets for which, the Group determines that no provision is required under individual impairment are then collectively assessed for ECL. For the purpose of ECL calculation on collective basis, financial assets are grouped on the basis of similar risk characteristics. Finance leases, hire purchases, other loans and receivables to customers are grouped into homogeneous portfolios, based on a combination of product and type of assets financed characteristics.

Impairment charges on other financial assets

Impairment charges on other financial investments include other financial investment measured at amortised cost and debt investments. The Group does not have historical loss experience in financial investments, thus the Group considers PDs published by the external sources.

Impairment of Government securities measured at amortised cost

According to the Finance Business Act Directions No. 01 of 2020, Classification and Measurement of Credit Facilities in Licensed Finance Companies, issued by the Monetary Board, Central Bank of Sri Lanka requires LGD of zero to be applied to these Government securities. Accordingly, the Group has considered

that there is no significant increase in credit risk for LKR denominated securities issued by the Sri Lankan government and the overall ECL on such securities are considered as 0%. The Group has no investment in foreign currency-denominated government securities.

For all other instruments, LGD is considered as 45% in accordance with the guidelines issued by the Central Bank of Sri Lanka.

EAD of other financial assets is its gross carrying amount.

Forward looking information

The Group incorporates forward looking information into both its assessment as to whether the credit risk of an instrument has increased since its initial recognition and its measurement of ECL.

The Group formulate three economic scenarios: Base case, best case and the worst case. A Base case, which is the central scenario, developed internally based on the consensus forecasts, and two less likely scenarios, Best case and worst case scenario.

The scenario probability weightings applied in measuring ECL are as follows,

As at 31 March	2025			2024		
	Base	Best	Worst	Base	Best	Worst
Scenario probability weighting (%)	30	5	65	10	10	80

The Group has identified key drivers of credit risk both qualitative and quantitative for various portfolio segments. Quantitative economic factors are based on economic data and forecasts published by the CBSL and other reliable sources. The key variables of the model is as follows,

Quantitative	Qualitative
GDP growth	Government policies
Inflation (YoY) (CCPI)	Status of the industry business
Interest rate	Management outlook
Unemployment	Regulatory impact

Where appropriate, the Group makes adjustments to the ECL estimate outside the Group's general modeling process to reflect management judgments. Changes to these assumptions underlying these judgments could materially affected ECL within the next 12 months. These adjustments include post-model adjustments (PMAs) and overlays.

Following are the PMAs and the overlays adjusted when estimating the ECL provision for the year ended 31 March 2025;

- Economic factor adjustment were adjusted by increasing worst case and decreasing the best case considering the prevailing uncertain and volatile Macro-economic environment.
- Provided in full (100%) for certain contracts in arrears for over 24 month since the date of recognition as repossessed or as non performing contracts, with identified specific security where the Company has experienced high historical losses and in line with the Company policy on Repossessed Assets Additional Provision Requirement.
- Adjustment on PD was made to incorporate overlays on the overall model considering the regulatory direction effective from 1 April 2025, restricting the reclassification of contracts as performing until the overdue amounts are recovered in full.

The Group have in place internal governance frameworks and controls in place to assess the appropriateness of all judgmental adjustments. The objective of the Group is to incorporate these adjustments into the ECL model where possible, as part of the annual recalibration and model assessment procedure to maintain adequate provision covers and to adjust for any late updated market data, model deficiencies and expected behavioral changes.

Total impact of the judgmental adjustment for the year end 31 March 2025 is LKR 528.4 Mn. (2024 – LKR 421.2 Mn.) with LKR 412.7 Mn. (2024 – LKR 146.2 Mn.) for finance leasing and hire purchases and LKR 115.7 Mn. (2024 – LKR 247.8 Mn.) for other loans and receivables.

Write-offs/write down of financial assets

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

		Company		Group	
For the year ended 31 March	Note	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Impairment charges/(reversals) on individual impairment	10.1	(154,978,418)	91,761,611	(154,978,418)	91,761,611
Expected credit losses/(reversals) on collective impairment	10.2	532,466,310	(20,272,073)	532,384,052	(20,272,073)
Other credit losses	10.3	99,350,752	142,078,803	99,350,752	142,078,803
Total		476,838,644	213,568,341	476,756,386	213,568,341

10.1 Impairment charges/(reversals) on individual impairment

		Company		Group	
For the year ended 31 March	Note	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Finance leases and hire purchases	23.3	(96,066,305)	73,602,536	(96,066,305)	73,602,536
Commercial loans	24.1.1	(58,912,113)	18,159,075	(58,912,113)	18,159,075
Total		(154,978,418)	91,761,611	(154,978,418)	91,761,611

10.1.1 Impairment charges/(reversals) on individual impairment

		Company		Group	
For the year ended 31 March		2025 LKR	2024 LKR	2025 LKR	2024 LKR
Impairment charges/(reversals)		(154,978,418)	211,825,318	(154,978,418)	211,825,318
Write-offs		-	(120,063,707)	-	(120,063,707)
Total		(154,978,418)	91,761,611	(154,978,418)	91,761,611

10.2 Expected credit losses/(reversals) on collective impairment

For the year ended 31 March	Note	Company		Group	
		2025 LKR	2024 LKR	2025 LKR	2024 LKR
Cash and cash equivalents	20.1	(188,551)	211,724	(188,551)	211,724
Deposits with licensed financial institutions	21.1	(18,869)	(561,956)	(18,869)	(561,956)
Finance leases and hire purchases	23.4	452,616,255	20,679,246	452,533,997	20,679,246
Commercial loans	24.1.2	56,486,036	(32,819,903)	56,486,036	(32,819,903)
Personal loans	24.2.1	1,714,744	2,761,103	1,714,744	2,761,103
Pawning advances	24.3.1	(393,884)	(2,653,460)	(393,884)	(2,653,460)
Gold loans	24.4.1	1,340,136	4,179,146	1,340,136	4,179,146
Other advances	25.5.1	20,910,443	(12,067,973)	20,910,443	(12,067,973)
Total		532,466,310	(20,272,073)	532,384,052	(20,272,073)

10.2.1 Expected credit losses/(reversals) on collective impairment

For the year ended 31 March	Company		Group	
	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Impairment charges	801,172,136	23,849,898	801,089,878	23,849,898
Write-offs/write down	(268,705,826)	(44,121,971)	(268,705,826)	(44,121,971)
Total	532,466,310	(20,272,073)	532,384,052	(20,272,073)

10.3 Other credit losses

For the year ended 31 March	Company		Group	
	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Direct write-offs/write down	1,727,422	19,627,312	1,727,422	19,627,312
Net loss on sale of repossessed assets	99,000,417	52,284,540	99,000,417	52,284,540
Net loss/(gain) from auction of gold articles	(1,377,087)	70,166,951	(1,377,087)	70,166,951
Total	99,350,752	142,078,803	99,350,752	142,078,803

The Company has written off/write down gross advances amounting to LKR 271,229,611/- (2023/24 – LKR 183,812,990/-) as it believes that there is no reasonable expectation of recovering the financial asset in its entirety or partly thereof.

10.4 Analysis of impairment charges and other credit losses

		Company			
For the year ended 31 March 2025	Note	Stage 1 LKR	Stage 2 LKR	Stage 3 LKR	Total LKR
- Cash and cash equivalents	20.1	(188,551)	-	-	(188,551)
- Deposits with licensed commercial banks	21.1	(18,869)	-	-	(18,869)
- Finance leases and hire purchases		239,903,760	144,578,343	(27,932,153)	356,549,950
- Commercial loans		8,098,637	1,149,730	(11,674,444)	(2,426,077)
- Personal loans		1,635,595	79,649	(500)	1,714,744
- Pawning advances		(280,539)	23,539	(136,884)	(393,884)
- Gold loans		2,854,088	(1,514,000)	48	1,340,136
- Other advances		13,956,255	4,920,410	2,033,778	20,910,443
		265,960,376	149,237,671	(37,710,155)	377,487,892
Direct write-offs/write down					1,727,422
Net loss on sale of repossessed assets					99,000,417
Net gain from auction of pawned articles					(1,377,087)
Total					476,838,644

		Group			
For the year ended 31 March 2025	Note	Stage 1 LKR	Stage 2 LKR	Stage 3 LKR	Total LKR
- Cash and cash equivalents	20.1	(188,551)	-	-	(188,551)
- Deposits with licensed commercial banks	21.1	(18,869)	-	-	(18,869)
- Finance leases and hire purchases		239,821,502	144,578,343	(27,932,153)	356,467,692
- Commercial loans		8,098,637	1,149,730	(11,674,444)	(2,426,077)
- Personal loans		1,635,595	79,649	(500)	1,714,744
- Pawning advances		(280,539)	23,539	(136,884)	(393,884)
- Gold loans		2,854,088	(1,514,000)	48	1,340,136
- Other advances		13,956,255	4,920,410	2,033,778	20,910,443
		265,878,118	149,237,671	(37,710,155)	377,405,634
Direct write-offs/write down					1,727,422
Net loss on sale of repossessed assets					99,000,417
Net gain from auction of gold backed loans					(1,377,087)
Total					476,756,386

Company and Group

		Company and Group			
For the year ended 31 March 2024	Note	Stage 1 LKR	Stage 2 LKR	Stage 3 LKR	Total LKR
- Cash and cash equivalents	20.1	211,724	-	-	211,724
- Deposits with licensed commercial banks	21.1	(561,956)	-	-	(561,956)
- Finance leases and hire purchases		49,692,866	(48,846,942)	93,435,858	94,281,782
- Commercial loans		(21,181,840)	(19,952,901)	26,473,913	(14,660,828)
- Personal loans		2,874,605	(111,681)	(1,821)	2,761,103
- Pawning advances		(8,714,575)	(746,347)	6,807,462	(2,653,460)
- Gold loans		2,565,223	1,613,923	-	4,179,146
- Other advances		305,272	(4,714,574)	(7,658,671)	(12,067,973)
		25,191,319	(72,758,522)	119,056,741	71,489,538
Direct write-offs					19,627,312
Net loss on sale of repossessed assets					52,284,540
Net gain from auction of gold backed loans					70,166,951
Total					213,568,341

11 Personnel Expenses

Accounting Policy

Personnel expenses includes salaries, bonus, terminal benefit expenses and other employee related expenses.

The provision for bonus is recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made on the amount of the obligation.

Short-term employee benefits

Short-term employee benefits are measured on an undiscounted basis and expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short term benefits as a result of past service provided and where the Group has legal or constructive obligation to pay.

Defined benefit plan

The cost of the defined benefit obligation of the Company is determined using the Projected Unit Credit method as specified by the Sri Lanka Accounting Standard LKAS 19 "Employee Benefits" and valuation of the defined benefit obligation is carried out by a

qualified actuary. This method involves estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods and discounted to determine its present value. The past service cost is recognised as an expense on a straight line basis over the period until the benefits become vested. If the benefits are already vested following the introduction of, or changes to, a defined benefit plan, past service cost is recognised immediately.

The defined benefit obligations of the subsidiaries are not actuarially valued, but valued using gratuity formula method and arrive at the present value using a number of factors that are determined on an actuarial basis using a number of assumptions which requires management judgement.

The key assumptions used in determining the employee retirement benefit are given in Note 42.

The actuarial gains or losses are recognised in the Statement of Other Comprehensive Income in the year in which they arise.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in Statement of Profit or Loss. The Group recognises gain or loss on the settlement of a defined benefit plan when the settlement occurs.

Gratuity payments are made by the Group according to the Payment of Gratuity Act No. 12 of 1983. Accordingly, the Group is liable to pay gratuity to employees who have completed a minimum of five years of service in the Group at the rate of 50% of the last drawn salary for each completed year of service.

The defined benefit obligations of the Group are not externally funded.

Defined contribution plan

The Group contributes to the following defined contribution schemes;

Employees' Provident Fund

The Group and the employee contribute 12% and 8% respectively of the employee's monthly gross salary (excluding overtime) to the Employees' Provident Fund managed by the Central Bank of Sri Lanka.

Employees' Trust Fund

The Group contributes 3% of the employee's monthly gross salary excluding overtime to the Employees' Trust Fund maintained by the Employees Trust Fund Board of the Central Bank of Sri Lanka.

For the year ended 31 March	Note	Company		Group	
		2025 LKR	2024 LKR	2025 LKR	2024 LKR
Salaries and wages		843,337,646	683,953,382	876,938,129	709,255,382
Directors' emoluments	11.1	38,583,628	35,764,070	40,083,628	37,414,070
Employer's contribution to employee's provident fund		101,956,805	84,054,036	105,970,033	87,057,916
Employer's contribution to employee's trust fund		25,489,201	21,013,509	26,492,208	21,764,479
Provision for retirement benefit plan	42.1	36,401,332	37,987,694	39,402,829	39,519,264
Performance incentives		108,706,287	83,020,343	112,900,787	87,848,618
Other personnel expenses		31,062,632	21,974,858	34,010,313	24,556,645
Total		1,185,537,531	967,767,892	1,235,797,927	1,007,416,374

11.1 Directors' emoluments

Directors' emoluments represent the fees, salaries and allowances paid to both Executive and Non-Executive Directors of the Company and the Group.

12 Depreciation and Amortisation

Accounting Policy

Depreciation of property, plant and equipment

Depreciation is calculated using the straight-line method to write down the cost of property, plant, and equipment to its residual values over the estimated useful lives and is recognised in the Statement of Profit or Loss. Lands are not depreciated.

Right-of-use assets are depreciated over the useful lives of the assets. However, if there is no reasonable certainty that the Group will obtain the ownership by the end of the lease term, the assets are depreciated over the shorter of the estimated useful lives and the lease terms.

The Group reviews the residual value, useful life and method of depreciation for property, plant and equipment and method of amortisation for intangible assets at each reporting date. Judgement of the management is exercised in the estimation of these values, rate methods and hence subject to uncertainty.

The depreciation rates and estimated useful lives of the property, plant and equipment of the Company and the Group are as follows:

Class of asset	% per annum	Useful life (years)
Buildings	5	20
Office equipment	10	10
Computers and other equipment	25	4
Furniture, fixtures and fittings	10	10
Motor vehicles	16.67	6
Generators	12.5	8

The depreciation rates are determined separately for each significant part of an item of property, plant and equipment and depreciation commences when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or the date that the asset is derecognised.

All classes of property, plant and equipment together with the reconciliation of carrying amounts and accumulated depreciation at the beginning and at the end of the year together with other relevant information are given in Note 30.

Depreciation methods, useful lives, and residual values are reassessed at each reporting date and adjusted, if required.

Amortisation of intangible assets

Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives as follows:

Class of intangible assets	% per annum	Useful life (years)
Computer software	12	8-9

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

		Company		Group	
For the year ended 31 March	Note	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Depreciation of investment property	29	4,228,749	4,228,749	4,228,749	4,228,749
Depreciation of property, plant and equipment	30	168,450,276	190,576,310	169,938,000	192,073,533
Amortisation of intangible assets	31	10,563,742	10,507,311	10,654,336	10,594,581
Depreciation of right-of-use assets	32	131,505,476	119,965,337	139,477,905	126,441,485
Total		314,748,243	325,277,707	324,298,990	333,338,348

13 Other Operating Expenses

Accounting Policy

Other operating expenses are recognised in the Statement of Profit or Loss on the basis of a direct association between the cost incurred and the earnings of the specific item of the income. All the expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the Statement of Profit or Loss in arriving at the profit for the year.

		Company		Group	
For the year ended 31 March		2025 LKR	2024 LKR	2025 LKR	2024 LKR
External Auditors' remuneration					
– Audit fee and expenses		4,400,000	3,925,000	5,142,075	4,530,000
– Audit related services		2,579,044	3,217,052	2,579,044	3,331,492
Internal Auditors' remuneration		4,034,045	11,171,853	4,034,045	11,171,853
Legal expenses		9,754,914	12,346,445	9,826,914	12,346,445
Contribution to deposit insurance scheme of the CBSL		18,814,169	14,097,268	18,814,169	14,097,268
Other administrative expenses		205,919,527	192,562,533	211,168,531	198,715,566
Establishment expenses		738,001,357	630,363,570	745,820,623	638,930,452
Selling expenses		66,444,066	48,189,041	77,010,496	52,474,561
Total		1,049,947,122	915,872,762	1,074,395,897	935,597,637

Crop insurance levy (CIL)

As per the provisions of the Section 14 of the Finance Act No. 12 of 2013, the Crop Insurance Levy was introduced with effect from 1 April 2013 and is payable to the National Insurance Trust Fund. Currently, the Crop Insurance Levy is payable at 1% of profit after tax and amount recognised for the year include in the other administrative expense.

14 Taxes on Financial Services

Value Added Tax (VAT) on financial services

VAT on financial service is calculated in accordance with value added tax (VAT) Act No.14 of 2002 and subsequent amendments thereto. The value addition attributable to the supply of financial services is calculated at the rate of 18% by adjusting the economic depreciation computed on rates prescribed by the Department of Inland Revenue to the accounting profit before income tax and emoluments payable including benefits in money and non-money contribution or provision relating to terminal benefits.

Social Security Contribution Levy (SSCL)

SSCL on financial services is calculated in accordance with social security contribution Levy Act No. 25 of 2022. SSCL is chargeable on the same base used for calculation of VAT on financial services. SSCL is effective from 1 October 2022 onwards.

For the year ended 31 March	Company		Group	
	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Value added tax on financial services	663,506,528	432,100,224	635,598,634	432,100,224
Social security contribution levy	92,153,685	60,013,920	92,153,685	60,013,920
Change in estimate related to prior years				
Value added tax on financial services	–	27,907,894	27,907,894	27,907,894
National building tax on financial services	3,203,207	5,532,753	3,203,207	5,532,753
Total	758,863,420	525,554,791	758,863,420	525,554,791

14.1 During the financial year, the Company paid additional LKR 3,203,207 as NBT on financial services due to changes in estimate in the prior periods.

15 Income Tax Expense

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatment do not meet the definition of income taxes, and therefore accounted for then under LKAS 37 provisions, contingent liabilities and contingent assets.

Current taxation

Current tax assets and liabilities consists of amounts expected to be recovered from or paid to the Commissioner General of Inland Revenue in respect of the current as well as prior years. The tax rates and tax laws used to compute the amount are those that

are enacted or substantially enacted by the reporting date. Accordingly, provision for taxation is made on the basis of the profit for the year as adjusted for taxation purpose in accordance with the provision of the Inland Revenue Act No. 24 of 2017 and the amendment thereto.

Deferred taxation

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- Temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future: and
- Temporary differences at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer

probable that the related tax benefit will be realised: such reductions are reversed when the probability of future taxable profits improve.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if there is any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For the purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

15.1 Amount recognised in Statement of Profit or Loss

		Company		Group	
For the year ended 31 March	Note	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Current tax expense					
Current income tax charge	15.2	1,074,694,302	479,639,489	1,126,578,344	520,113,884
WHT on dividends distributed by subsidiary		-	-	-	9,000,000
Under provision in respect of previous year		92,140,556	14,618,505	92,140,556	15,701,432
Income tax assessment		12,124,490	-	12,124,490	-
		1,178,959,348	494,257,994	1,230,843,390	544,815,316
Deferred tax expense					
Reversal of temporary differences		(173,144,753)	(113,127,217)	(173,676,435)	(112,804,075)
Income tax expense for the year		1,005,814,595	381,130,777	1,057,166,955	432,011,241

		Company		Group	
For the year ended 31 March		2025 LKR	2024 LKR	2025 LKR	2024 LKR
Tax on realisation of equity at FVOCI		-	12,375,000	-	12,375,000

15.2 Reconciliation of the total tax charge

For the year ended 31 March	Company		Group	
	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Net profit before tax	2,616,491,760	1,529,877,651	2,817,998,992	1,748,295,158
Adjustments				
Exempt income/adjustments	(312,708,459)	(417,300,305)	(318,809,960)	(465,703,038)
Disallowable expenses	1,582,953,867	848,885,253	1,604,970,706	849,889,354
Allowable expenses	(337,935,555)	(363,276,480)	(353,591,152)	(380,837,749)
Taxable income	3,548,801,613	1,598,186,119	3,750,568,586	1,751,643,725
Income tax @ 30%	1,064,640,484	479,455,835	1,125,170,576	518,706,116
Current tax liability on business income	1,064,640,484	479,455,835	1,125,170,576	518,706,116
Current tax liability on investment and other income	10,053,818	183,654	1,407,768	1,407,768
Income tax on profit for the year	1,074,694,302	479,639,489	1,126,578,344	520,113,884
Effective tax rate (%)	41.07	31.35	39.98	29.75

15.3 Amount recognised in Statement of Other Comprehensive Income

15.3.1 Company

For the year ended 31 March	2025			2024		
	Before tax LKR	Tax (expense)/ reversals LKR	Net of tax LKR	Before tax LKR	Tax (expense)/ reversals LKR	Net of tax LKR
Item that will not be reclassified to profit or loss						
Actuarial loss on defined benefit plans	(29,105,375)	8,731,613	(20,373,762)	(16,814,428)	5,044,328	(11,770,100)
Net change in fair value of equity investments at FVOCI	(3,402,102)	(21,432,570)	(24,834,672)	(34,730,273)	9,057,570	(25,672,703)
Share of other comprehensive income of associate	1,100,097	(330,029)	770,068	(502,900)	150,870	(352,030)
Total	(31,407,380)	(13,030,986)	(44,438,366)	(52,047,601)	14,252,768	(37,794,833)

15.3.2 Group

For the year ended 31 March	2025			2024		
	Before tax LKR	Tax (expense)/ reversals LKR	Net of tax LKR	Before tax LKR	Tax (expense)/ reversals LKR	Net of tax LKR
Item that will not be reclassified to profit or loss						
Actuarial loss on defined benefit plans	(31,373,738)	9,412,121	(21,961,617)	(16,904,560)	5,071,368	(11,833,192)
Net change in fair value of equity investments at FVOCI	(3,402,102)	(21,432,570)	(24,834,672)	(34,730,273)	9,057,570	(25,672,703)
Share of other comprehensive income of associate	1,100,097	(330,029)	770,068	(502,900)	150,870	(352,030)
Total	(33,675,743)	(12,350,478)	(46,026,221)	(52,137,733)	14,279,808	(37,857,925)

16 Earnings Per Share

Accounting Policy

Basic earnings per share (EPS) is calculated by dividing the net profit for the period attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, as per the Sri Lanka Accounting Standard – LKAS 33 (Earnings Per Share).

Diluted EPS is determined by adjusting both the profit attributable to the ordinary equity shareholders and the weighted average number of ordinary shares outstanding, for the effects of all potentially dilutive ordinary shares, if any.

For the year ended 31 March	Company		Group	
	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Profit attributable to ordinary shareholders of the Company	1,621,890,697	1,196,286,467	1,772,045,569	1,363,823,510
Weighted average number of ordinary shares	86,279,834	86,279,834	86,279,834	86,279,834
Basic earnings per ordinary share	18.80	13.87	20.54	15.81

16.1 Diluted earnings per share

There were no potentially dilutive ordinary shares as at 31 March 2025 and there have been no transaction involving ordinary shares or partial ordinary shares as at the reporting date which would require a restatement of EPS.

17 Dividend Per Share

Accounting Policy

Provision for final dividends is recognised at the time a dividend is recommended and declared by the Board of Directors and is approved by the shareholders. Interim dividends payable is recognised when the Board approves such dividends in accordance with the Companies Act No. 07 of 2007 and being approved by the Central Bank of Sri Lanka in line with the guideline dated 31 January 2023, on Declaration of Dividends or Repatriation of Profits.

Dividend per share is calculated by dividing dividend paid to ordinary shareholders of the Company, by the number of ordinary shares in issue.

17.1 Declared and paid during the year

For the year ended 31 March	Company	
	2025 LKR	2024 LKR
Final dividend paid (2023/24 – LKR 1.80, 2022/23 – LKR 0.65)	155,303,701	56,081,892
Gross dividend paid to ordinary shareholders	155,303,701	56,081,892

17.2 Dividend proposed for the year

For the year ended 31 March	Company	
	2025 LKR	2024 LKR
Final dividend proposed (2024/25 – LKR 2.80, 2023/24 – LKR 1.80)	241,583,535	155,303,701
Gross dividend proposed to ordinary shareholders	241,583,535	155,303,701
Gross dividend per share	2.80	1.80

18 Financial Instruments

Accounting Policy

Date of recognition

The Group initially recognises finance leases, hire purchases, other loans and receivables, deposits and borrowings on the date on which they are originated. All other financial instruments are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their cash flow characteristics and the business model for managing the instruments.

A financial asset or financial liability is measured initially at fair value plus or minus transaction costs that are directly attributable to its acquisition or issue, except in the case of financial assets and financial liabilities at fair value through profit or loss, as per SLFRS 9 and trade receivables that do not have a significant financing component as defined by SLFRS 15. Transaction cost in relation to financial assets and financial liabilities at fair value through profit or loss are expensed as incurred in the Statement of Profit or Loss. When the fair value of financial instruments at initial recognition differs from the transaction price, the Group accounts for the Day 1 profit or loss.

Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination and fair value is based on a valuation technique using only inputs observable in market transactions, the Group recognises the difference between the transaction price and fair value in net gains/(losses) from trading. In those cases, where the fair value is based on models for which some inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in the Statement of Profit or Loss when the inputs become observable, or when the instrument is derecognised.

Classification and subsequent measurement of financial assets

As per SLFRS 9, the Group classifies all of its financial assets based on the business model for managing the assets and the assets' contractual terms measured at either;

- Amortised cost
- Fair Value through Other Comprehensive Income (FVOCI)
- Fair Value through Profit or Loss (FVTPL)

The subsequent measurement of financial assets depends on their classification.

Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level and not assessed on instrument-by-instrument basis because this best reflects the way the business is managed. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated;
- The risks that affect the performance of the business model and how those risks are managed, managers of the business are compensated; and
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered

in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI test)

As a second step of its classification process the Group assesses the contractual terms of financial assets to identify whether they meet the SPPI test. For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition and may change over the life of the financial asset. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest on principal amount outstanding, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- Contingent events that would change the amount and timing of cash flows;
- Leverage features;
- Prepayment and extension terms;
- Terms that limit the Group's claim to cash flows from specified assets; and
- Features that modify consideration of the time value of money.

Finance leases, hire purchases, commercial loans, personal loans, pawning advances, gold loans, other loans and receivables are satisfied the SPPI test and classified under amortised cost.

Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- **Securities purchased under resale agreements (reverse repos)**
When the Group purchases a financial asset and simultaneously enters into an agreement to resale the asset (or a similar asset) at a fixed price on a future date (reverse repo), the arrangement is accounted for as a financial asset in the Statement of Financial Position reflecting the transaction's economic substance as a loan granted by the Group. Subsequent to initial recognition, these securities issued are measured at amortised cost using the effective interest rate with the corresponding interest income being recognised as interest income in the Statement of Profit or Loss.
- **Finance leases, hire purchase, other loans and receivables at amortised cost**
Details of "Finance leases, hire purchase, other loans and receivables at amortised cost" are given in Notes 23 and 24.
- **Debt and other financial instruments measured at amortised cost**
Details of "Debt and other financial instruments measured at amortised cost" are given in Note 26.
- **Cash and cash equivalents**
Details of "Cash and cash equivalents" are given in Note 20.

Financial assets measured at FVOCI

Financial assets at FVOCI include equity instruments measured at fair value through other comprehensive income.

- **Debt instruments measured at FVOCI**
Debt instruments are measured at FVOCI if they are held within a business model whose objective is to hold for collection of contractual cash flows and for selling financial assets, where the asset's cash flows represent payments that are solely payments of principal and interest on principal outstanding.
- **Equity instruments designated at FVOCI**
Upon initial recognition, the Group elects to classify irrevocably some of its equity investments held for strategic and statutory purposes as equity instruments at FVOCI.

Financial assets measured at FVTPL

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 at fair value through profit or loss are recorded in the Statement of Financial Position at fair value.

Trading gain or loss on sale of financial instruments at fair value through profit or loss recorded in "Net gain from trading".

Changes in fair value are recorded in "Net gain or loss on financial instruments at fair value through profit or loss".

Interest earned is accrued in "Interest Income", using the effective interest rate, while dividend income is recorded in "Other operating income" when the right to receive the payment has been established.

Classification and subsequent measurement of financial liabilities

The Group classifies financial liabilities, other than financial guarantees and loan commitments into the Financial liabilities measured at amortised cost.

The subsequent measurement of financial liabilities depends on their classification.

- **Financial liabilities at amortised cost**
Financial liabilities issued by the Group that are not designated at FVTPL are classified as financial liabilities at amortised cost under "Due to banks", "Due to depositors", "Other borrowings", "lease liabilities" and "Subordinated liabilities" as appropriate, where the substance of the contractual arrangement results in the Group 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 shares. The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument. Such financial liabilities are subsequently measured at amortised

cost using the effective interest rate method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in “Interest expense” in the Statement of Profit or Loss. Gains and losses also recognised in the Statement of Profit or Loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

- **Reclassification of financial assets and liabilities**

The Group did not reclassify any of its financial assets or liabilities during the year ended 31 March 2025.

Derecognition of financial assets and financial liabilities

- **Financial assets**

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received and any cumulative gain or loss that had been recognised in Statement of Other Comprehensive Income is recognised in Statement of Profit or Loss. However, cumulative gain/loss recognised in Statement of Other Comprehensive Income in respect of equity investment securities designated at FVOCI is not recognised in Statement of Profit or Loss on derecognition of such securities as per SLFRS 9. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

- **Financial liabilities**

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Modification of financial assets and financial liabilities

- **Financial assets**

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. In such

cases the contractual rights to cash flows from the original financial asset are deemed to have expired. The original financial asset is derecognised and a new financial asset is recognised at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in Statement of Profit or Loss. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

- **Financial liabilities**

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. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in Statement of Profit or Loss.

Amortised cost and gross carrying amount

The “amortised cost” of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest rate method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any Expected Credit Loss allowance. The “gross carrying amount of a financial asset” is the amortised cost of a financial asset before adjusting for any Expected Credit Loss allowance.

Impairment

Details of impairment is given in Note 10.

18.1 Classification of financial assets and financial liabilities

The following table provides a reconciliation between line items in the Statement of Financial Position and categories of financial instruments as at 31 March 2025.

As at 31 March 2025	Company			
	Financial instruments at FVTPL LKR	Financial instruments at FVOCI LKR	Financial instruments at amortised cost LKR	Total carrying amount LKR
Financial assets				
Cash and cash equivalents	-	-	777,987,016	777,987,016
Financial assets at amortised cost - Deposits with licensed financial institutions	-	-	1,214,166,101	1,214,166,101
Financial assets at amortised cost - Repurchase agreements	-	-	2,803,208,069	2,803,208,069
Financial assets held at fair value through profit or loss	1,462,003,225	-	-	1,462,003,225
Financial assets at amortised cost - Finance leases and hire purchases	-	-	26,505,267,002	26,505,267,002
Financial assets at amortised cost - Other loans and receivables	-	-	3,593,642,343	3,593,642,343
Financial assets measured at fair value through other comprehensive income	-	157,110,004	-	157,110,004
Financial assets at amortised cost - other financial instruments	-	-	1,190,996,021	1,190,996,021
Other financial assets	-	-	21,031,966	21,031,966
Total financial assets	1,462,003,225	157,110,004	36,106,298,518	37,725,411,747
Financial liabilities				
Deposits from customers	-	-	13,348,714,467	13,348,714,467
Bank overdrafts	-	-	153,488,100	153,488,100
Due to banks and other borrowed funds	-	-	13,628,489,695	13,628,489,695
Subordinated debt instruments	-	-	1,543,197,051	1,543,197,051
Lease liabilities	-	-	462,437,965	462,437,965
Other financial liabilities	-	-	654,664,878	654,664,878
Total financial liabilities	-	-	29,790,992,156	29,790,992,156

As at 31 March 2025	Group			
	Financial instruments at FVTPL LKR	Financial instruments at FVOCI LKR	Financial instruments at amortised cost LKR	Total carrying amount LKR
Financial assets				
Cash and cash equivalents	-	-	803,981,136	803,981,136
Financial assets at amortised cost - Deposits with licensed financial institutions	-	-	1,222,225,279	1,222,225,279
Financial assets at amortised cost - Repurchase agreements	-	-	2,803,208,069	2,803,208,069
Financial assets held at fair value through profit or loss	1,747,122,200	-	-	1,747,122,200
Financial assets at amortised cost - Finance leases and hire purchases	-	-	26,499,962,501	26,499,962,501
Financial assets at amortised cost - Other loans and receivables	-	-	3,594,047,793	3,594,047,793
Financial assets measured at fair value through other comprehensive income	-	157,110,004	-	157,110,004
Financial assets at amortised cost - other financial instruments	-	-	1,190,996,021	1,190,996,021
Other financial assets	-	-	21,031,966	21,031,966
Total financial assets	1,747,122,200	157,110,004	36,135,452,765	38,039,684,969
Financial liabilities				
Deposits from Customers	-	-	13,284,609,795	13,284,609,795
Bank overdrafts	-	-	153,488,100	153,488,100
Due to banks and other borrowed funds	-	-	13,628,489,695	13,628,489,695
Subordinated debt instruments	-	-	1,543,197,051	1,543,197,051
Lease liabilities	-	-	490,472,567	490,472,567
Other financial liabilities	-	-	654,664,878	654,664,878
Total financial liabilities	-	-	29,754,922,086	29,754,922,086

The following table provides a reconciliation between line items in the Statement of Financial Position and categories of financial instruments as at 31 March 2024.

As at 31 March 2024	Company			
	Financial instruments at FVTPL LKR	Financial instruments at FVOCI LKR	Financial instruments at amortised cost LKR	Total carrying amount LKR
Financial assets				
Cash and cash equivalents	-	-	675,179,658	675,179,658
Financial assets at amortised cost - Deposits with licensed financial institutions	-	-	2,621,954,788	2,621,954,788
Financial assets at amortised cost - Repurchase agreements	-	-	251,569,750	251,569,750
Financial assets held at fair value through profit or loss	4,483,199,237	-	-	4,483,199,237
Financial assets at amortised cost - Finance leases and hire purchases	-	-	22,240,442,963	22,240,442,963
Financial assets at amortised cost - Other loans and receivables	-	-	2,235,738,399	2,235,738,399
Financial assets measured at fair value through other comprehensive income	-	160,512,106	-	160,512,106
Financial assets at amortised cost - other financial instruments	-	-	1,199,615,574	1,199,615,574
Other financial assets	-	-	52,716,522	52,716,522
Total financial assets	4,483,199,237	160,512,106	29,277,217,654	33,920,928,997
Financial liabilities				
Deposits from Customers	-	-	13,839,119,884	13,839,119,884
Bank overdrafts	-	-	151,118,902	151,118,902
Due to banks and other borrowed funds	-	-	10,058,173,431	10,058,173,431
Subordinated debt instruments	-	-	1,768,784,186	1,768,784,186
Lease liabilities	-	-	398,134,175	398,134,175
Other financial liabilities	-	-	556,867,234	556,867,234
Total financial liabilities	-	-	26,772,197,812	26,772,197,812

As at 31 March 2024	Group			
	Financial instruments at FVTPL LKR	Financial instruments at FVOCI LKR	Financial instruments at amortised cost LKR	Total carrying amount LKR
Financial assets				
Cash and cash equivalents	-	-	745,484,204	745,484,204
Financial assets at amortised cost – Deposits with licensed financial institutions	-	-	2,630,031,829	2,630,031,829
Financial assets at amortised cost – Repurchase agreements	-	-	251,569,750	251,569,750
Financial assets held at fair value through profit or loss	4,622,384,957	-	-	4,622,384,957
Financial assets at amortised cost – Finance leases and hire purchases	-	-	22,240,442,963	22,240,442,963
Financial assets at amortised cost – Other loans and receivables	-	-	2,236,019,399	2,236,019,399
Financial assets measured at fair value through other comprehensive income	-	160,512,106	-	160,512,106
Financial assets at amortised cost – other financial instruments	-	-	1,199,615,574	1,199,615,574
Other financial assets	-	-	27,216,522	27,216,522
Total financial assets	4,622,384,957	160,512,106	29,330,380,241	34,113,277,304
Financial liabilities				
Deposits from Customers	-	-	13,776,589,964	13,776,589,964
Bank overdrafts	-	-	151,118,902	151,118,902
Due to banks and other borrowed funds	-	-	10,058,173,431	10,058,173,431
Subordinated debt instruments	-	-	1,768,784,186	1,768,784,186
Lease liabilities	-	-	398,134,175	398,134,175
Other financial liabilities	-	-	556,867,234	556,867,234
Total financial liabilities	-	-	26,709,667,892	26,709,667,892

19 Fair Value Measurement of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

When there is no quoted pricing in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. The fair value of an asset or a liability is measured using the assumptions that market participants would use the fair value hierarchy when pricing the asset or liability, assuming that market participants act in their economic best interest. The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred. There were no transfers between levels of hierarchy during the year.

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.

External professional valuers are involved for valuation of significant assets such as land and building. There were no valuation of land and building done as at reporting date as management believes that there is no material change in fair value of land and buildings.

The Group regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the Group assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SLFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs)

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

19.1 Financial instruments – Fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

As at 31 March 2025	Company			Fair value LKR	Carrying amount LKR
	Level 1 LKR	Level 2 LKR	Level 3 LKR		
Financial assets measured at fair value					
Investments in equity securities – quoted	547,501,982	–	–	547,501,982	547,501,982
Investments in equity securities – unquoted	–	–	157,110,004	157,110,004	157,110,004
Investments in unit trust – unquoted	–	914,501,243	–	914,501,243	914,501,243
Total	547,501,982	914,501,243	157,110,004	1,619,113,229	1,619,113,229
Financial assets not measured at fair value					
Cash and cash equivalents	–	–	–	–	777,987,016
Deposits with licensed financial institutions	–	–	–	–	1,214,166,101
Repurchase agreements	–	–	–	–	2,803,208,069
Finance leases and hire purchases	–	–	26,976,998,975	26,976,998,975	26,505,267,002
Other loans and receivables	–	–	3,588,994,381	3,588,994,381	3,593,642,343
Investment in government treasury bills	1,182,424,292	–	–	1,182,424,292	1,183,399,858
Investments in debentures	–	–	9,883,211	9,883,211	7,596,163
Other financial assets	–	–	–	–	21,031,966
Total	1,182,424,292	–	30,575,876,567	31,758,300,859	36,106,298,518
Financial liabilities not measured at fair value					
Term deposits from customers	–	–	12,814,691,489	12,814,691,489	12,691,164,423
Savings deposits from customers	–	–	–	–	657,550,044
Short term and floating rated borrowings	–	–	–	–	13,068,120,886
Fixed rated borrowings	–	–	2,293,720,174	2,293,720,174	2,257,053,960
Lease liabilities	–	–	–	–	462,437,965
Other financial liabilities	–	–	–	–	654,664,878
Total	–	–	15,108,411,663	15,108,411,663	29,790,992,156

Group				
Level 1 LKR	Level 2 LKR	Level 3 LKR	Fair value LKR	Carrying amount LKR
547,501,982	-	-	547,501,982	547,501,982
-	-	157,110,004	157,110,004	157,110,004
-	1,199,620,218	-	1,199,620,218	1,199,620,218
547,501,982	1,199,620,218	157,110,004	1,904,232,204	1,904,232,204
-	-	-	-	803,981,136
-	-	-	-	1,222,225,279
-	-	-	-	2,803,208,069
-	-	26,971,968,530	26,971,968,530	26,499,962,501
-	-	3,589,399,831	3,589,399,831	3,594,047,793
1,182,424,292	-	-	1,182,424,292	1,183,399,858
-	-	9,883,211	9,883,211	7,596,163
-	-	-	-	21,031,966
1,182,424,292	-	30,571,251,572	31,753,675,864	36,135,452,765
-	-	12,750,581,754	12,750,581,754	12,627,059,751
-	-	-	-	657,550,044
-	-	-	-	13,068,120,886
-	-	2,293,720,174	2,293,720,174	2,257,053,960
-	-	-	-	490,472,567
-	-	-	-	654,664,878
-	-	15,044,301,928	15,044,301,928	29,754,922,086

19.2 Financial instruments – Fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

As at 31 March 2024	Company				
	Level 1 LKR	Level 2 LKR	Level 3 LKR	Fair value LKR	Carrying amount LKR
Financial assets measured at fair value					
Investments in equity securities – quoted	349,773,434	-	-	349,773,434	349,773,434
Investments in equity securities – unquoted	-	-	160,512,106	160,512,106	160,512,106
Investments in unit trust – unquoted	-	4,133,425,803	-	4,133,425,803	4,133,425,803
Total	349,773,434	4,133,425,803	160,512,106	4,643,711,343	4,643,711,343
Financial assets not measured at fair value					
Cash and cash equivalents	-	-	-	-	675,179,658
Deposits with licensed financial institutions	-	-	-	-	2,621,954,788
Repurchase agreements	-	-	-	-	251,569,750
Finance leases and hire purchases	-	-	22,518,783,348	22,518,783,348	22,240,442,963
Other loans and receivables	-	-	2,236,462,110	2,236,462,110	2,235,738,399
Investment in government treasury bills	1,198,809,212	-	-	1,198,809,212	1,192,062,925
Investments in debentures	-	-	6,959,249	6,959,249	7,552,649
Other financial assets	-	-	-	-	52,716,522
Total	1,198,809,212	-	24,762,204,707	25,961,013,919	29,277,217,654
Financial liabilities not measured at fair value					
Term deposits from customers	-	-	13,393,870,710	13,393,870,710	13,114,503,785
Savings deposits from customers	-	-	-	-	724,616,099
Short term and floating rated borrowings	-	-	-	-	6,061,857,585
Fixed rated borrowings	-	-	5,889,808,589	5,889,808,589	5,916,218,934
Lease liabilities	-	-	-	-	398,134,175
Other financial liabilities	-	-	-	-	556,867,234
Total	-	-	19,283,679,299	19,283,679,299	26,772,197,812

Group				
Level 1 LKR	Level 2 LKR	Level 3 LKR	Fair value LKR	Carrying amount LKR
349,773,434	-	-	349,773,434	349,773,434
-	-	160,512,106	160,512,106	160,512,106
-	4,272,611,523	-	4,272,611,523	4,272,611,523
349,773,434	4,272,611,523	160,512,106	4,782,897,063	4,782,897,063
-	-	-	-	745,484,204
-	-	-	-	2,630,031,829
-	-	-	-	251,569,750
-	-	22,518,783,348	22,518,783,348	22,240,442,963
-	-	2,236,743,110	2,236,743,110	2,236,019,399
1,198,809,212	-	-	1,198,809,212	1,192,062,925
-	-	6,959,249	6,959,249	7,552,649
-	-	-	-	27,216,522
1,198,809,212	-	24,762,485,707	25,961,294,919	29,330,380,241
-	-	13,331,340,790	13,331,340,790	13,051,973,865
-	-	-	-	724,616,099
-	-	-	-	6,061,857,585
-	-	5,889,808,589	5,889,808,589	5,916,218,934
-	-	-	-	398,134,175
-	-	-	-	556,867,234
-	-	19,221,149,379	19,221,149,379	26,709,667,892

19.3 Measurement of fair values – Financial instruments measured at fair value

19.3.1 Valuation techniques and significant unobservable inputs used for financial instruments measured at fair value

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments in the Statement of the Financial position, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Investments in unit trust – unquoted	The Group determines the fair value of unit trust investments based on unit prices published by the Unit Trust Association of Sri Lanka and the valuations provides by the unit trust holder.		
Financial Asset at FVOCI	Based on the net assets value	Net assets per share of the Company. Senkadagala Hotel as at 31 March 2025 – LKR 113.98 (2024 – LKR 86.00)	The estimated fair value would increase/(decrease) based on the net assets of the Company.
	Based on Discounted cash flow method	Forecasted cash flows, terminal growth rate, WACC Venture Tea Ltd as at 31 March 2025 – LKR 90.28 (2024 – 96.51)	The estimated fair value would increase/(decrease) based on the changes in forecasted cash flows, terminal growth rate and WACC.

Transfer between Level 1 and 2

There were no transfer from Level 1 to 2 or Level 2 to Level 1 in 2024/25 and 2023/24.

19.3.2 Reconciliation for Level 3 fair value measurement

	Company		Group	
For the year ended 31 March	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Financial assets at FVOCI				
Balance at the beginning of the year	160,512,106	360,242,379	160,512,106	360,242,379
Disposal during the year	–	(165,000,000)	–	(165,000,000)
Gain on disposal	–	41,250,000	–	41,250,000
Net change in fair value (Unrealised)	(3,402,102)	(75,980,273)	(3,402,102)	(75,980,273)
Balance at the end of the year	157,110,004	160,512,106	157,110,004	160,512,106

Transfer out of Level 3

There were no transfers out of Level 3 and transfers out of Level 2 in 2024/25 and 2023/24.

19.3.3 Sensitivity analysis of financial instruments measured at amortised cost under Level 3 category

	Company		Group	
As at 31 March	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Financial assets not measured at fair value				
1% increase in interest rate	(337,769,838)	(264,085,780)	(337,678,693)	(264,366,780)
1% decrease in interest rate	344,821,252	269,405,050	344,727,701	269,124,050

	Company		Group	
As at 31 March	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Financial liabilities not measured at fair value				
1% increase in interest rate	10,189,759	18,900,384	10,166,049	18,900,384
1% decrease in interest rate	(10,251,241)	(18,900,384)	(10,227,460)	(18,900,384)

19.4 Measurement of fair values – Financial instruments not measured at fair value

A. Measurement of fair values – Company

The following tables show the valuation techniques used in measuring level 3 fair values, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Deposit with financial institutions	Discounted cash flows using prevailing current market rates for similar financial instruments.	Average effective interest rate based on the maturity of deposits. Interest rate varied from 3.50% to 10.50%.	The estimated fair value would increase/(decrease) if there is any changes in rate of Sri Lanka Government Treasury Bill.
Finance leases, hire purchase, other loans and receivables	Where available, fair value of finance leases, hire purchase, other loans and receivables is based on observable market transactions. Where observable market transactions are not available, fair value is estimated using valuation models, such as discounted cash flow techniques. Input into the valuation techniques includes incurred credit losses, interest rates, prepayment rates and primary origination or secondary market spreads. For collateral dependent impaired loans, the fair value is measured based on the value of the underlying collateral.	N/A	N/A

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Other liabilities **	Discounted cash flows using prevailing current market rates for similar financial instruments.	Average effective interest rate based on the maturity of deposits liability. Interest rate varied from 7.00% to 25.00%	The estimated fair value would increase/(decrease) if there is any changes in rate of Sri Lanka Government Treasury Bill.
Corporate debt securities	Market comparison technique: Fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.	N/A	N/A

** Other liabilities consists of Due to banks, Deposits from customers, borrowings and debentures

The following is a list of financial instruments which have not been considered under the fair value measurement hierarchy, because the carrying amount of those financial instruments is a reasonable approximation of fair value since they are short-term in nature or re-price to current market rates frequently. This assumption is also applied to savings deposits which do not have a specific maturity.

Assets	Liabilities
Cash and cash equivalents	Other liabilities
Repurchase agreements	Savings deposits from customers
Other receivables	Short term and floating rated borrowings
	Bank overdrafts

B. Measurement of fair values – Group

The following tables show the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Deposit with financial institutions	Discounted cash flows using prevailing current market rates for similar financial instruments.	Average effective interest rate based on the maturity of deposits. Interest rate varied from 3.50% to 10.50%.	The estimated fair value would increase/(decrease) if there is any changes in rate of Sri Lanka Government Treasury Bill.
Finance leases, hire purchase, other loans and receivables	Where available, fair value of finance leases, hire purchase, other loans and receivables is based on observable market transactions. Where observable market transactions are not available, fair value is estimated using valuation models, such as discounted cash flow techniques. Input into the valuation techniques includes incurred credit losses, interest rates, prepayment rates and primary origination or secondary market spreads. For collateral dependent impaired loans, the fair value is measured based on the value of the underlying collateral.	N/A	N/A
Other liabilities **	Discounted cash flows using prevailing current market rates for similar financial instruments.	Average effective interest rate based on the maturity of deposits liability. Interest rate varied from 7.00% to 25.00%	The estimated fair value would increase/(decrease) if there is any changes in rate of Sri Lanka Government Treasury Bill.
Corporate debt securities	Market comparison technique: Fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.	N/A	N/A

** Other liabilities consists of Due to Banks, Deposits from customers, borrowings and debentures

The following is a list of financial instruments which have not been considered under the fair value measurement hierarchy, because the carrying amount of those financial instruments is a reasonable approximation of fair value since they are short-term in nature or re-price to current market rates frequently. This assumption is also applied to savings deposits which do not have a specific maturity.

Assets	Liabilities
Cash and cash equivalents	Other liabilities
Repurchase agreements	Savings deposits from customers
Other receivables	Short term and floating rated borrowings
	Bank overdrafts

20 Cash and Cash Equivalents

Accounting Policy

Cash and cash equivalents includes cash and bank balances and money at call and short notice. Cash and cash equivalents are carried at amortised cost in the Statement of Financial Position.

There were no cash and cash equivalents held by the Group companies that were not available for use by the Group.

As at 31 March	Note	Company		Group	
		2025 LKR	2024 LKR	2025 LKR	2024 LKR
Cash in hand held in local currency		268,715,173	296,140,063	268,770,173	296,190,694
Cash in hand held in foreign currency		147,611	132,848	159,240	144,477
Balances with licensed commercial banks		509,235,735	379,206,801	535,163,226	449,449,087
Gross cash and cash equivalents*		778,098,519	675,479,712	804,092,639	745,784,258
Allowance for impairment losses	20.1	(111,503)	(300,054)	(111,503)	(300,054)
Net cash and cash equivalents		777,987,016	675,179,658	803,981,136	745,484,204

20.1 Movement in allowance for collective impairment

As at 31 March		Company		Group	
		2025 LKR	2024 LKR	2025 LKR	2024 LKR
Balance at the beginning of the year		300,054	88,330	300,054	88,330
Impairment charge/(reversal) for the year		(188,551)	211,724	(188,551)	211,724
Balance at the end of the year		111,503	300,054	111,503	300,054

*Gross cash and cash equivalents are reported in the Statement of Cash Flows.

21 Financial Assets at Amortised Cost – Deposits with Licensed Financial Institutions

Accounting Policy

Deposits with licensed financial institutions includes fixed deposits. Deposits with licensed financial institutions are carried at amortised cost in the Statement of Financial Position. (Refer Note 18)

As at 31 March	Note	Company		Group	
		2025 LKR	2024 LKR	2025 LKR	2024 LKR
Fixed deposits		1,215,117,091	2,622,924,647	1,223,176,269	2,631,001,688
Allowance for impairment losses	21.1	(950,990)	(969,859)	(950,990)	(969,859)
Net deposits with licensed financial institutions		1,214,166,101	2,621,954,788	1,222,225,279	2,630,031,829

21.1 Movement in allowance for collective impairment

	Company		Group	
	2025 LKR	2024 LKR	2025 LKR	2024 LKR
As at 31 March				
Balance at the beginning of the year	969,859	1,531,815	969,859	1,531,815
Impairment reversal for the year	(18,869)	(561,956)	(18,869)	(561,956)
Balance at the end of the year	950,990	969,859	950,990	969,859

22 Financial Assets held at Fair Value Through Profit or Loss

Accounting Policy

All financial assets other than those classified at amortised cost or FVOCI are classified as measured at FVTPL. Financial assets at FVTPL 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 FVTPL.

On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL when such designation eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis.

Financial instruments at fair value through profit or loss are recorded in the Statement of Financial Position at fair value.

Changes in fair value are recorded in “Net gain or loss on financial instruments at fair value through profit or loss”.

Interest earned is accrued in “Interest Income”, using the EIR, while dividend income is recorded in “Other operating income” when the right to receive the payment has been established.

	Note	Company		Group	
		2025 LKR	2024 LKR	2025 LKR	2024 LKR
As at 31 March					
Quoted equity	22.1	547,501,982	349,773,434	547,501,982	349,773,434
Unquoted unit trust	22.2	914,501,243	4,133,425,803	1,199,620,218	4,272,611,523
Total		1,462,003,225	4,483,199,237	1,747,122,200	4,622,384,957

22.1 Quoted equity

		Company					
As at 31 March		2025			2024		
	Note	No. of shares	Cost LKR	Market value LKR	No. of shares	Cost LKR	Market value LKR
Bank, Finance and Insurance							
Central Finance Company PLC		48,528	335,812	9,426,564	48,528	335,812	5,180,364
National Development Bank PLC		884	8,536	94,588	884	8,536	60,112
Commercial Bank of Ceylon PLC		5,591	469,342	701,671	5,591	469,342	476,353
Beverage, Food and Tobacco							
Ceylon Tobacco PLC		3,100	142,017	4,185,775	3,100	142,017	3,807,575
Hotels and Travels							
Aitken Spence PLC		495	3,355	63,236	495	3,355	64,598
Manufacturing							
Royal Ceramics Lanka PLC		200	273	7,400	200	273	6,220
Diversified Holdings							
Hayleys PLC		1,130	7,175	154,810	1,130	7,175	92,773
John Keells Holdings PLC		44,620	164,976	901,324	4,462	164,976	865,628
Trading							
Lanka Indian Oil Corporation PLC		5,500	148,500	698,500	5,500	148,500	642,125
Portfolio Investment	22.1.1		217,440,248	531,268,114		173,008,475	338,577,686
Total			218,720,234	547,501,982		174,288,461	349,773,434

22.1.1 Portfolio Investment

		Company					
		2025			2024		
		No. of shares	Cost LKR	Market value LKR	No. of shares	Cost LKR	Market value LKR
Bank Finance and Insurance							
Ceylinco Insurance PLC (Non-voting)		10,000	1,560,322	13,405,000	10,000	1,560,322	8,500,000
Lanka Ventures PLC		61,800	2,552,579	2,416,380	61,800	2,552,579	1,650,060
Seylan Bank PLC (Non voting)		66,514	2,241,315	3,531,893	64,164	2,241,315	2,438,232
Hatton National Bank PLC (Non-voting)		35,222	5,348,333	8,990,416	34,382	5,348,333	5,165,896

Group					
2025			2024		
No. of shares	Cost LKR	Market value LKR	No. of shares	Cost LKR	Market value LKR
48,528	335,812	9,426,564	48,528	335,812	5,180,364
884	8,536	94,588	884	8,536	60,112
5,591	469,342	701,671	5,591	469,342	476,353
3,100	142,017	4,185,775	3,100	142,017	3,807,575
495	3,355	63,236	495	3,355	64,598
200	273	7,400	200	273	6,220
1,130	7,175	154,810	1,130	7,175	92,773
44,620	164,976	901,324	4,462	164,976	865,628
5,500	148,500	698,500	5,500	148,500	642,125
	217,440,248	531,268,114		173,008,475	338,577,686
	218,720,234	547,501,982		174,288,461	349,773,434

Group					
2025			2024		
No. of shares	Cost LKR	Market value LKR	No. of shares	Cost LKR	Market value LKR
10,000	1,560,322	13,405,000	10,000	1,560,322	8,500,000
61,800	2,552,579	2,416,380	61,800	2,552,579	1,650,060
66,514	2,241,315	3,531,893	64,164	2,241,315	2,438,232
35,222	5,348,333	8,990,416	34,382	5,348,333	5,165,896

	Company					
	2025			2024		
	No. of shares	Cost LKR	Market value LKR	No. of shares	Cost LKR	Market value LKR
Beverage, Food and Tobacco						
Lanka Milk Foods (CWE) PLC	7,918,790	95,995,005	343,675,486	8,320,940	100,869,697	226,329,568
Ceylon Beverage Holdings PLC	2,321	1,936,261	6,058,390	2,321	1,936,261	3,557,513
Chemicals and Pharmaceuticals						
Haycarb PLC	20,000	350,437	1,642,000	20,000	350,437	1,530,000
Healthcare						
Ceylon Hospitals PLC (Non voting)	53,230	2,454,772	5,642,380	46,577	1,856,002	4,739,210
Ceylon Hospitals PLC (Voting)	7,275	689,657	927,563	6,366	587,395	762,329
Hotels and Travels						
Taj Lanka Hotels PLC	114,432	3,478,514	2,391,629	114,432	3,478,514	2,059,776
John Keels Hotels PLC	201,000	2,560,236	4,060,200	201,000	2,560,236	3,738,600
Investment Trusts						
Renuka Holdings PLC (Non voting)	107,565	2,241,357	1,559,693	107,565	2,241,357	1,204,728
Manufacturing						
Ceylon Grain Elevators PLC	486,278	52,041,203	91,420,264	350,127	27,785,253	59,696,654
Melstacorp PLC	77,267	9,925,573	9,812,909	-	-	-
Sunshine Holdings PLC	390,000	8,150,467	8,385,000	-	-	-
Power and Energy						
Lanka IOC PLC	60,000	6,800,320	7,620,000	-	-	-
LVL Energy Fund PLC	2,264,532	14,949,014	13,134,286	2,037,110	14,610,304	9,166,995
Diversified Holdings						
C T Holdings PLC	5,500	909,830	2,154,625	5,500	909,830	1,439,625
Aitken Spence PLC	-	-	-	30,000	1,425,792	3,907,500
Telecommunications						
Dialog Axiata PLC	-	-	-	230,000	2,694,848	2,691,000
Capital Goods						
Hemas Holdings PLC	37,000	3,255,053	4,440,000	-	-	-
Total		217,440,248	531,268,114		173,008,475	338,577,686

Group					
2025			2024		
No. of shares	Cost LKR	Market value LKR	No. of shares	Cost LKR	Market value LKR
7,918,790	95,995,005	343,675,486	8,320,940	100,869,697	226,329,568
2,321	1,936,261	6,058,390	2,321	1,936,261	3,557,513
20,000	350,437	1,642,000	20,000	350,437	1,530,000
53,230	2,454,772	5,642,380	46,577	1,856,002	4,739,210
7,275	689,657	927,563	6,366	587,395	762,329
114,432	3,478,514	2,391,629	114,432	3,478,514	2,059,776
201,000	2,560,236	4,060,200	201,000	2,560,236	3,738,600
107,565	2,241,357	1,559,693	107,565	2,241,357	1,204,728
486,278	52,041,203	91,420,264	350,127	27,785,253	59,696,654
77,267	9,925,573	9,812,909	-	-	-
390,000	8,150,467	8,385,000	-	-	-
60,000	6,800,320	7,620,000	-	-	-
2,264,532	14,949,014	13,134,286	2,037,110	14,610,304	9,166,995
5,500	909,830	2,154,625	5,500	909,830	1,439,625
-	-	-	30,000	1,425,792	3,907,500
-	-	-	230,000	2,694,848	2,691,000
37,000	3,255,053	4,440,000	-	-	-
	217,440,248	531,268,114		173,008,475	338,577,686

22.2 Unquoted unit trust

	Company					
	2025			2024		
	No. of units	Cost LKR	Market value LKR	No. of units	Cost LKR	Market value LKR
National Equity Fund	205,559	1,921,491	10,785,917	205,559	1,921,491	8,614,127
Senfin Money Market Fund	-	-	-	45,652,526	994,748,463	1,103,289,161
Senfin Growth Fund	25,682,822	193,722,000	468,197,849	25,682,822	193,722,000	353,909,290
Senfin Dividend fund	242,009	2,500,000	3,692,885	242,009	2,500,000	2,912,528
Senfin Insurance Sector Fund	-	-	-	250,000	2,500,000	2,810,000
Senfin Dynamic Income Fund	19,566,953	300,000,000	409,137,154	18,985,569	275,000,000	337,479,882
Senfin Consumer Staples Fund	-	-	-	50,000	500,000	549,500
Senfin Financial Services Fund	1,395,291	15,500,000	22,687,438	50,000	500,000	515,000
NDB Wealth Money Fund	-	-	-	70,955,738	2,210,741,715	2,323,346,315
Total		513,643,491	914,501,243		3,682,133,669	4,133,425,803

23 Financial Assets at Amortised Cost – Finance Leases and Hire Purchases

Accounting Policy

Amount receivable under finance leases and hire purchases net of arias, prepaid rentals, unearned lease income and allowance for expected credit losses are presented below.

Finance leases and hire purchases include financial assets measured at amortised cost if both of the following conditions are met;

- Assets that are held within a business model whose objective is to hold the assets in order to collect contractual cash flows.
- Contractual terms of the assets give rise on specific dates to cash flows that are solely payment of principal and interest on the principal outstanding.

After initial measurement, finance leases and hire purchases are subsequently measured at amortised cost using the EIR, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortisation is included in “interest income” in the Statement of Profit or Loss. The losses arising from impairment are recognised in “impairment charges and other credit losses” in the Statement of Profit or Loss.

Group					
2025			2024		
No. of units	Cost LKR	Market value LKR	No. of units	Cost LKR	Market value LKR
205,559	1,921,491	10,785,917	205,559	1,921,491	8,614,127
3,362,189	78,575,618	89,752,991	47,804,763	1,038,709,622	1,155,302,478
28,269,661	217,199,244	515,355,915	28,285,363	216,559,970	389,772,306
676,895	6,506,958	10,328,942	680,986	6,500,000	8,195,839
6,303,495	77,000,000	96,254,370	2,911,042	29,500,000	32,720,107
20,010,232	305,965,604	418,405,949	19,440,680	280,292,517	345,569,760
736,459	8,116,512	10,332,514	637,004	6,500,000	7,000,668
2,976,852	40,268,241	48,403,620	202,905	2,000,000	2,089,923
-	-	-	70,955,738	2,210,741,715	2,323,346,315
	735,553,668	1,199,620,218		3,792,725,315	4,272,611,523

		Company		Group	
As at 31 March	Note	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Net investment in finance leases	23.1	28,847,736,579	24,355,951,342	28,842,349,820	24,355,951,342
Net investment in hire purchases	23.2	7,720,420	24,888,749	7,720,420	24,888,749
		28,855,456,999	24,380,840,091	28,850,070,240	24,380,840,091
Impairment losses					
Provision for individual impairment	23.3	(299,182,623)	(395,248,928)	(299,182,623)	(395,248,928)
Provision for collective impairment	23.4	(2,051,007,374)	(1,745,148,200)	(2,050,925,116)	(1,745,148,200)
Net investment after impairment		26,505,267,002	22,240,442,963	26,499,962,501	22,240,442,963

23.1 Finance leases

	Company		Group	
As at 31 March	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Gross investment in leases receivable within one year	14,899,271,246	13,557,917,118	14,897,442,920	13,557,917,118
Gross investment in leases receivable between one and five years	21,269,150,421	17,065,310,550	21,263,360,722	17,065,310,550
Gross investment in leases receivable after five years	14,768,238	13,560,596	14,768,238	13,560,596
Reposessed lease receivable	243,700,611	410,892,565	243,700,611	410,892,565
Leases receivable in arrears	1,366,054,010	1,512,147,795	1,366,054,010	1,512,147,795
	37,792,944,526	32,559,828,624	37,785,326,501	32,559,828,624
Unearned lease income	(8,751,297,864)	(8,051,223,059)	(8,749,066,598)	(8,051,223,059)
Initial lease rentals	(1,708,063)	(1,690,856)	(1,708,063)	(1,690,856)
Pre paid lease rentals	(192,202,020)	(150,963,367)	(192,202,020)	(150,963,367)
Net investment in finance leases	28,847,736,579	24,355,951,342	28,842,349,820	24,355,951,342

23.2 Hire purchases

	Company		Group	
As at 31 March	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Gross investment in hire purchases receivable within one year	5,953,340	12,208,159	5,953,340	12,208,159
Reposessed hire purchase receivable	1,767,080	12,680,590	1,767,080	12,680,590
Net investment in hire purchases	7,720,420	24,888,749	7,720,420	24,888,749

23.3 Movement in allowance for individual impairment

	Company		Group	
As at 31 March	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Balance at the beginning of the year	395,248,928	351,469,156	395,248,928	351,469,156
Impairment charge/(reversal) for the year	(96,066,305)	73,602,536	(96,066,305)	73,602,536
Write-offs for the year	-	(29,822,764)	-	(29,822,764)
Balance at the end of the year	299,182,623	395,248,928	299,182,623	395,248,928
Gross amount of finance leases and hire purchases individually determined to be impaired	299,182,623	395,248,928	299,182,623	395,248,928

23.4 Movement in allowance for collective impairment

	Company		Group	
As at 31 March	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Balance at the beginning of the year	1,745,148,200	1,766,858,830	1,745,148,200	1,766,858,830
Impairment charge for the year	452,616,255	20,679,246	452,533,997	20,679,246
Write-offs/write down for the year	(104,765,041)	(6,403,180)	(104,765,041)	(6,403,180)
Interest income accrued on impaired finance leases and hire purchases	(41,992,040)	(35,986,696)	(41,992,040)	(35,986,696)
Balance at the end of the year	2,051,007,374	1,745,148,200	2,050,925,116	1,745,148,200
Total of individual and collective impairment	2,350,189,997	2,140,397,128	2,350,107,739	2,140,397,128

23.5 Stage classification of finance leases and hire purchases and ECL allowances

	Company		Group	
As at 31 March	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Net investment in finance leases and hire purchases				
Stage 1	21,589,788,233	15,762,192,538	21,584,401,474	15,762,192,538
Stage 2	5,452,904,601	6,009,274,157	5,452,904,601	6,009,274,157
Stage 3	1,812,764,165	2,609,373,396	1,812,764,165	2,609,373,396
	28,855,456,999	24,380,840,091	28,850,070,240	24,380,840,091
Impairment charge				
Stage 1	(591,878,030)	(351,974,269)	(591,795,772)	(351,974,269)
Stage 2	(832,674,399)	(688,096,056)	(832,674,399)	(688,096,056)
Stage 3	(925,637,568)	(1,100,326,803)	(925,637,568)	(1,100,326,803)
Net investment in finance leases and hire purchases after impairment	26,505,267,002	22,240,442,963	26,499,962,501	22,240,442,963

23.6 Movement of gross carrying amounts of finance leases and hire purchases as follows;

	Company			
For the year ended 31 March 2025	Stage 1 LKR	Stage 2 LKR	Stage 3 LKR	Total LKR
Balance at the beginning of the year	15,762,192,538	6,009,274,157	2,609,373,396	24,380,840,091
Transfer to Stage 1	981,356,725	(945,071,072)	(36,285,653)	-
Transfer to Stage 2	(2,322,285,645)	2,416,351,401	(94,065,756)	-
Transfer to Stage 3	(155,098,407)	(338,117,477)	493,215,884	-
New disbursement	19,545,755,716	-	-	19,545,755,716
New disbursement transfer to Stage 2	(2,122,429,973)	2,122,429,973	-	-
New disbursement transfer to Stage 3	(72,917,880)	-	72,917,880	-
Write-offs/write down	-	-	(105,495,228)	(105,495,228)
Derecognised or repaid	(10,026,784,841)	(3,811,962,381)	(1,126,896,358)	(14,965,643,580)
Balance at the end of the year	21,589,788,233	5,452,904,601	1,812,764,165	28,855,456,999

	Group			
For the year ended 31 March 2025	Stage 1 LKR	Stage 2 LKR	Stage 3 LKR	Total LKR
Balance at the beginning of the year	15,762,192,538	6,009,274,157	2,609,373,396	24,380,840,091
Transfer to Stage 1	981,356,725	(945,071,072)	(36,285,653)	-
Transfer to Stage 2	(2,322,285,645)	2,416,351,401	(94,065,756)	-
Transfer to Stage 3	(155,098,407)	(338,117,477)	493,215,884	-
New disbursement	19,539,755,716	-	-	19,539,755,716
New disbursement transfer to Stage 2	(2,122,429,973)	2,122,429,973	-	-
New disbursement transfer to Stage 3	(72,917,880)	-	72,917,880	-
Write-offs/write down	-	-	(105,495,228)	(105,495,228)
Derecognised or repaid	(10,026,171,600)	(3,811,962,381)	(1,126,896,358)	(14,965,030,339)
Balance at the end of the year	21,584,401,474	5,452,904,601	1,812,764,165	28,850,070,240

	Company and Group			
For the year ended 31 March 2024	Stage 1 LKR	Stage 2 LKR	Stage 3 LKR	Total LKR
Balance at the beginning of the year	12,288,430,494	6,864,020,412	2,661,266,325	21,813,717,231
Transfer to Stage 1	1,052,515,696	(1,013,079,407)	(39,436,289)	-
Transfer to Stage 2	(2,246,972,548)	2,418,904,676	(171,932,128)	-
Transfer to Stage 3	(240,641,307)	(801,868,565)	1,042,509,872	-
New disbursement	15,064,876,010	-	-	15,064,876,010
New disbursement transfer to Stage 2	(2,350,620,627)	2,350,620,627	-	-
New disbursement transfer to Stage 3	(167,412,500)	-	167,412,500	-
Write-offs	-	-	(47,564,716)	(47,564,716)
Derecognised or repaid	(7,637,982,680)	(3,809,323,586)	(1,002,882,168)	(12,450,188,434)
Balance at the end of the year	15,762,192,538	6,009,274,157	2,609,373,396	24,380,840,091

Finance leases and hire purchases write-offs/write down during the year included amount of LKR 105,495,228/- (2023-24 LKR 47,564,716/-) which are subject to the enforcement activities.

23.7 Movement of impairment allowance of finance leases and hire purchases as follows;

	Company			
For the year ended 31 March 2025	Stage 1 LKR	Stage 2 LKR	Stage 3 LKR	Total LKR
Balance at the beginning of the year	351,974,269	688,096,056	1,100,326,803	2,140,397,128
Changes due to lease rental receivables recognised in the opening balance that have:				
Transfer to Stage 1	115,872,742	(108,148,058)	(7,724,684)	-
Transfer to Stage 2	(71,537,219)	91,750,685	(20,213,466)	-
Transfer to Stage 3	(4,424,206)	(40,249,515)	44,673,721	-
Interest accrued on impaired finance leases and hire purchases	-	-	(41,992,040)	(41,992,040)
Write-offs	-	-	(104,765,041)	(104,765,041)
Net remeasurement of loss allowance	199,992,444	201,225,231	(44,667,725)	356,549,950
Balance at the end of the year	591,878,030	832,674,399	925,637,568	2,350,189,997

	Group			
For the year ended 31 March 2025	Stage 1 LKR	Stage 2 LKR	Stage 3 LKR	Total LKR
Balance at the beginning of the year	351,974,269	688,096,056	1,100,326,803	2,140,397,128
Changes due to lease rental receivables recognised in the opening balance that have:				
Transfer to Stage 1	115,872,742	(108,148,058)	(7,724,684)	-
Transfer to Stage 2	(71,537,219)	91,750,685	(20,213,466)	-
Transfer to Stage 3	(4,424,206)	(40,249,515)	44,673,721	-
Interest accrued on impaired finance leases and hire purchases	-	-	(41,992,040)	(41,992,040)
Write-offs	-	-	(104,765,041)	(104,765,041)
Net remeasurement of loss allowance	199,910,186	201,225,231	(44,667,725)	356,467,692
Balance at the end of the year	591,795,772	832,674,399	925,637,568	2,350,107,739

	Company and Group			
For the year ended 31 March 2024	Stage 1 LKR	Stage 2 LKR	Stage 3 LKR	Total LKR
Balance at the beginning of the year	302,281,403	736,942,998	1,079,103,585	2,118,327,986
Changes due to lease rental receivables recognised in the opening balance that have:				
Transfer to Stage 1	118,883,781	(108,190,108)	(10,693,673)	-
Transfer to Stage 2	(66,292,108)	109,985,026	(43,692,918)	-
Transfer to Stage 3	(6,998,923)	(94,648,233)	101,647,156	-
Interest accrued on impaired finance leases and hire purchases	-	-	(35,986,696)	(35,986,696)
Write-offs	-	-	(36,225,944)	(36,225,944)
Net remeasurement of loss allowance	4,100,116	44,006,373	46,175,293	94,281,782
Balance at the end of the year	351,974,269	688,096,056	1,100,326,803	2,140,397,128

24 Financial Assets at Amortised Cost – Other Loans and Receivables

Accounting Policy

Other loans and receivables include financial assets measured at amortised cost if both of the following conditions are met;

- Assets that are held within a business model whose objective is to hold the assets in order to collect contractual cash flows.
- Contractual terms of the assets give rise on specific dates to cash flows that are solely payment of principal and interest on the principal outstanding.

After initial measurement, other loans and receivables are subsequently measured at amortised cost using the Effective Interest Rate (EIR), less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortisation is included in “interest income” in the Statement of Profit or Loss. The losses arising from impairment are recognised in “impairment charges and other credit losses” in the Statement of Profit or Loss.

As at 31 March	Note	Company		Group	
		2025 LKR	2024 LKR	2025 LKR	2024 LKR
Commercial loans	24.1	238,735,879	364,315,747	238,735,879	364,315,747
Personal loans	24.2	324,455,231	236,740,580	324,455,231	236,740,580
Pawning advances	24.3	1,119,932	104,492,913	1,119,932	104,492,913
Gold loans	24.4	546,408,916	459,867,779	546,408,916	459,867,779
Other advances	24.5	2,482,922,385	1,070,321,380	2,483,327,835	1,070,602,380
Net investment in other loans and receivables after impairment		3,593,642,343	2,235,738,399	3,594,047,793	2,236,019,399

24.1 Commercial loans

As at 31 March	Note	Company		Group	
		2025 LKR	2024 LKR	2025 LKR	2024 LKR
Gross investment in commercial loans receivable within one year		486,768,150	726,274,223	486,768,150	726,274,223
Gross investment in commercial loans receivable between one and five years		122,870,841	95,911,101	122,870,841	95,911,101
Gross investment in commercial loans receivable after five years		672,114	-	672,114	-
Interest receivable on facilities under relief measures due to COVID-19		3,128,785	4,748,653	3,128,785	4,748,653
Commercial loans receivable in arrears		110,556,711	206,113,811	110,556,711	206,113,811
		723,996,601	1,033,047,788	723,996,601	1,033,047,788

As at 31 March	Note	Company		Group	
		2025 LKR	2024 LKR	2025 LKR	2024 LKR
Unearned commercial loan income		(54,175,159)	(51,103,289)	(54,175,159)	(51,103,289)
Pre paid commercial loan rentals		(2,409,835)	(1,446,649)	(2,409,835)	(1,446,649)
Net investment in commercial loans		667,411,607	980,497,850	667,411,607	980,497,850
Impairment losses					
Provision for individual impairment	24.1.1	(135,711,480)	(194,623,593)	(135,711,480)	(194,623,593)
Provision for collective impairment	24.1.2	(292,964,248)	(421,558,510)	(292,964,248)	(421,558,510)
Net investment in commercial loans after impairment		238,735,879	364,315,747	238,735,879	364,315,747

24.1.1 Movement in allowance for individual impairment

As at 31 March	Company		Group	
	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Balance at the beginning of the year	194,623,593	266,705,462	194,623,593	266,705,462
Impairment charge/(reversal) for the year	(58,912,113)	18,159,075	(58,912,113)	18,159,075
Write-offs for the year	-	(90,240,944)	-	(90,240,944)
Balance at the end of the year	135,711,480	194,623,593	135,711,480	194,623,593
Gross amount of loans individually determined to be impaired	135,711,480	194,623,593	135,711,480	194,623,593

24.1.2 Movement in allowance for collective impairment

As at 31 March	Company		Group	
	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Balance at the beginning of the year	421,558,510	499,702,213	421,558,510	499,702,213
Impairment charge for the year	56,486,036	(32,819,903)	56,486,036	(32,819,903)
Write-offs for the year	(163,142,632)	(37,718,791)	(163,142,632)	(37,718,791)
Interest income accrued on impaired loans and receivables	(21,937,666)	(7,605,009)	(21,937,666)	(7,605,009)
Balance at the end of the year	292,964,248	421,558,510	292,964,248	421,558,510
Total of individual and collective impairment	428,675,728	616,182,103	428,675,728	616,182,103

24.2 Personal loans

As at 31 March	Note	Company		Group	
		2025 LKR	2024 LKR	2025 LKR	2024 LKR
Gross investment in personal loan receivable within one year		167,491,567	126,145,613	167,491,567	126,145,613
Gross investment in personal loan receivable between one and five years		285,414,607	220,783,069	285,414,607	220,783,069
Personal loan receivable in arrears		559,846	328,760	559,846	328,760
		453,466,020	347,257,442	453,466,020	347,257,442
Unearned personal loan income		(109,436,312)	(95,653,550)	(109,436,312)	(95,653,550)
Pre paid personal loan rentals		(12,606,543)	(9,610,122)	(12,606,543)	(9,610,122)
Net investment in personal loan		331,423,165	241,993,770	331,423,165	241,993,770
Impairment losses					
Provision for collective impairment	24.2.1	(6,967,934)	(5,253,190)	(6,967,934)	(5,253,190)
Net investment in personal loans after impairment		324,455,231	236,740,580	324,455,231	236,740,580

24.2.1 Movement in allowance for collective impairment

As at 31 March	Company		Group	
	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Balance at the beginning of the year	5,253,190	2,492,087	5,253,190	2,492,087
Impairment charge for the year	1,714,744	2,761,103	1,714,744	2,761,103
Balance at the end of the year	6,967,934	5,253,190	6,967,934	5,253,190
Total of individual and collective impairment	6,967,934	5,253,190	6,967,934	5,253,190

24.3 Pawning advances

As at 31 March	Note	Company		Group	
		2025 LKR	2024 LKR	2025 LKR	2024 LKR
Gross investment in pawning advances		7,584,383	95,623,707	7,584,383	95,623,707
Interest receivable from pawning advances		1,574,937	17,302,478	1,574,937	17,302,478
Net investment in pawning advances		9,159,320	112,926,185	9,159,320	112,926,185
Impairment losses					
Provision for collective impairment	24.3.1	(8,039,388)	(8,433,272)	(8,039,388)	(8,433,272)
Net investment in pawning advances after impairment		1,119,932	104,492,913	1,119,932	104,492,913

24.3.1 Movement in allowance for collective impairment

	Company		Group	
As at 31 March	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Balance at the beginning of the year	8,433,272	11,086,732	8,433,272	11,086,732
Impairment reversal for the year	(393,884)	(2,653,460)	(393,884)	(2,653,460)
Balance at the end of the year	8,039,388	8,433,272	8,039,388	8,433,272
Total of individual and collective impairment	8,039,388	8,433,272	8,039,388	8,433,272

24.4 Gold loans

		Company		Group	
As at 31 March	Note	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Gross investment in gold loans		538,579,099	449,596,686	538,579,099	449,596,686
Interest receivable from gold loans		13,349,099	14,450,239	13,349,099	14,450,239
Net investment in gold loans		551,928,198	464,046,925	551,928,198	464,046,925
Impairment losses					
Provision for collective impairment	24.4.1	(5,519,282)	(4,179,146)	(5,519,282)	(4,179,146)
Net investment in pawning advances after impairment		546,408,916	459,867,779	546,408,916	459,867,779

24.4.1 Movement in allowance for collective impairment

	Company		Group	
As at 31 March	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Balance at the beginning of the year	4,179,146	–	4,179,146	–
Impairment charge for the year	1,340,136	4,179,146	1,340,136	4,179,146
Balance at the end of the year	5,519,282	4,179,146	5,519,282	4,179,146
Total of individual and collective impairment	5,519,282	4,179,146	5,519,282	4,179,146

24.5 Other advances

As at 31 March	Note	Company		Group	
		2025 LKR	2024 LKR	2025 LKR	2024 LKR
Loans against fixed deposits		188,987,026	228,040,121	188,987,026	228,040,121
Insurance receivables		231,752,462	285,202,527	231,752,462	285,202,527
Staff debtors		36,451,377	32,096,754	36,856,827	32,377,754
Margin trading		1,959,728,486	560,748,250	1,959,728,486	560,748,250
Short-term corporate loan		122,841,770	-	122,841,770	-
Sundry debtors		200,000	1,160,174	200,000	1,160,174
Net investment in other advances		2,539,961,121	1,107,247,826	2,540,366,571	1,107,528,826
Impairment losses					
Provision for collective impairment	24.5.1	(57,038,736)	(36,926,446)	(57,038,736)	(36,926,446)
Net investment in other advances after impairment		2,482,922,385	1,070,321,380	2,483,327,835	1,070,602,380

24.5.1 Movement in allowance for collective impairment

As at 31 March	Company		Group	
	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Balance at the beginning of the year	36,926,446	48,994,419	36,926,446	48,994,419
Impairment charge/(reversal) for the year	20,910,443	(12,067,973)	20,910,443	(12,067,973)
Net write offs for the year	(798,153)	-	(798,153)	-
Balance at the end of the year	57,038,736	36,926,446	57,038,736	36,926,446
Total of individual and collective impairment	57,038,736	36,926,446	57,038,736	36,926,446

24.6 Stage classification of other loans and receivables

As at 31 March	Company		Group	
	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Gross other loans and receivables				
Stage 1	3,425,845,034	1,802,916,896	3,426,250,484	1,803,197,896
Stage 2	101,894,112	164,942,960	101,894,112	164,942,960
Stage 3	572,144,265	938,852,700	572,144,265	938,852,700
	4,099,883,411	2,906,712,556	4,100,288,861	2,906,993,556
Provision for impairment				
Stage 1	(39,336,870)	(13,072,834)	(39,336,870)	(13,072,834)
Stage 2	(19,784,962)	(15,125,634)	(19,784,962)	(15,125,634)
Stage 3	(447,119,236)	(642,775,689)	(447,119,236)	(642,775,689)
Net other loans and receivables	3,593,642,343	2,235,738,399	3,594,047,793	2,236,019,399

24.7 Movement of gross carrying amounts of other loans and receivables as follows;

24.7.1 Company

For the year ended 31 March 2025	Stage 1 LKR	Stage 2 LKR	Stage 3 LKR	Total LKR
Balance at the beginning of the year	1,802,916,896	164,942,960	938,852,700	2,906,712,556
Transfer to Stage 1	14,576,348	(12,655,616)	(1,920,732)	-
Transfer to Stage 2	(16,176,271)	18,368,331	(2,192,060)	-
Transfer to Stage 3	(4,855,134)	(13,068,924)	17,924,058	-
New disbursement	12,212,380,492	-	-	12,212,380,492
New disbursement transfer to Stage 2	(70,324,724)	70,324,724	-	-
New disbursement transfer to Stage 3	(1,805,476)	-	1,805,476	-
Other net changes in portfolio	91,263,222	-	-	91,263,222
Write-offs	-	-	(164,938,020)	(164,938,020)
Derecognised or repaid	(10,602,130,319)	(126,017,363)	(217,387,157)	(10,945,534,839)
Balance at the end of the year	3,425,845,034	101,894,112	572,144,265	4,099,883,411

For the year ended 31 March 2024	Stage 1 LKR	Stage 2 LKR	Stage 3 LKR	Total LKR
Balance at the beginning of the year	3,759,057,349	362,531,728	1,327,726,127	5,449,315,204
Transfer to Stage 1	31,632,578	(28,967,267)	(2,665,311)	-
Transfer to Stage 2	(30,197,702)	32,991,144	(2,793,442)	-
Transfer to Stage 3	(28,591,895)	(59,829,321)	88,421,216	-
New disbursement	3,653,264,016	-	-	3,653,264,016
New disbursement transfer to Stage 2	(76,452,867)	76,452,867	-	-
New disbursement transfer to Stage 3	(2,434,320)	-	2,434,320	-
Other net changes in portfolio	310,142,945	-	-	310,142,945
Write-offs	-	-	(136,248,274)	(136,248,274)
Derecognised or repaid	(5,813,503,208)	(218,236,191)	(338,021,936)	(6,369,761,335)
Balance at the end of the year	1,802,916,896	164,942,960	938,852,700	2,906,712,556

Other loans and receivables write off during the year included amount of LKR 164,938,020 (2023/24 LKR 136,248,274) which are subject to the enforcement activities.

24.7.2 Group

For the year ended 31 March 2025	Stage 1 LKR	Stage 2 LKR	Stage 3 LKR	Total LKR
Balance at the beginning of the year	1,803,197,896	164,942,960	938,852,700	2,906,993,556
Transfer to Stage 1	14,576,348	(12,655,616)	(1,920,732)	-
Transfer to Stage 2	(16,176,271)	18,368,331	(2,192,060)	-
Transfer to Stage 3	(4,855,134)	(13,068,924)	17,924,058	-
New disbursement	12,212,380,492	-	-	12,212,380,492
New disbursement transfer to Stage 2	(70,324,724)	70,324,724	-	-
New disbursement transfer to Stage 3	(1,805,476)	-	1,805,476	-
Other net changes in portfolio	91,263,222	-	-	91,263,222
Write-offs	-	-	(164,938,020)	(164,938,020)
Derecognised or repaid	(10,602,005,869)	(126,017,363)	(217,387,157)	(10,945,410,389)
Balance at the end of the year	3,426,250,484	101,894,112	572,144,265	4,100,288,861

For the year ended 31 March 2024	Stage 1 LKR	Stage 2 LKR	Stage 3 LKR	Total LKR
Balance at the beginning of the year	3,759,358,349	362,531,728	1,327,726,127	5,449,616,204
Transfer to Stage 1	31,632,578	(28,967,267)	(2,665,311)	-
Transfer to Stage 2	(30,197,702)	32,991,144	(2,793,442)	-
Transfer to Stage 3	(28,591,895)	(59,829,321)	88,421,216	-
New disbursement	3,653,264,016	-	-	3,653,264,016
New disbursement transfer to Stage 2	(76,452,867)	76,452,867	-	-
New disbursement transfer to Stage 3	(2,434,320)	-	2,434,320	-
Other net changes in portfolio	310,142,945	-	-	310,142,945
Write-offs	-	-	(136,248,274)	(136,248,274)
Derecognised or repaid	(5,813,523,208)	(218,236,191)	(338,021,936)	(6,369,781,335)
Balance at the end of the year	1,803,197,896	164,942,960	938,852,700	2,906,993,556

24.8 An analysis of changes ECL allowances in relation to the other loans and Receivables

	Company and Group			
For the year ended 31 March 2025	Stage 1 LKR	Stage 2 LKR	Stage 3 LKR	Total LKR
Balance at the beginning of the year	13,072,834	15,125,634	642,775,689	670,974,157
Changes due to other loans and receivables recognised in the opening balance that have:				
Transfer to Stage 1	1,789,888	(1,404,815)	(385,073)	-
Transfer to Stage 2	(514,053)	968,087	(454,034)	-
Transfer to Stage 3	(119,020)	(1,553,452)	1,672,472	-
Interest accrued on impaired other loans and receivables	-	-	(21,937,666)	(21,937,666)
Write-offs	-	-	(163,940,785)	(163,940,785)
Net remeasurement of loss allowance	25,107,221	6,649,508	(10,611,367)	21,145,362
Balance at the end of the year	39,336,870	19,784,962	447,119,236	506,241,068

	Company and Group			
For the year ended 31 March 2024	Stage 1 LKR	Stage 2 LKR	Stage 3 LKR	Total LKR
Balance at the beginning of the year	37,224,150	39,037,214	752,719,550	828,980,914
Changes due to other loans and receivables recognised in the opening balance that have:				
Transfer to Stage 1	3,340,808	(2,615,551)	(725,257)	-
Transfer to Stage 2	(2,420,919)	3,141,851	(720,932)	-
Transfer to Stage 3	(915,773)	(7,694,101)	8,609,874	-
Interest accrued on impaired other loans and receivables	-	-	(7,605,009)	(7,605,009)
Write-offs	-	-	(127,959,735)	(127,959,735)
Net remeasurement of loss allowance	(24,155,432)	(16,743,779)	18,457,198	(22,442,013)
Balance at the end of the year	13,072,834	15,125,634	642,775,689	670,974,157

25 Financial Assets Measured at Fair Value through Other Comprehensive Income

Accounting Policy

The Group elects to present in OCI changes in the fair value of certain investments in equity instruments that are not FVTPL. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

Gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in the Statement of Profit or Loss unless they clearly represent a recovery part of the cost of the investment, in which case they are recognised in OCI. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment.

Classification of financial assets is given in Note 18.

No impairment loss is recognised on equity investments classified quoted under FVOCI

	Company		Group	
As at 31 March	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Unquoted shares				
Credit Information Bureau of Sri Lanka	90,586	90,586	90,586	90,586
Finance House Consortium (Pvt) Ltd.	200,000	200,000	200,000	200,000
Senkadagala Hotels Limited	23,650,960	17,860,415	23,650,960	17,860,415
Venture Tea (Pvt) Ltd.	133,168,458	142,361,105	133,168,458	142,361,105
Total	157,110,004	160,512,106	157,110,004	160,512,106

25.1 The Group designated the investments shown above as equity securities at FVOCI because these equity securities represent investments that the Group intends to hold for the long term for strategic purpose.

26 Financial Assets at Amortised Cost – Other Financial Instruments

Accounting Policy

Debt and other investments measured at amortised cost are initially measured at fair value plus incremental direct transaction costs.

Debt and other investments subsequently measured at their amortised cost using the effective interest method. The Group recognises loss allowances for ECLs on assets subsequently measured at amortised cost. Group measures loss allowance at an amount equal to lifetime ECL, except financial investments that are determined to have low credit risk at the reporting date.

	Company		Group	
As at 31 March	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Government securities – Sri Lanka				
Treasury bills	1,183,399,858	1,192,062,925	1,183,399,858	1,192,062,925
Other instruments				
Debentures	7,596,163	7,552,649	7,596,163	7,552,649
Total	1,190,996,021	1,199,615,574	1,190,996,021	1,199,615,574

27 Investments in Subsidiaries – Unquoted

Accounting Policy

Subsidiary is an investee controlled by the Group. The Group “controls” an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group reassesses whether it has control if there are changes to one or more of the elements of control. This includes circumstances in which protective rights held (e.g. those resulting from a lending relationship) become substantive and lead to the Group having power over an investee.

The cost of an acquisition is measured at fair value of the consideration, including contingent consideration. The acquired identifiable assets, liabilities and contingent liabilities are measured at their fair values at the date of acquisition. Subsequent to the initial measurement the company continues to recognise the investments in subsidiaries at cost.

The Financial Statements of Subsidiaries are included in the Consolidated Financial Statements from the date on which control commences until the date when control ceases.

The Financial Statements of the Subsidiaries in the Group have a common financial year which ends on 31 March.

All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions, income and expenses are eliminated in full.

27.1 Senkadagala Insurance Brokers (Pvt) Ltd.

	Company	
	2025 LKR	2024 LKR
As at 31 March		
(2,000,000 Ordinary shares) Holding (%)	100	100
Place of business	No. 437B, 1st Floor, Katugastota Road, Kandy	
Cost of the investment	20,000,000	20,000,000

27.2 Senfin Asset Management (Pvt) Ltd.

	Company	
	2025 LKR	2024 LKR
As at 31 March		
(19,916,303 Ordinary shares) Holding (%)	100	100
Place of business	No. 267, Galle Road, Colombo 03	
Cost of investment	31,729,600	31,729,600
Impairment loss		(4,938,214)
Reversal of impairment loss	-	4,938,214
Net cost of the investment	31,729,600	31,729,600
Total investments in subsidiaries	51,729,600	51,729,600

The Board of Directors has assessed the potential impairment loss of investment in subsidiaries as at 31 March 2025. Accordingly, it was concluded that there is no impairment provision is required to be made in the financial statements as at the reporting date.

28 Investment in Associate

Accounting Policy

Associates are those entities in which the Group has significant influence, but not control, over the variable returns through its power over the investee. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity.

Investments in associates are accounted for using the equity method and are recognised initially at cost, in terms of Sri Lanka Accounting Standards – LKAS 28 on “Investments in Associates and Joint Ventures”. The Group’s investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The Consolidated Financial Statements include the Group’s share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the Accounting Policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. Accordingly, under the Equity Method, investments in associates are carried at cost plus post acquisition changes in the Group’s share of net assets of the associates and are reported as a separate line item in the Statement of Financial Position. The Statement of Profit or Loss reflects the Group’s share of the results of operations of the associates. Any change in OCI of those investees is presented as part of the Group’s OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in Equity through OCI. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in associate.

When the Group’s share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equal the share of losses not recognised previously.

The Group discontinues the use of the Equity Method from the date that it ceases to have significant influence over an associate and accounts for such investments in accordance with the Sri Lanka Accounting Standard – SLFRS 9 on “Financial Instruments”. Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

After application of the Equity Method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and recognises the loss as “Share of Profit of Associate” in the Statement of Profit or Loss.

In the separate Financial Statements, Investments in associates are accounted at cost.

As at 31 March	Company and Group	
	2025 LKR	2024 LKR
Senfin Securities Limited		
(196,777,777 Ordinary shares) Holding (%)	35	35
Place of business	4th floor, 180, Bauddhaloka Mawatha, Colombo 04	
Cost of the investment	88,550,000	88,550,000
Carrying value of the investment	175,911,300	163,927,700

28.1 Reconciliation of summarised financial information

Reconciliation of the summarised financial information to the carrying amount of the interest in the associate recognised in the Consolidated Financial Statements is as follows:

As at 31 March	Senfin Securities Limited	
	2025 LKR	2024 LKR
Cost of investment	88,550,000	88,550,000
Share of profit applicable to the Group		
Balance at the beginning of the year	163,927,700	116,740,137
Adjustment for prior year	-	30,992,500
Profit for the period recognised in Statement of Profit or Loss, net of tax	11,213,532	16,547,093
	11,213,532	47,539,593
Profit/(loss) for the period recognised in Statement of Other Comprehensive Income, net of tax	770,068	(352,030)
Total comprehensive income	11,983,600	47,187,563
Dividend received	-	-
Balance at the end of the year	175,911,300	163,927,700

28.2 Summarised financial information in respect of the associate is set out below:

28.2.1 Summarised Statement of Profit or Loss

For the year ended 31 March	Senfin Securities Limited	
	2025 LKR	2024 LKR
Revenue	180,846,656	135,220,249
Expenses	(150,023,913)	(108,981,709)
Income tax	1,215,919	21,038,868
Profit from continuing operations, net of tax	32,038,662	47,277,408
Company's share of profit from continuing operations, net of tax	11,213,532	16,547,093
Other comprehensive income, net of tax	2,200,195	(1,005,801)
Company's share of other comprehensive income from continuing operations, net of tax	770,068	(352,030)
Share of results of equity accounted investee recognised in Statement of Profit or Loss and Other Comprehensive Income	11,983,600	16,195,063

28.2.2 Summarised Statement of Financial Position

As at 31 March	Senfin Securities Limited	
	2025 LKR	2024 LKR
Non-current assets	55,033,075	62,288,755
Current assets	814,058,847	511,326,281
Non-current liabilities	(16,899,814)	(19,535,288)
Current liabilities	(349,588,397)	(85,714,894)
Net assets	502,603,711	468,364,854
Carrying amount of interest in associate	175,911,300	163,927,700

29 Investment Property

Accounting Policy

Investment properties are properties held either to earn rental income or for capital appreciation or both but not for sale in the ordinary course of business, used in the production or supply of goods or services or for administrative purposes. Investment properties are recognised if it is probable that future economic benefits that are associated with the investment property will flow to the Company and cost of the investment property can be reliably measured.

Management uses its judgement to determine whether a property qualifies as an investment property. A property that is held either to earn rental income or for capital appreciation or both and thus generates cash flows largely independently of the other assets held by the Group are classified as investment property. On the other hand, a property used in the production or supply of goods and services or for administrative purposes and thus generates cash flows that are attributable not only to that property but also to other assets used in the production or supply process are classified as property, plant and equipment. The Group assesses on an annual basis, the accounting classification of its investment properties, taking into consideration the current use of such properties.

Investment properties are initially measured at its cost and transaction costs shall be included in the initial measurement. Subsequent to the initial recognition the investment properties are stated at cost model which is in accordance with LKAS 16 – “Property, Plant and Equipment”.

Depreciation is provided on a straight-line basis over the estimated life of the class of asset from the date of purchase up to the date of disposal. The land is nondepreciated. Accordingly, land classified as investment properties are stated at cost less any accumulated impairment losses.

However entity measure the fair value of investment property for the purpose of disclosure and the Company obtain a valuation by an independent valuer who holds recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

Transfers to, or from, investment property shall be made when, and only when, there is a change in use, evidenced by commencement of owner occupation, for a transfer from investment property to owner occupied property, commencement of development with a view to sale, for a transfer from investment property to inventories, end of owner occupation, for a transfer from owner-occupied property to investment property; or commencement of an operating lease to another party, for a transfer from inventories to investment property.

When the use of property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as an investment property.

Any gain arising on remeasurement is recognised in the Statement of Profit or Loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in Other Comprehensive Income and presented in revaluation reserve in equity. Any loss is recognised immediately in the Statement of Profit or Loss.

An investment property shall be derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

	Company		Group	
As at 31 March	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Cost or valuation				
Balance at the beginning of the year	386,382,655	386,382,655	395,105,936	299,444,424
On winding up of subsidiary	-	-	-	95,661,512
Balance at the end of the year	386,382,655	386,382,655	395,105,936	395,105,936
Accumulated depreciation				
Balance at the beginning of the year	37,887,282	33,658,533	46,610,563	42,381,814
Charge for the year	4,228,749	4,228,749	4,228,749	4,228,749
Balance at the end of the year	42,116,031	37,887,282	50,839,312	46,610,563
Carrying amount at the end of the year	344,266,624	348,495,373	344,266,624	348,495,373

29.1 Fully depreciated investment property

The cost of fully depreciated Investment properties which are still in use as at the Statement of Financial Position date is as follows:

	Company		Group	
As at 31 March	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Buildings	4,141,019	4,141,019	4,141,019	4,141,019

29.2 Information of freehold investment property

29.2.1 Company

Location	Building	Number of buildings	Valuation	Cost 2025 LKR	Carrying value 2025 LKR	Cost 2024 LKR	Carrying value 2024 LKR
98, Deen's Road, Colombo 10	3,220sq.Ft	1	70,800,000	3,500,000	500,000	3,500,000	500,000
12, Kotugodella Veediya, Kandy Lot 1	2,450sq.Ft	1	102,375,000	7,542,068	7,040,083	7,542,068	7,040,083
12, Kotugodella Veediya, Kandy Lot 2	850sq.Ft	1	90,275,000	70,679,827	56,504,815	70,679,827	57,333,564
98, Yatinuwara Veediya, Kandy	2,813sq.Ft	1	74,350,000	6,060,760	5,421,726	6,060,760	5,421,726
30, Kinsey Road, Colombo 07	12,050sq.Ft	1	316,500,000	298,600,000	274,800,000	298,600,000	278,200,000
Total			654,300,000	386,382,655	344,266,624	386,382,655	348,495,373

29.2.2 Group

Location	Extent		Number of buildings	Valuation	Cost 2025 LKR	Carrying value 2025 LKR	Cost 2024 LKR	Carrying value 2024 LKR
	Land	Building						
98, Deen's Road, Colombo 10	6.000P	3,220sq.Ft	1	70,800,000	3,500,000	500,000	3,500,000	500,000
12, Kotugodella Veediya, Kandy Lot 1	9.875P	2,450sq.Ft	1	102,375,000	7,542,068	7,040,083	7,542,068	7,040,083
12, Kotugodella Veediya, Kandy Lot 2	18.000P	850sq.Ft	1	90,275,000	70,679,827	56,504,815	70,679,827	57,333,564
98, Yatinuwara Veediya, Kandy	7.698P	2,813sq.Ft	1	74,350,000	6,060,760	5,421,726	6,060,760	5,421,726
30, Kinsey Road, Colombo 07	20.10P	12,050sq.Ft	1	316,500,000	307,323,281	274,800,000	307,323,281	278,200,000
Total				654,300,000	395,105,936	344,266,624	395,105,936	348,495,373

29.3 Amount recognised in Statement of Profit or Loss

Rental income recognised by the Group from the investment property during the period was LKR 29,370,000/- (2023/24 – LKR 27,120,000/-) and was included in the Other operating income. Maintenance expenses included in establishment expenses in relation to income generating property was LKR 1,404,284/- during the period (2023/24 – LKR 819,700/-). There are no vacant properties in the Group.

29.4 Measurement of fair value

(i) Fair value hierarchy

The fair value of properties set out above was determined by a reports from an external independent property valuer, Mr K M U Dissanayake who valued

the properties on 25 March 2023. The valuers have appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

These values have not been incorporated in the Financial Statements.

The fair value measurement for the above of LKR 654,300,000/- has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

(ii) Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of the freehold properties mentioned above, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Market Comparable Method: This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for differences in size, nature, location, condition of specific property in this process outlier transactions, indicative of particularly motivated buyers or sellers are too compensated for, since the price may not adequately reflect the fair market value.	The reference range of value for the properties range from LKR 3,500,000 to LKR 11,250,000. Price per square foot for the properties range from LKR 1,500 to LKR 5,500.	Estimated fair value would increase/ (decrease) if; Price per perch increases/(decreases) Price per square foot increases/(decreases)

30 Property, Plant and Equipment

Accounting Policy

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, for rental to others or for administrative purposes and are expected to be used during more than one period.

Property, plant and equipment are recognised if it is probable that future economic benefits associated with the assets will flow to the Group and cost of the asset can be reliably measured.

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the asset and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use and the costs of dismantling and removing the items and restoring the site on which they are located.

The Group applies cost model to property, plant and equipment except for freehold land and records at cost of purchase or construction together with any directly attributable expenses thereon less accumulated depreciation and any accumulated impairment losses.

The subsequent cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that

the future economic benefits embodied within that part will flow to the Group and its cost can be reliably measured. The carrying amount of those parts that are replaced is derecognised. The costs of day-to-day servicing of property, plant and equipment are charged to the Statement of Profit or Loss as incurred. Costs incurred in using or redeploying an item are not included under carrying amount of an item.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in the Statement of Profit or Loss when the item is derecognised. When replacement costs are recognised in the carrying amount of an item of property, plant and equipment, the remaining carrying amount of the replaced part is derecognised. Major inspection costs are capitalised. At each such capitalisation, the remaining carrying amount of the previous cost of inspections is derecognised.

Depreciation is calculated using the straight-line method to write down the cost of property, plant and equipment to their residual values over their estimated useful lives. The land is not depreciated. The depreciation rates and estimated useful lives of the different types of assets are given in Note 12.

The Group reviews the residual values, useful lives, and method of depreciation of property, plant and equipment at each reporting date. Judgement of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

30.1 Company

	Land	Buildings	Furniture, fittings and fixtures	Office equipment	Air conditioner	Computer and accessories
	LKR	LKR	LKR	LKR	LKR	LKR
Cost						
As at 1 April 2024	488,035,830	199,919,089	542,232,583	510,618,341	108,072,957	466,626,499
Additions/construction work-in-progress during the year	-	-	28,425,493	56,650,372	3,062,055	34,621,429
Disposals during the year	-	-	-	(175,949)	-	(1,577,698)
As at 31 March 2025	488,035,830	199,919,089	570,658,076	567,092,764	111,135,012	499,670,230
Accumulated depreciation						
As at 1 April 2024	-	62,665,441	391,002,494	349,048,590	85,043,302	440,729,360
Charge for the year	-	10,637,434	30,994,991	32,130,314	9,005,699	10,843,377
Disposals	-	-	-	(165,760)	-	(1,577,698)
As at 31 March 2025	-	73,302,875	421,997,485	381,013,144	94,049,001	449,995,039
Net book value	488,035,830	126,616,214	148,660,591	186,079,620	17,086,011	49,675,191

	Land	Buildings	Furniture, fittings and fixtures	Office equipment	Air conditioner	Computer and accessories
	LKR	LKR	LKR	LKR	LKR	LKR
Cost						
As at 1 April 2023	488,035,830	199,919,089	473,311,053	470,897,514	90,629,929	444,388,549
Additions/construction work-in-progress during the year	-	-	68,921,530	39,720,827	17,443,028	22,237,950
Disposals during the year	-	-	-	-	-	-
As at 31 March 2024	488,035,830	199,919,089	542,232,583	510,618,341	108,072,957	466,626,499
Accumulated depreciation						
As at 1 April 2023	-	52,028,007	357,948,111	313,906,925	79,254,926	431,710,541
Charge for the year	-	10,637,434	33,054,383	35,141,665	5,788,376	9,018,819
Disposals	-	-	-	-	-	-
As at 31 March 2024	-	62,665,441	391,002,494	349,048,590	85,043,302	440,729,360
Net book value	488,035,830	137,253,648	151,230,089	161,569,751	23,029,655	25,897,139

Facsimile machine	Generator	Motor vehicles	Photostat machine	Printers	Construction Work-in-progress	Total
LKR	LKR	LKR	LKR	LKR	LKR	LKR
2,586,178	87,313,038	1,214,533,097	14,478,436	54,016,151	66,824,116	3,755,256,315
-	-	114,393,995	1,650,000	3,126,560	57,089,445	299,019,349
-	-	(37,078,080)	-	(41,500)	-	(38,873,227)
2,586,178	87,313,038	1,291,849,012	16,128,436	57,101,211	123,913,561	4,015,402,437
2,159,603	60,044,937	1,049,976,393	13,985,790	44,814,098	-	2,499,470,008
125,587	5,455,197	65,744,777	349,353	3,163,548	-	168,450,276
-	-	(35,903,828)	-	(41,500)	-	(37,688,785)
2,285,190	65,500,134	1,079,817,342	14,335,143	47,936,146	-	2,630,231,499
300,988	21,812,904	212,031,670	1,793,293	9,165,065	123,913,561	1,385,170,938

Facsimile machine	Generator	Motor vehicles	Photostat machine	Printers	Construction Work-in-progress	Total
LKR	LKR	LKR	LKR	LKR	LKR	LKR
2,586,178	70,582,044	1,134,819,262	14,478,436	45,782,491	-	3,435,430,375
-	16,730,994	105,722,840	-	8,233,660	66,824,116	345,834,945
-	-	(26,009,005)	-	-	-	(26,009,005)
2,586,178	87,313,038	1,214,533,097	14,478,436	54,016,151	66,824,116	3,755,256,315
2,006,832	56,449,105	984,970,704	13,551,310	43,076,242	-	2,334,902,703
152,771	3,595,832	91,014,694	434,480	1,737,856	-	190,576,310
-	-	(26,009,005)	-	-	-	(26,009,005)
2,159,603	60,044,937	1,049,976,393	13,985,790	44,814,098	-	2,499,470,008
426,575	27,268,101	164,556,704	492,646	9,202,053	66,824,116	1,255,786,307

30.2 Group

	Land	Buildings	Furniture, fittings and fixtures	Office equipment	Air conditioner	Computer and accessories
	LKR	LKR	LKR	LKR	LKR	LKR
Cost						
As at 1 April 2024	488,035,830	199,919,089	549,998,924	512,415,927	108,072,957	470,445,129
Additions/construction work-in-progress during the year	-	-	29,118,493	56,789,882	3,062,055	35,511,512
Disposals during the year	-	-	-	(184,973)	-	(1,577,698)
As at 31 March 2025	488,035,830	199,919,089	579,117,417	569,020,836	111,135,012	504,378,943
Accumulated depreciation						
As at 1 April 2024	-	62,665,441	393,591,944	349,967,113	85,043,302	444,096,256
Charge for the year	-	10,637,434	31,738,918	32,283,569	9,005,699	11,386,091
Disposals	-	-	-	(166,813)	-	(1,577,698)
As at 31 March 2025	-	73,302,875	425,330,862	382,083,868	94,049,001	453,904,649
Net book value	488,035,830	126,616,214	153,786,555	186,936,968	17,086,011	50,474,294

	Land	Buildings	Furniture, fittings and fixtures	Office equipment	Air conditioner	Computer and accessories
	LKR	LKR	LKR	LKR	LKR	LKR
Cost						
As at 1 April 2023	488,035,830	199,919,089	480,560,034	472,653,449	90,629,929	448,239,479
Additions/construction work-in-progress during the year	-	-	69,438,890	39,762,478	17,443,028	22,267,650
Winding up	-	-	-	-	-	(62,000)
Disposals during the year	-	-	-	-	-	-
As at 31 March 2024	488,035,830	199,919,089	549,998,924	512,415,927	108,072,957	470,445,129
Accumulated depreciation						
As at 1 April 2023	-	52,028,007	359,835,732	314,688,449	79,254,926	434,610,512
Charge for the year	-	10,637,434	33,756,212	35,278,664	5,788,376	9,547,744
Winding up	-	-	-	-	-	(62,000)
Disposals	-	-	-	-	-	-
As at 31 March 2024	-	62,665,441	393,591,944	349,967,113	85,043,302	444,096,256
Net book value	488,035,830	137,253,648	156,406,980	162,448,814	23,029,655	26,348,873

Facsimile machine	Generator	Motor vehicles	Photostat machine	Printers	Construction Work-in progress	Total
LKR	LKR	LKR	LKR	LKR	LKR	LKR
2,641,058	87,313,038	1,221,661,257	14,609,476	54,203,651	66,824,116	3,776,140,452
-	-	114,393,995	1,650,000	3,126,560	57,089,445	300,741,942
-	-	(37,078,080)	-	(41,500)	-	(38,882,251)
2,641,058	87,313,038	1,298,977,172	16,259,476	57,288,711	123,913,561	4,038,000,143
2,214,483	60,044,937	1,057,028,887	14,116,830	44,946,598	-	2,513,715,790
125,587	5,455,197	65,792,604	349,353	3,163,548	-	169,938,000
-	-	(35,903,828)	-	(41,500)	-	(37,689,839)
2,340,070	65,500,134	1,086,917,663	14,466,183	48,068,646	-	2,645,963,951
300,988	21,812,904	212,059,509	1,793,293	9,220,065	123,913,561	1,392,036,192

Facsimile machine	Generator	Motor vehicles	Photostat machine	Printers	Construction Work-in progress	Total
LKR	LKR	LKR	LKR	LKR	LKR	LKR
2,641,058	70,582,044	1,141,947,422	14,609,476	45,969,991	-	3,455,787,801
-	16,730,994	105,722,840	-	8,233,660	66,824,116	346,423,656
-	-	-	-	-	-	(62,000)
-	-	(26,009,005)	-	-	-	(26,009,005)
2,641,058	87,313,038	1,221,661,257	14,609,476	54,203,651	66,824,116	3,776,140,452
2,061,233	56,449,105	991,900,914	13,681,258	43,203,126	-	2,347,713,262
153,250	3,595,832	91,136,978	435,572	1,743,472	-	192,073,533
-	-	-	-	-	-	(62,000)
-	-	(26,009,005)	-	-	-	(26,009,005)
2,214,483	60,044,937	1,057,028,887	14,116,830	44,946,598	-	2,513,715,790
426,575	27,268,101	164,632,370	492,646	9,257,053	66,824,116	1,262,424,662

30.3 Property, plant and equipment retired from active use

Following fully depreciated property, plant and equipment were retired from active use as at the Statement of Financial Position date.

	Company		Group	
As at 31 March	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Office equipment	125,000	-	125,000	-
Computer and accessories	1,577,698	-	1,577,698	-
Motor vehicles	28,901,750	26,009,005	28,901,750	26,009,005
Printers	41,500	-	41,500	-
Total	30,645,948	26,009,005	30,645,948	26,009,005

30.4 Fully depreciated property, plant and equipment

The cost of fully depreciated property, plant and equipment which are still in use as at the Statement of Financial Position date is as follows:

	Company		Group	
As at 31 March	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Furniture, fittings and fixtures	308,761,328	188,079,286	309,314,801	188,632,759
Office equipment	244,952,232	170,196,944	245,450,260	170,749,853
Air conditioner	79,711,961	72,920,541	79,711,961	72,920,541
Computer and accessories	429,660,431	422,019,386	432,220,361	423,722,316
Facsimile machine	1,579,330	1,171,400	1,634,210	1,171,400
Generator	44,862,729	43,638,555	44,862,729	43,638,555
Motor vehicles	953,177,385	692,679,175	960,018,645	699,520,435
Photostat machine	13,463,236	12,934,836	13,594,276	13,065,876
Printers	43,272,178	40,901,618	43,404,678	41,034,117
Total	2,119,440,810	1,644,541,741	2,130,211,921	1,654,455,852

30.5 Property, plant and equipment pledged as security for liability

There were no items of property, plant and equipment pledged as security for liabilities as at reporting date.

30.6 Temporarily idle property, plant and equipment

There were no temporarily idle property, plant, and equipment as at reporting date.

30.7 Title restriction on property, plant and equipment

There were no restrictions existing on the title of property, plant, and equipment of the Group as at reporting date.

30.8 Borrowing cost

There were no capitalised borrowing costs related to the acquisition of property, plant, and equipment as at reporting date.

30.9 Information of freehold land and building

30.9.1 Company

Location	Number of buildings	Extent		Valuation	Cost 2025 LKR	Carrying value 2025 LKR	Cost 2024 LKR	Carrying value 2024 LKR
		Land	Building					
7/4, Mawilmada road, Kandy	1	OA.1R.10.595P	1,301sq.Ft	47,150,000	13,010,874	5,398,382	13,010,874	6,038,382
Highway park, Amunugama, Pothuhera	1	OA.5R.25.49P	680sq.Ft	55,825,000	30,711,364	23,487,979	30,711,364	23,975,104
92, Dean's Road, Colombo 10	1	OA.0R.8.00P	4,358sq.ft	92,600,000	24,600,000	23,071,507	24,600,000	23,207,415
No. 255 and 257 C, D, C 1/2, Stanley Thilakaratne Mawatha, Nugegoda	3	OA.0R.13.690P	8,326sq.ft	126,000,000	77,999,400	67,395,340	77,999,400	68,707,182
No. 91B and 93, Colombo Road, Piliyandala	2	A.0R.12.00P	4,350sq.ft	55,700,000	46,799,100	44,507,669	46,799,100	44,841,949
No.91, Kandy Road, Kurunegala.	1	OA.0R.18.10P	8,460sq.ft	137,400,000	114,484,181	97,990,274	114,484,181	101,218,553
No.14, Kotugodalla Veediya, Kandy	1	OA.0R.10.00P	12,674sq.ft	399,000,000	380,350,000	352,800,893	380,350,000	357,300,893
Total				913,675,000	687,954,919	614,652,044	687,954,919	625,289,478

30.9.2 Group

Location	Number of buildings	Extent		Valuation	Cost 2025 LKR	Carrying value 2025 LKR	Cost 2024 LKR	Carrying value 2024 LKR
		Land	Building					
7/4, Mawilmada road, Kandy	1	OA.1R.10.595 P	1,301 sq. Ft	47,150,000	13,010,874	5,398,382	13,010,874	6,038,382
Highway park, Amunugama, Pothuhera	1	OA.5R.25.49 P	680 sq. Ft	55,825,000	30,711,364	23,487,979	30,711,364	23,975,104
92, Dean's Road, Colombo 10	1	OA.0R.8.00 P	4,358 sq.ft	92,600,000	24,600,000	23,071,507	24,600,000	23,207,415
No. 255 and 257 C, D, C 1/2, Stanley Thilakaratne Mawatha, Nugegoda	3	OA.0R.13.690 P	8,326 sq.ft	126,000,000	77,999,400	67,395,340	77,999,400	68,707,182
No. 91B and 93, Colombo Road, Piliyandala	2	A.0R.12.00 P	4,350 sq.ft	55,700,000	46,799,100	44,507,669	46,799,100	44,841,949
No.91, Kandy Road, Kurunegala.	1	OA.0R.18.10 P	8,460 sq.ft	137,400,000	114,484,181	97,990,274	114,484,181	101,218,553
No.14, Kotugodalla Veediya, Kandy	1	OA.0R.10.00 P	12,674 sq.ft	399,000,000	380,350,000	352,800,893	380,350,000	357,300,893
Total				913,675,000	687,954,919	614,652,044	687,954,919	625,289,478

30.9.3 Measurement of fair value

(i) Fair value hierarchy

The fair value of properties set out above was determined by a reports from an external independent property valuer, Mr K M U Dissanayake who valued the properties on 25 March 2023. The valuers have appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The fair value measurement for the above of LKR 913,675,000/- has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

(ii) Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of the freehold properties mentioned above, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Market Comparable Method: This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for differences in size, nature, location, and condition of specific property in this process outlier transactions, indicative of particularly motivated buyers or sellers are too compensated for since the price may not adequately reflect the fair market value.	<p>The reference range of value for the properties range from LKR 125,000 to LKR 29,200,000.</p> <p>Price per square foot for the properties range from LKR 1,000 to LKR 11,000.</p>	<p>Estimated fair value would increase/ (decrease) if;</p> <p>Price per perch increases/(decreases)</p> <p>Price per square foot increases/ (decreases)</p>

31 Intangible Assets

Accounting Policy

An intangible asset is an identifiable non-monetary asset without physical substance held for use in the production or supply of goods or services, for rental to others or for administrative purposes.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is measured at their fair value as at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives as given in Note 12.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits are associated.

An intangible asset shall be derecognised on disposal; or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an intangible asset shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset. It shall be recognised in profit or loss when the asset is derecognised.

Goodwill on acquisitions

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business combination over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually, or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units (CGUs) or group of CGUs, which are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree

are assigned to those units. Each unit to which the goodwill is allocated represents the lowest level within the Company at which the goodwill is monitored for internal management purposes, and is not larger than an operating segment in accordance with Sri Lanka Accounting Standard (SLFRS 8) Operating Segments.

Where goodwill forms part of a CGU (or group of CGUs) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

When subsidiary is sold, the difference between the selling price and the net assets plus cumulative translation differences and goodwill is recognised in the Statement of Profit or Loss.

31.1 Intangible assets – Company

As at 31 March	2025 LKR	2024 LKR
Software		
Cost		
Balance at the beginning of the year	301,859,992	295,400,011
Additions during the year	1,158,775	6,459,981
Balance at the end of the year	303,018,767	301,859,992
Accumulated amortisation		
Balance at the beginning of the year	247,578,985	237,071,674
Amortisation for the year	10,563,742	10,507,311
Balance at the end of the year	258,142,727	247,578,985
Carrying amount	44,876,040	54,281,007

31.2 Intangible assets – Group

As at 31 March	2025			2024
	Software LKR	Website LKR	Total LKR	Total LKR
Cost				
Balance at the beginning of the year	305,885,312	197,847	306,083,159	299,512,318
Additions during the year	1,158,775	–	1,158,775	6,570,841
Balance at the end of the year	307,044,087	197,847	307,241,934	306,083,159
Accumulated amortisation				
Balance at the beginning of the year	251,109,824	197,847	251,307,671	240,713,090
Amortisation for the year	10,654,336	–	10,654,336	10,594,581
Balance at the end of the year	261,764,160	197,847	261,962,007	251,307,671
Carrying amount	45,279,927	–	45,279,927	54,775,488

31.3 Fully amortised intangible assets

The cost of fully amortised intangible assets which are still in use as at the Statement of Financial Position date is as follows:

As at 31 March	Company		Group	
	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Software	226,196,409	210,115,022	229,466,775	213,385,389
Website	–	–	197,847	197,847
Total	226,196,409	210,115,022	229,664,622	213,583,236

31.4 The Group does not recognise any goodwill as at the reporting date.

32 Right-of-Use Assets

Accounting Policy

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. 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. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SLFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Determination of the lease term for lease contracts with renewal and termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination option. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that are within its control that affects its ability to exercise or not to exercise the option to renew or to terminate.

The Group recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made on or before the commencement

date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site to its original state, less any lease incentives received.

The right-of-use asset subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers the ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Estimating the incremental borrowing rate

Further, as the Group cannot readily determine the interest rate implicit in the lease, it uses its Incremental Borrowing Rate (IBR) to measure the lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR, therefore, reflects what the Group "would have to pay", which requires estimation when no observable rates are available (or when they need to be adjusted to reflect the terms and conditions of the lease). The Group estimates the IBR using observable input when available and is required to make certain entity specific adjustments.

Lease payments included in the measurement of the lease liability comprise the following;

- Fixed payments including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Amounts receivable under finance leases are included under "Finance lease receivable". Leasing balances are stated in the Statement of Financial Position after deduction of initial rentals received, unearned lease income and the provision for impairment. Assets sold to customers under fixed rate hire agreements, which transfer all risk and rewards as well as the legal title at the end of such contractual period are classified as "Hire purchase receivable". Such assets are accounted for in a similar manner as finance leases.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease. If an arrangement contains lease and non-lease components, then the Group applies SLFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in SLFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognise lease payments received under operating leases as income on a straight-line basis over the lease term as part of other operating income.

As at 31 March	Note	Company		Group	
		2025 LKR	2024 LKR	2025 LKR	2024 LKR
Balance at the beginning of the year		385,709,783	346,392,989	385,709,783	352,869,137
Additions during the year		162,125,850	122,850,747	199,404,661	122,850,747
Depreciation charge for the year	32.1	(131,505,476)	(119,965,337)	(139,477,905)	(126,441,485)
Advance payment made during the year	32.2	60,977,675	36,431,384	65,277,683	36,431,384
Disposal during the year		(12,247,306)	-	(12,247,306)	-
Balance at the end of the year		465,060,526	385,709,783	498,666,916	385,709,783

32.1 Amounts recognised in Statement of Profit or Loss

As at 31 March	Company		Group	
	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Depreciation of right-of-use assets	131,505,476	119,965,337	139,477,905	126,441,485

32.2 Amounts recognised in Statement of Cash Flows

As at 31 March	Company		Group	
	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Total cash outflow from lease	(60,977,675)	(36,431,384)	(65,277,683)	(36,431,384)

33 Deferred Tax Assets

Accounting Policy

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base of assets and liabilities, which is the amount attributed to those assets and liabilities for tax purposes. Management judgments are required to determine the amount of deferred tax assets/liabilities that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Refer to Note 15 for more details on taxation.

There is no legally enforceable right to set off deferred tax assets against deferred tax liabilities if it does not relate to the same taxable entity or the same taxation authority.

As at 31 March	Company		Group	
	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Summary of net deferred tax assets				
Balance at the beginning of the year	248,863,640	109,259,525	249,298,956	109,990,943
Amount reversed during the year	173,144,753	113,127,217	173,676,435	112,804,075
Total amount reversed to the Statement of Profit or Loss	173,144,753	113,127,217	173,676,435	112,804,075
Amount reversed/(charged) during the year – Statement of Other Comprehensive Income	(12,700,957)	26,476,898	(12,020,449)	26,503,938
Total amount reversed/(charged) to the Statement of Other Comprehensive Income	(12,700,957)	26,476,898	(12,020,449)	26,503,938
Balance at the end of the year	409,307,436	248,863,640	410,954,942	249,298,956

33.1 Reconciliation of Net Deferred Tax Assets

As at 31 March	Company		Group	
	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Deferred tax assets				
Retirement benefit obligation	59,098,264	46,564,802	62,044,876	47,930,459
Lease liabilities	138,731,390	119,440,253	148,759,006	119,440,253
Unclaimed impairment provision	477,012,135	370,366,276	477,012,135	370,366,276
Net Unrealised losses on financial assets measured at FVOCI	–	21,432,570	–	21,432,570
	674,841,789	557,803,901	687,816,017	559,169,558
Deferred tax liabilities				
Property, plant and equipment	49,218,373	83,730,617	50,463,180	84,660,958
Lease capital balance	76,797,822	109,496,709	76,797,822	109,496,709
Right-of-use assets	139,518,158	115,712,935	149,600,073	115,712,935
	265,534,353	308,940,261	276,861,075	309,870,602
Net deferred tax assets	409,307,436	248,863,640	410,954,942	249,298,956

As at 31 March	Company					
	Statement of Financial Position		Statement of Profit or Loss		Statement of Other Comprehensive Income	
	2025 LKR	2024 LKR	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Deferred tax assets on:						
Retirement benefit obligation	59,098,264	46,564,802	3,801,849	5,875,949	8,731,613	5,044,328
Lease liabilities	138,731,390	119,440,253	19,291,137	13,112,757	-	-
Unclaimed impairment provision	477,012,135	370,366,276	106,645,859	38,989,984	-	-
Net Unrealised losses on financial assets measured at FVOCI	-	21,432,570	-	-	(21,432,570)	21,432,570
	674,841,789	557,803,901	129,738,845	57,978,690	(12,700,957)	26,476,898
Deferred tax liabilities on:						
Property, plant and equipment	49,218,373	83,730,617	34,512,244	4,065,729	-	-
Lease capital balance	76,797,822	109,496,709	32,698,887	62,877,837	-	-
Right-of-use assets	139,518,158	115,712,935	(23,805,223)	(11,795,039)	-	-
	265,534,353	308,940,261	43,405,908	55,148,527	-	-
Deferred tax effect on other comprehensive income	-	-	173,144,753	113,127,217	(12,700,957)	26,476,898
Net deferred tax assets	409,307,436	248,863,640				

As at 31 March	Group					
	Statement of Financial Position		Statement of Profit or Loss		Statement of Other Comprehensive Income	
	2025 LKR	2024 LKR	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Deferred tax assets on:						
Retirement benefit obligation	62,044,876	47,930,459	4,702,296	6,335,419	9,412,121	5,071,368
Lease liabilities	148,759,006	119,440,253	29,318,753	10,552,158	-	-
Unclaimed impairment provision	477,012,135	370,366,276	106,645,859	38,989,984	-	-
Net Unrealised losses on financial assets measured at FVOCI	-	21,432,570	-	-	(21,432,570)	21,432,570
	687,816,017	559,169,558	140,666,908	55,877,561	(12,020,449)	26,503,938
Deferred tax liabilities on:						
Property, plant and equipment	50,463,180	84,660,958	34,197,778	3,902,909	-	-
Lease capital balance	76,797,822	109,496,709	32,698,887	62,875,800	-	-
Right-of-use assets	149,600,073	115,712,935	(33,887,138)	(9,852,195)	-	-
	276,861,075	309,870,602	33,009,527	56,926,514	-	-
Deferred tax effect on other comprehensive income	-	-	173,676,435	112,804,075	(12,020,449)	26,503,938
Net deferred tax assets	410,954,942	249,298,956	-	-	-	-

34 Other Assets

Accounting Policy

Other assets include gold stock, deposits, dividend receivables, advances, and prepayments, etc. These assets are non-interest earning and recorded at the amounts that are expected to be received.

As at 31 March	Note	Company		Group	
		2025 LKR	2024 LKR	2025 LKR	2024 LKR
Stock of gold specimen		259,200	259,200	259,200	259,200
Advance payments		137,314,274	46,988,703	140,589,648	49,503,092
Vehicle inventory for trade		-	30,704,100	-	30,704,100
Cash cover		468,496	468,496	468,496	468,496
Dividend receivables	34.1	-	25,500,000	-	-
Rent income receivable		8,582,080	17,418,201	8,582,080	17,418,201
Sundry deposits		12,609,192	10,561,192	12,619,192	10,571,192
Broker settlement – Margin trading		2,269,676	9,329,825	2,269,676	9,329,825
Other receivables		23,518,743	42,018,760	33,516,546	51,803,844
Total		185,021,661	183,248,477	198,304,838	170,057,950

34.1 Dividends receivable consist of the net dividend receivable from Senkadagala Insurance Brokers (Pvt) Ltd. for the financial year 2023–24.

35 Due to Banks

Accounting Policy

These include bank overdrafts, term loans, and other bank facilities. Due to bank balances are initially recognised at fair value net of transactions cost. Subsequently, they are stated at amortised cost; any difference between the proceeds (net of transaction cost) and the repayable amount (including interest) is recognised in the Statement of Profit or Loss over the period of the loan using the EIR method.

As at 31 March	Note	Company		Group	
		2025 LKR	2024 LKR	2025 LKR	2024 LKR
Bank overdrafts		153,488,100	151,118,902	153,488,100	151,118,902
Asset securitised loans	35.1	12,477,095,013	6,358,807,174	12,477,095,013	6,358,807,174
Total		12,630,583,113	6,509,926,076	12,630,583,113	6,509,926,076

35.1 Asset securitised loans movement during the year

As at 31 March	Company		Group	
	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Balance as at the beginning of the year	6,328,478,889	6,631,871,110	6,328,478,889	6,631,871,110
Loans obtained during the year	11,950,000,000	4,600,000,000	11,950,000,000	4,600,000,000
Capital repayment during the year	(5,827,412,889)	(4,903,392,221)	(5,827,412,889)	(4,903,392,221)
Balance before amortised interest payable	12,451,066,000	6,328,478,889	12,451,066,000	6,328,478,889
Amortised interest payable	26,029,013	30,328,285	26,029,013	30,328,285
Balance as at the end of the year	12,477,095,013	6,358,807,174	12,477,095,013	6,358,807,174

35.2 Asset securitised loans

Lending institution	Nature of facility	Term in months	Security	Interest rate	Company/Group	
					2025 LKR	2024 LKR
Long-term borrowings						
Commercial Bank of Ceylon PLC	Revolving term loans/term loans	48	Lease receivable	Floating/Fixed	6,076,086,000	3,370,840,666
People's Bank	Term loans	53	USD fixed deposits	Floating	-	2,009,721,556
DFCC Bank PLC	Term loans	48	Lease receivables	Fixed	250,000,000	500,000,000
Sampath Bank PLC	Term loans	48	Lease receivables	Floating	760,396,667	447,916,667
Nation Trust Bank PLC	Term loans	48	Lease receivables	Floating	864,583,333	-
Hatton National Bank PLC	Short-term loans	6	N/A	Floating	3,000,000,000	-
Seylan Bank PLC	Term loans	48	Lease receivables	Floating/Fixed	1,500,000,000	-
Total for Company/Group					12,451,066,000	6,328,478,889

Finance lease and hire purchase aggregate portfolio amounting to LKR 8,819,569,449/- (2024 - LKR 3,051,662,940/-) have been pledged as security for the bank loans.

The Company has pledged USD denominated fixed deposits amounting to LKR Nil (2024 - LKR 2,622,924,647/-) in principle, to obtain loans from Peoples' Bank and Commercial Bank of Ceylon PLC.

The Company has not had any defaults of principal, interest or other breaches with regard to due to banks during 2024/25 or 2023/24.

In the ordinary course of business the Company enters into transactions that result in the transfer of financial assets to third parties. The information above sets out the extent of such transfers and retained interest in transferred assets.

The Company has transferred future rental receivable of leases and hire purchases, but has retained substantially all of the credit risk associated with the transferred assets due to the retention of substantially all the risk and rewards on these assets, the Company continues to recognise these assets within lease rental receivable and hire purchase receivable.

36 Financial Liabilities at Amortised Cost – Due to Depositors

Accounting Policy

Due to depositors comprise interest bearing savings deposits and term deposits. Customer deposits are initially recognised at fair value net of transactions cost. Subsequent to the initial recognition they are measured at their amortised cost using the EIR method. Interest expense on these deposits is recognised in the Statement of Profit or Loss.

As at 31 March	Note	Company		Group	
		2025 LKR	2024 LKR	2025 LKR	2024 LKR
Saving deposits		657,550,044	724,616,099	657,550,044	724,616,099
Fixed deposits	36.1	12,691,164,423	13,114,503,785	12,627,059,751	13,051,973,865
Total		13,348,714,467	13,839,119,884	13,284,609,795	13,776,589,964

36.1 Fixed deposits

As at 31 March	Company		Group	
	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Fixed deposits	12,249,870,571	12,492,348,207	12,185,956,302	12,430,073,808
Amortised interest payable	441,293,852	622,155,578	441,103,449	621,900,057
Total	12,691,164,423	13,114,503,785	12,627,059,751	13,051,973,865

Deposit insurance scheme

As per the Directions No. 1 of 2010, Sri Lanka Deposit Insurance Scheme, which was effected from 1 October 2010 all Licensed Finance Companies (LFC)s are required to pay an insurance premium

The deposit insurance scheme is calculated at the rate of 0.15% per annum payable monthly for all eligible deposits as at the end of the month. Eligible deposits include all the time deposits held by the LFC except for –

- Deposit liabilities to member institutions.
- Deposit liabilities maintained individually or jointly with any other party, by Directors, Key Management Personnel, other related parties, excluding shareholders as defined in Banking Act Direction, No 11 of 2007 on Corporate Governance for Licensed Commercial Banks, Banking Act Direction, No. 12 of 2007 on Corporate Governance for Licensed Specialised Banks and the Finance Companies Act (Corporate Governance) Direction, No. 3 of 2008 for Licensed Finance Companies.
- Deposit liabilities maintained either individually or jointly with any other party, by former Directors or Key Management Personnel of the respective Member Institution.
- Deposits falling within the meaning of abandoned property in terms of the Banking Act, amounts of which have been transferred to the Central Bank of Sri Lanka in terms of the relevant Directions issued by the Monetary Board.
- Dormant deposits in terms of the Finance Business Act, amounts of which have been transferred to the Central Bank of Sri Lanka in terms of the relevant Directions issued by the Monetary Board.

37 Financial Liabilities at Amortised Cost – Other Borrowings

Accounting Policy

These represent borrowings from financial institutions, due to foreign institutions, securitisation, commercial papers, and other borrowings. These facilities are initially recognised at fair value net of the transaction cost. Subsequent to initial recognition borrowings are measured at their amortised cost using the effective interest method. Amortised cost is computed by taking into account any discount or premium identified at initial recognition, which is an integral part of EIR. Interest paid/payable on these borrowings is recognised in Statement of Profit or Loss.

As at 31 March	Note	Company		Group	
		2025 LKR	2024 LKR	2025 LKR	2024 LKR
Commercial papers	37.1	–	70,459,119	–	70,459,119
Asset securitised loans	37.2	1,151,394,682	3,628,907,138	1,151,394,682	3,628,907,138
Total		1,151,394,682	3,699,366,257	1,151,394,682	3,699,366,257

37.1 Commercial papers

As at 31 March	Company		Group	
	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Commercial papers capital outstanding	–	70,000,000	–	70,000,000
Amortised interest payable	–	459,119	–	459,119
Total	–	70,459,119	–	70,459,119

37.1.1 Commercial papers movement during the year

As at 31 March	Company		Group	
	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Balance as at the beginning of the year	70,000,000	70,000,000	70,000,000	70,000,000
Issued during the year	–	228,915,479	–	228,915,479
Settled during the year	(70,000,000)	(228,915,479)	(70,000,000)	(228,915,479)
Balance before amortised interest payable	–	70,000,000	–	70,000,000
Amortised interest payable	–	459,119	–	459,119
Balance as at the end of the year	–	70,459,119	–	70,459,119

37.2 Asset securitised loans

	Company		Group	
As at 31 March	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Assets securitisation loans capital outstanding	1,150,000,000	1,450,000,000	1,150,000,000	1,450,000,000
Borrowings from Netherlands Development Finance Company (FMO)	-	1,673,242,656	-	1,673,242,656
Borrowings from Incofin Investment Management	-	501,972,837	-	501,972,837
Amortised interest payable	1,394,682	3,691,645	1,394,682	3,691,645
Total	1,151,394,682	3,628,907,138	1,151,394,682	3,628,907,138

37.2.1 Asset securitised loans movement during the year

	Company		Group	
As at 31 March	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Balance as at the beginning of the year	3,625,215,493	7,477,460,125	3,625,215,493	7,477,460,125
Loans obtained during the year	-	-	-	-
Capital repayment during the year	(2,443,832,888)	(3,550,861,077)	(2,443,832,888)	(3,550,861,077)
Effect of movement in Foreign Exchange Rate	(31,382,605)	(301,383,555)	(31,382,605)	(301,383,555)
Balance before amortised interest payable	1,150,000,000	3,625,215,493	1,150,000,000	3,625,215,493
Amortised interest payable	1,394,682	3,691,645	1,394,682	3,691,645
Balance as at the end of the year	1,151,394,682	3,628,907,138	1,151,394,682	3,628,907,138

37.2.2 Asset securitised loans

Lending institution/Trustee	Nature of facility	Term in months	Security	Interest Rate	Company/Group	
					2025 LKR	2024 LKR
Long-term borrowings						
National Development Bank PLC	Syndication loan	3 60	N/A	Fixed	1,150,000,000	1,450,000,000
Netherlands Development Finance Company (FMO)	USD term loan	53	Lease receivables	Fixed	-	1,673,242,656
Incofin Investment Management	USD term loan	38	Lease receivables	Floating	-	501,972,837
Total for Company/Group					1,150,000,000	3,625,215,493

Securities Pledged

Finance lease and hire purchase aggregate portfolio amounting to LKR Nil (2024 – LKR 1,946,894,243/-) have been pledged as security for the above loans.

The Company has not had any defaults of principal, interest or other breaches with regard to Due to Banks during 2024/25 or 2023/24.

38 Subordinated Debt Instruments

Accounting Policy

Subordinated debt instruments include debentures issued and term loan raised by the Company, initially recognised at fair value net of transactions cost. Subsequently, they are stated at amortised cost; any difference between the proceeds (net of transaction cost) and the repayable amount (including interest) is recognised in the Statement of Profit or Loss over the period of the loan using the EIR method.

	Note	Company		Group	
As at 31 March		2025 LKR	2024 LKR	2025 LKR	2024 LKR
Subordinated debentures	38.1	-	1,768,784,186	-	1,768,784,186
Subordinated term loan	38.2	1,543,197,051	-	1,543,197,051	-
Total		1,543,197,051	1,768,784,186	1,543,197,051	1,768,784,186

38.1 Subordinated debentures

	Company		Group	
As at 31 March	2025 LKR	2024 LKR	2025 LKR	2024 LKR
As at the beginning of the year	1,750,000,000	1,750,000,000	1,750,000,000	1,750,000,000
Redemptions of debt instruments	(1,750,000,000)	-	(1,750,000,000)	-
Balance before amortised interest payable	-	1,750,000,000	-	1,750,000,000
Amortised interest payable	-	18,784,186	-	18,784,186
As at the end of the year	-	1,768,784,186	-	1,768,784,186

During the period, the Company redeemed the subordinated, unsecured, redeemable, rated debentures to the value of LKR 1,750 Mn., details of which is given below,

As at 31 March	Interest payable	Period of issue	Period of maturity	2025 LKR	2024 LKR
2019/20 - Fixed rated 12.875% p.a.	Semi Annually	2019/20	2024/25	-	1,750,000,000

38.2 Subordinated term loan

	Company		Group	
As at 31 March	2025 LKR	2024 LKR	2025 LKR	2024 LKR
As at the beginning of the year	-	-	-	-
Term loan obtained during the year	1,500,000,000	-	1,500,000,000	-
Balance before amortised interest payable	1,500,000,000	-	1,500,000,000	-
Amortised interest payable	43,197,051	-	43,197,051	-
As at the end of the year	1,543,197,051	-	1,543,197,051	-

The Company received the Central Bank approval to include the unsecured, subordinated term loan of LKR 1,500 Mn.

				Company/Group	
Trustee	Nature of facility	Term in months	Interest	2025 LKR	2024 LKR
Hatton National Bank PLC	Subordinated term loan	60	Fixed/Floating	1,500,000,000	-

The Company has not had any defaults of principal or interest or other breaches with respect to any subordinated liability during the year 2024/25 or 2023/24.

39 Lease Liabilities

Accounting Policy

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate.

	Company		Group	
As at 31 March	2025 LKR	2024 LKR	2025 LKR	2024 LKR
As at the beginning of the year	398,134,175	354,424,986	398,134,175	362,960,317
Additions during the year	162,125,850	122,850,747	193,404,669	122,850,747
Interest expense recognised in Statement of Profit or Loss	70,881,627	65,995,070	76,252,795	66,531,739
Payment during the year	(161,297,921)	(145,136,628)	(169,913,306)	(154,208,628)
Early termination of lease liabilities	(7,405,766)	-	(7,405,766)	-
As at the end of the year	462,437,965	398,134,175	490,472,567	398,134,175
Amounts recognised in Statement of Profit or Loss				
Interest expense	70,881,627	65,995,070	76,252,795	66,531,739
Amounts recognised in Statement of Cash Flows				
Net cash outflow from lease	(161,297,921)	(145,136,628)	(169,913,306)	(154,208,628)

40 Current Tax Payable

Accounting Policy

A provision is recognised if, as a result of past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Refer Note 15 for more details on taxation.

The Company is subject to income taxes and other taxes including VAT on financial services, stamp duty, social security levy, etc.

	Company		Group	
As at 31 March	2025 LKR	2024 LKR Restated	2025 LKR	2024 LKR Restated
Income tax				
Balance at the beginning of the year	920,225,153	140,810,937	927,296,003	146,850,423
Adjustment to correct error	-	573,297,886	-	573,297,886
Balance at the beginning of the year (Restated)	920,225,153	714,108,823	927,296,003	720,148,309
Current income tax charge	1,074,694,302	492,014,489	1,126,578,344	532,488,884
Under provision in respect of previous year	92,140,556	14,618,505	92,140,556	15,701,432
Income tax assessment	12,124,490	-	12,124,490	-
Payments made during the year	(1,554,291,275)	(298,057,692)	(1,597,808,742)	(337,161,768)
On winding up subsidiary	-	-	-	(679,636)
Withholding tax receivable	(3,570,767)	(2,458,972)	(3,274,776)	(3,201,218)
Balance at the end of the year	541,322,459	920,225,153	557,055,875	927,296,003
Other tax liabilities	135,645,242	115,420,266	135,735,834	115,492,061
Total	676,967,701	1,035,645,419	692,791,709	1,042,788,064

41 Other Liabilities

Accounting Policy

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Other liabilities mainly comprise accrued expenses, payable to suppliers, dividend payable, etc.

As at 31 March	Company		Group	
	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Accrued expenditure – non-interest	31,751,349	26,916,140	34,111,533	28,615,979
Payable to suppliers	527,463,418	480,277,007	527,463,418	480,277,007
Insurance premium payable	94,308,097	67,260,402	94,308,097	67,260,402
Dividend payable	23,139,380	23,130,006	23,139,380	23,130,006
Value added tax payable	21,396,360	14,670,116	25,486,241	17,385,853
Withholding tax payable on dividend	-	-	-	4,500,000
Deposit insurance premium	-	1,531,173	-	1,531,173
Deferred loan protection fee income	4,693,616	5,960,859	4,693,616	5,960,859
Current account – Margin trading	32,893,363	9,329,825	32,893,363	9,329,825
Other liabilities	92,993,618	20,339,948	93,998,519	50,003,924
Total	828,639,201	649,415,476	836,094,167	687,995,028

42 Employee Retirement Benefits

Accounting Policy

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Plan assets comprises the assets held by a long-term employee benefit fund that is legally separate from the reporting entity and exists solely to pay or fund employee benefits.

Refer Note 11 for Company's policy on retirement benefit obligations.

As at 31 March	Note	Company		Group	
		2025 LKR	2024 LKR	2025 LKR	2024 LKR
Balance at the beginning of the year		155,216,005	118,815,083	159,768,195	121,745,571
Retirement benefit expense recognised in the statement of profit or loss	42.1	36,401,332	37,987,694	39,402,829	39,519,264
Retirement benefit expense recognised in the statement of other comprehensive income	42.2	29,105,375	16,814,428	31,373,738	16,904,560
Benefits paid during the year		(23,728,500)	(18,401,200)	(23,728,500)	(18,401,200)
Balance at the end of the year		196,994,212	155,216,005	206,816,261	159,768,195

42.1 Retirement benefit expense recognised in the Statement of Profit or Loss

	Company		Group	
As at 31 March	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Current service cost	17,775,412	14,818,753	20,265,255	15,999,391
Interest cost	18,625,920	23,168,941	19,137,574	23,519,873
Total	36,401,332	37,987,694	39,402,829	39,519,264

42.2 Retirement benefit expense recognised in the Statement of Other Comprehensive Income

	Company		Group	
As at 31 March	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Actuarial loss/(gain) for the year	19,342,352	(21,982,600)	21,610,715	(21,892,468)
Liability loss due to changes in financial assumptions	9,763,023	38,797,028	9,763,023	38,797,028
Total	29,105,375	16,814,428	31,373,738	16,904,560

As required by Sri Lanka Accounting Standards (LKAS -19) "Employee Benefits", the Company follows the Actuarial Valuation method to determine Employee Benefit Obligation, while subsidiaries follow the Gratuity formula method.

Company

Mr Piyal S Goonathilake FSA (USA), a member of the American Academy of Actuaries has carried out an independent actuarial valuation of the defined benefit obligation as at 31 March 2025. The valuation was carried out using the Projected Unit Credit Actuarial Cost Method, the method recommended by Sri Lanka Accounting Standard - LKAS 19 on Defined Benefit Obligations.

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.

Provision has been made for retirement gratuities from the beginning of service for all employees, in conformity with Sri Lanka Accounting Standard LKAS 19 on "Employee Benefit". However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of five years of continued service.

As at 31 March	2025	2024
Discount rate	11.0%	12.0%
Salary scale	5.0%	5.0%
Retirement age	60 years	60 years
Weighted average duration of the defined benefit obligation	5.7 years	5.7 years
Staff turnover:		
20-40 years	11% – 19%	11% – 19%
41-50 years	1% – 3%	1% – 3%
51 years or above	1%	1%
Mortality	GA 1983 Mortality table	
Disability	Long-term disability 1987 Soc. Sec. Table	

Subsidiaries

The principle assumptions used by subsidiaries as follows;

As at 31 March 2025	Salary scale	Discount rate	Staff turnover	Retirement age
Senkadagala Insurance Brokers (Pvt) Ltd.	12.00%	12.00%	0.00%	82
Senfin Asset Management (Pvt) Ltd.	24.06%	10.60%	18.30%	60

42.3 Sensitivity of assumptions employed

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measurement.

The sensitivity of the Statement of Profit or Loss and Statement of Financial Position is the effect of the assumed changes in discount rate and salary increment rate on the Income Statement and employment benefit obligation for the year.

	Increase/(decrease) in Discount Rate (%)	Increase/(decrease) in Salary Increment rate (%)	Sensitivity Effect on income statement increase/(reduction) in profit for the year LKR '000	Sensitivity Effect on Employment Benefit obligation increase/ (reduction) in the liability LKR '000
Senkadagala Finance PLC	+1	-	9,763	(9,763)
	-1	-	(11,093)	11,093
	-	+1	(11,316)	11,316
	-	-1	10,097	(10,097)
Senkadagala Insurance Brokers (Pvt) Ltd.	+1	-	236	(236)
	-1	-	(243)	243
	-	1	(223)	223
	-	-1	222	(222)
Senfin Asset Management (Pvt) Ltd.	+1	-	336	(336)
	-1	-	(356)	356
	-	1	(315)	315
	-	-1	301	(301)

42.4 The expected benefit payout in the future years for retirement gratuity

As at 31 March	Company	
	2025 LKR	2024 LKR
Within 12 months	56,633,506	20,299,353
Between 2-5 years	103,599,193	89,177,280
Over 5 years	179,063,303	160,098,057
Over 10 years	913,200,000	752,900,000
Total	1,252,496,002	1,022,474,690

The expected benefits are estimated based on the same assumptions used to measure the Company's benefit obligation at the end of the year and include benefits attributable to estimated future employee service.

43 Stated Capital

Ordinary shares of the Company are recognised at the amount paid per ordinary shares net of directly attributable issue cost.

As at 31 March	2025		2024	
	Number of shares	Value LKR	Number of shares	Value LKR
Issued and fully paid shares				
At the beginning of the year	86,279,834	2,424,777,045	86,279,834	2,424,777,045
At the end of the year	86,279,834	2,424,777,045	86,279,834	2,424,777,045

43.1 Rights and restrictions of ordinary shares

The shares of Senkadagala Finance PLC were transferred to the Second Board from the “Diri Savi” Board of Colombo Stock Exchange on 13 October 2023, due to fulfilment of public shareholding requirements. The holders of ordinary shares are entitled to receive dividends as declared from time to time and voting shares are entitled to one vote per share at general meetings of the Company. All shares rank equally with regard to the Company’s residual assets.

44 Statutory Reserve Fund

Statutory reserve fund is maintained by the Company in order to meet the legal requirements.

As at 31 March	Company		Group	
	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Balance at the beginning of the year	591,036,033	531,036,033	591,036,033	535,997,079
Transfers during the year	85,000,000	60,000,000	85,000,000	60,000,000
Reclassification of reserves of the wound-up subsidiary	-	-	-	(4,961,046)
Balance at the end of the year	676,036,033	591,036,033	676,036,033	591,036,033

The reserve fund is maintained in compliance with Direction No. 01 of 2003 of the Central Bank of Sri Lanka (Capital Funds) for Licensed Finance Companies.

As per the said Direction, every Licensed Finance Company shall maintain a reserve fund and transfer to such reserve fund out of the net profits of each period after due provisions has been made for taxation and bad and doubtful debts on following basis.

Capital funds to deposit liabilities	% of transfer to reserve fund
Not less than 25%	5
Less than 25% and not less than 10%	20
Less than 10%	50

Accordingly, the Company has transferred an amount of LKR 85,000,000 to the reserved fund, which exceeds the required 5% of its net profit after taxation, as the Company’s capital funds to deposit liabilities, fall under the not less than 25% category as per the Direction.

45 Fair Value Reserve

This fair value reserve relates to fair value adjustments of equity investments measured at fair value through other comprehensive income.

	Company		Group	
As at 31 March	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Balance at the beginning of the year	(50,009,330)	4,538,373	(50,009,330)	4,538,373
Changes in fair value of investments in equity at fair value through other comprehensive income, net of tax	(24,834,672)	(25,672,703)	(24,834,672)	(25,672,703)
Transfer of net gains on disposal of equity investments at fair value through other comprehensive income to retained earnings	-	(28,875,000)	-	(28,875,000)
Balance at the end of the year	(74,844,002)	(50,009,330)	(74,844,002)	(50,009,330)

The fair value reserve comprises of fair value adjustments of equity investments measured at fair value through other comprehensive income.

46 Related Party Disclosures

According to Sri Lanka Accounting Standard – LKAS 24 Related Party Disclosures, Key management personnel, are those having authority and responsibility for planning, directing, and controlling the activities of the entity.

The company carries out transactions in ordinary course of business on an arm's length basis at commercial rates with the parties who defined as Related Party.

46.1 Parent and ultimate controlling party

E. W. Balasuriya and Company (Pvt) Ltd is identified as the immediate and ultimate parent enterprise of the Company.

46.2 Transactions with key management personnel (KMP)

Accordingly, the Board of Directors (inclusive of Executive and Non-Executive Directors) and the parent company have been identified as “key management personnel” (KMP) for accounting and financial reporting purposes.

46.2.1 Compensation of key management personnel

As at 31 March	2025 LKR	2024 LKR
Short-term employee benefits	3,151,200	-
Directors' fees and expenses	38,583,628	35,764,070
Post employment benefit liability	26,956,167	23,356,028

46.2.2 Transactions, arrangements and agreement involving KMP's and their close family members (CFM)

As at 31 March	2025 LKR	2024 LKR
Statement of Financial Position		
Liabilities		
Financial liabilities at amortised cost – Due to depositors	1,113,872,713	1,028,089,266
Subordinated debt instruments	–	100,000,000
Other liabilities	1,668,818	1,668,818
Statement of Profit or Loss		
Interest expense on due to depositors	147,713,388	144,116,602
Interest expense on subordinated debt instruments	6,402,322	12,892,541
Personnel expenses	49,834,828	42,764,070
Equity		
Dividends paid	41,373,756	14,940,524

46.3 Transactions with group entities

46.3.1 Parent company

E W Balasuriya and Company (Pvt) Ltd

As at 31 March	2025 LKR	2024 LKR
Statement of Financial Position		
Assets		
Right-of-use assets	65,112,899	83,469,399
Other receivables	1,575,000	2,400,000
Total	66,687,899	85,869,399
Liabilities		
Subordinated debt instruments	–	761,840,564
Lease liabilities	113,593,075	125,393,697
Total	113,593,075	887,234,261
Equity		
Dividends paid	80,606,507	29,107,905
Total	80,606,507	29,107,905
Statement of Profit or Loss		
Interest expense on subordinated debt instruments	48,247,902	111,923,871
Interest expense on lease liabilities	19,966,878	20,927,284
Depreciations on right-of-use assets	18,356,501	18,753,706
Total	86,571,281	151,604,861

As at 31 March	2025 LKR	2024 LKR
Statement of Other Comprehensive Income		
Net gain on disposal of equity investment at FVOCI	-	28,875,000
Total	-	28,875,000
Statement of Cash flows		
Rent paid	(31,767,500)	(29,220,000)
Redemption of subordinated debt instruments	(753,600,000)	-
Paid on subordinated debt instruments	(45,835,507)	(106,327,677)
Sales proceeds on sale of unquoted shares	-	91,257,000
Reimbursement of expenses on telephone	7,675,000	9,600,000
Total	(823,528,007)	(34,690,677)

46.3.2 Transactions with subsidiaries

(a) Senkadagala Insurance Brokers (Pvt) Ltd

As at 31 March	2025 LKR	2024 LKR
Statement of Financial Position		
Assets		
Other receivables	723,932	25,500,000
Total	723,932	25,500,000
Liabilities		
Financial liabilities at amortised cost – Due to depositors	19,104,672	17,529,920
Total	19,104,672	17,529,920
Statement of Profit or Loss		
Other operating income	1,062,393	51,327,500
Interest expense on due to depositors	(1,661,061)	(2,503,833)
Total	(598,668)	48,823,667

(b) Senfin Asset Management (Pvt) Ltd

As at 31 March	2025 LKR	2024 LKR
Statement of financial position		
Assets		
Financial assets at amortised cost – Finance leases and hire purchases	5,386,759	-
Total	5,386,759	-
Liabilities		
Financial liabilities at amortised cost – Due to depositors	45,000,000	45,000,000
Total	45,000,000	45,000,000
Statement of Profit or Loss		
Interest income on finance leases	910,364	-
Interest expense on due to depositors	(4,443,357)	(8,486,492)
Impairment charges and other credit losses	(82,258)	-
Total	(3,615,251)	(8,486,492)
Statement of Cash Flows		
Finance lease granted	(6,000,000)	-
Advanced and other charges collected for finance lease	4,591,395	-
Rental recovery on finance lease	1,523,605	-
Total	115,000	-
Net accommodation granted to Senfin Asset Management (Pvt) Ltd as % of core capital	0.06%	0.00%
Net accommodation outstanding from Senfin Asset Management (Pvt) Ltd as % of core capital	0.06%	0.00%

The Company has invested LKR 511,722,000/- (2024 – LKR 1,469,470,463/-) in unit trust funds managed by Senfin Asset Management (Pvt) Ltd as at the reporting date.

46.3.3 Transactions with associate

Senfin Securities Limited

As at 31 March	2025 LKR	2024 LKR
Statement of financial position		
Assets		
Financial assets at amortised cost – Finance leases and hire purchases	6,869,016	7,916,852
Financial assets at amortised cost – Other loans and receivables	122,841,770	-
Total	129,710,786	7,916,852
Statement of Profit or Loss		
Interest income on finance leases	1,389,930	120,000
Interest income on short-term corporate loans	8,501,732	11,277,677
Impairment charges and other credit losses	(3,130,958)	(98,530)
Total	6,760,704	11,299,147
Statement of Cash Flows		
Finance lease granted	-	(8,000,000)
Net changes in short-term corporate loans	(122,841,770)	50,372,740
Advanced and other charges collected for finance lease	167,153	2,567,778
Rental recovery on finance lease	2,437,768	203,147
Reimbursement of purchase cost of furniture and fittings	-	(1,581,919)
Total	(120,236,849)	43,561,746
Net accommodation granted to Senfin Securities Limited as % of core capital	4.62%	0.10%
Net accommodation outstanding from Senfin Securities Limited as % of core capital	1.38%	0.10%

46.3.4 Transactions with subsidiaries and associate companies of the Parent

As at 31 March	2025 LKR	2024 LKR
Statement of financial position		
Assets		
Other receivables	150,000	-
Total	150,000	-
Liabilities		
Financial liabilities at amortised cost – Due to depositors	143,935,164	115,052,113
Other liabilities	225,032	259,517
Total	144,160,196	115,311,630
Statement of Profit or Loss		
Other operating income	1,800,000	1,800,000
Interest expense on due to depositors	(13,537,175)	(18,162,236)
Other operating expenses	(1,670,736)	(1,368,000)
Total	(13,407,911)	(17,730,236)
Statement of Cash Flows		
Reimbursement of expenses	613,580	838,020
Total	613,580	838,020

46.4 Recurrent related party transactions

There were no recurrent related party transactions which in aggregate exceeds more than 33% of the gross income of the Company.

46.5 Non-recurrent related party transactions

There were no non-recurrent related party transactions for the financial year 2024/25 which exceeds 10% of equity or 5% of total assets of the Company.

47 Commitments and Contingencies

Accounting Policy

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events on present obligations where the transfer of economic benefit is not probable or can't be reliably measured.

As at 31 March	Note	2025 LKR	2024 LKR
Contingencies			
Contingent liabilities	47.1.1	50,000,000	-
Commitments			
Capital commitments	47.2	58,397,110	55,061,044
Undrawn credit commitments		2,186,050,965	538,401,750
Total		2,294,448,075	593,462,794

Impairment allowances on undrawn credit commitments are included under impairment allowances for respective other loans and receivables Note No. 24.5.

47.1 Contingent liabilities

47.1.1 The Management has proposed to establish Senfin Employee Health and Welfare Trust Fund, a charitable trust registered at 2nd Floor, 267, Galle Road, Colombo 03, with an initial investment of Rupees Fifty Million (LKR 50,000,000/-) allocated from the profits for the financial year 2024/25, subject to receiving shareholder approval at a general meeting.

The objective of the fund is to support employees in covering hospitalisation-related expenses that are not fully reimbursed through the Company's general health

insurance cover and reduce the financial burden on employees and their dependents, during major medical events.

47.1.2 The Company has undertaken a Loan Protection Scheme for opting customers, whereby the Company undertakes to insure a certain amount of the receivable balances of lease contracts with a third party insurance company for a fee collected upfront. The loss in case of death or permanent disability is covered through the insurance policy, however, based on past experience the Company expects that the probable loss in the event of death and permanent disability would not result in an loss exceeding the insured amount.

Other than the matters disclosed above there were no material contingent liabilities which require adjustments to or disclosure in the Financial Statements as at the reporting date.

47.2 Capital expenditure commitments

Capital expenditure approved by the Board of Directors for which provision has not been made in the Financial Statements amounted to the following:

As at 31 March	2025 LKR	2024 LKR
Approved but not contracted for	-	-
Approved and contracted for	58,397,110	55,061,044
Total	58,397,110	55,061,044

48 Event After the Reporting Period

Dividend declaration

The Board of Directors has declared a final dividend of LKR 2.80 per share for the year ended 31 March 2025 with the approval of Central Bank of Sri Lanka. The payment will be made on receiving the approval of the shareholders at the Annual General Meeting for the financial year ended 2024/25. In accordance with the LKAS 10, Events after the Reporting period the proposed dividend is not recognised as a liability in the Financial Statements as at year end.

There were no material events that occurred after the reporting date that require adjustment to or disclose in the Financial Statements other than disclosure above.

49 Maturity Analysis

49.1 Company

(A) An analysis of the total assets employed and the total liabilities of the Company as at 31 March 2025, based on the remaining period from the reporting date to the respective contractual (excluded interest) maturity dates are given below.

	Up to 3 months LKR	3 to 12 months LKR	1 to 3 years LKR	More than 3 years LKR	Total as at 31 March 2025 LKR
Interest earning assets					
Cash and cash equivalents	777,987,016	-	-	-	777,987,016
Deposits with licensed financial institutions	462,655,827	-	751,510,274	-	1,214,166,101
Investment in Government and other securities	3,461,343,744	525,900,346	-	6,960,000	3,994,204,090
Finance leases, hire purchase, other loans and receivables	7,507,577,765	8,326,991,023	11,954,798,381	2,309,542,176	30,098,909,345
Total interest earning assets	12,209,564,352	8,852,891,369	12,706,308,655	2,316,502,176	36,085,266,552
Non-interest earning assets					
Financial assets held at FVTPL	1,462,003,225	-	-	-	1,462,003,225
Financial assets measured at FVOCI	-	-	-	157,110,004	157,110,004
Investment in subsidiaries and associates	-	-	-	227,640,900	227,640,900
Tangible and intangible assets	-	-	-	1,774,313,602	1,774,313,602
Right-of-use assets	33,755,634	90,698,309	185,776,740	154,829,843	465,060,526
Other receivables	85,993,838	89,762,322	9,265,501	409,307,436	594,329,097
Total non-interest earning assets	1,581,752,697	180,460,631	195,042,241	2,723,201,785	4,680,457,354
Total assets	13,791,317,049	9,033,352,000	12,901,350,896	5,039,703,961	40,765,723,906
Percentage as at 31 March 2025 (%)	34	22	32	12	100
Interest bearing liabilities					
Deposits from customers	4,989,690,908	4,384,025,974	2,689,588,162	1,285,409,423	13,348,714,467
Bank overdrafts	153,488,100	-	-	-	153,488,100
Due to banks	1,997,902,813	4,153,121,400	4,995,966,467	1,330,104,333	12,477,095,013
Other borrowings	1,394,682	1,150,000,000	-	-	1,151,394,682
Subordinated debt instruments	-	43,197,051	-	1,500,000,000	1,543,197,051
Lease liabilities	38,455,314	94,071,468	184,310,883	145,600,300	462,437,965
Total interest bearing liabilities	7,180,931,817	9,824,415,893	7,869,865,512	4,261,114,056	29,136,327,278
Non-interest bearing liabilities	961,710,482	572,213,173	69,066,129	99,611,330	1,702,601,114
Total liabilities	8,142,642,299	10,396,629,066	7,938,931,641	4,360,725,386	30,838,928,392
Percentage as at 31 March 2025 (%)	20	26	19	11	76
Shareholders' funds	-	-	-	9,926,795,514	9,926,795,514
Total shareholders' funds and liabilities	8,142,642,299	10,396,629,066	7,938,931,641	14,287,520,900	40,765,723,906

(B) An analysis of the total assets employed and the total liabilities of the Company as at 31 March 2024, based on the remaining period from the reporting date to the respective contractual (excluded interest) maturity dates are given below.

	Up to 3 months LKR	3 to 12 months LKR	1 to 3 years LKR	More than 3 years LKR	Total as at 31 March 2024 LKR
Interest earning assets					
Cash and cash equivalents	675,179,658	-	-	-	675,179,658
Deposits with licensed financial institutions	1,298,423,031	1,323,531,757	-	-	2,621,954,788
Investment in Government and other securities	1,443,632,675	592,649	-	6,960,000	1,451,185,324
Finance leases, hire purchase, other loans and receivables	5,831,129,888	7,250,666,793	9,781,289,857	1,613,094,824	24,476,181,362
Total interest earning assets	9,248,365,252	8,574,791,199	9,781,289,857	1,620,054,824	29,224,501,132
Non-interest earning assets					
Financial assets held at FVTPL	4,483,199,237	-	-	-	4,483,199,237
Financial assets measured at FVOCI	-	-	-	160,512,106	160,512,106
Investment in associates	-	-	-	215,657,300	215,657,300
Tangible and intangible assets	-	-	-	1,658,562,687	1,658,562,687
Right-of-use assets	29,905,607	83,632,278	152,214,903	119,956,995	385,709,783
Other receivables	140,970,517	42,018,760	-	249,122,840	432,112,117
Total non-interest earning assets	4,654,075,361	125,651,038	152,214,903	2,403,811,928	7,335,753,230
Total assets	13,902,440,613	8,700,442,237	9,933,504,760	4,023,866,752	36,560,254,362
Percentage as at 31 March 2024 (%)	38	24	27	11	100
Interest bearing liabilities					
Deposits from customers	5,685,680,556	6,041,056,274	1,010,130,252	1,102,252,802	13,839,119,884
Bank overdrafts	151,118,902	-	-	-	151,118,902
Due to banks	1,162,283,063	2,159,057,777	2,589,621,000	447,845,334	6,358,807,174
Other borrowings	840,772,092	1,708,594,165	1,150,000,000	-	3,699,366,257
Subordinated debt instruments	-	1,768,784,186	-	-	1,768,784,186
Lease liabilities	31,194,656	86,714,288	154,664,549	125,560,682	398,134,175
Total interest bearing liabilities	7,871,049,269	11,764,206,690	4,904,415,801	1,675,658,818	26,215,330,578
Non interest bearing liabilities	1,675,465,617	29,894,631	47,033,774	87,882,878	1,840,276,900
Total liabilities	9,546,514,886	11,794,101,321	4,951,449,575	1,763,541,696	28,055,607,478
Percentage as at 31 March 2024 (%)	26	32	14	5	77
Shareholders' funds	-	-	-	8,504,646,884	8,504,646,884
Total shareholders' funds and liabilities	9,546,514,886	11,794,101,321	4,951,449,575	10,268,188,580	36,560,254,362

49.2 Group

(A) An analysis of the total assets employed and the total liabilities of the Group as at 31 March 2025, based on the remaining period from the reporting date to the respective contractual (excluded interest) maturity dates are given below.

	Up to 3 months LKR	3 to 12 months LKR	1 to 3 years LKR	More than 3 years LKR	Total as at 31 March 2025 LKR
Interest earning assets					
Cash and cash equivalents	803,981,136	-	-	-	803,981,136
Deposits with licensed financial institutions	470,715,005	-	751,510,274	-	1,222,225,279
Investment in government and other securities	3,461,343,744	525,900,346	-	6,960,000	3,994,204,090
Finance leases, hire purchase, other loans and receivables	7,507,614,788	8,326,045,818	11,952,277,833	2,308,071,855	30,094,010,294
Total interest earning assets	12,243,654,673	8,851,946,164	12,703,788,107	2,315,031,855	36,114,420,799
Non interest earning assets					
Financial assets held at FVTPL	1,747,122,200	-	-	-	1,747,122,200
Financial assets measured at FVOCI	-	-	-	157,110,004	157,110,004
Investment in associates	-	-	-	175,911,300	175,911,300
Tangible and intangible assets	-	-	-	1,781,582,743	1,781,582,743
Right-of-use assets	42,157,232	115,903,101	185,776,740	154,829,843	498,666,916
Other receivables	100,359,309	89,762,322	9,265,501	409,872,648	609,259,780
Total non interest earning assets	1,889,638,741	205,665,423	195,042,241	2,679,306,538	4,969,652,943
Total assets	14,133,293,414	9,057,611,587	12,898,830,348	4,994,338,393	41,084,073,742
Percentage as at 31 March 2025 (%)	34	22	31	12	100
Interest bearing liabilities					
Deposits from customers	4,941,169,846	4,368,442,364	2,689,588,162	1,285,409,423	13,284,609,795
Bank overdrafts	153,488,100	-	-	-	153,488,100
Due to banks	1,997,902,813	4,153,121,400	4,995,966,467	1,330,104,333	12,477,095,013
Borrowings	1,394,682	1,150,000,000	-	-	1,151,394,682
Subordinated debt instruments	-	43,197,051	-	1,500,000,000	1,543,197,051
Lease liabilities	39,579,684	97,762,232	207,530,351	145,600,300	490,472,567
Total interest bearing liabilities	7,133,535,125	9,812,523,047	7,893,084,980	4,261,114,056	29,100,257,208
Non interest bearing liabilities	984,989,456	572,213,173	78,888,178	99,611,330	1,735,702,137
Total liabilities	8,118,524,581	10,384,736,220	7,971,973,158	4,360,725,386	30,835,959,345
Percentage as at 31 March 2025 (%)	20	25	19	11	75
Shareholders' funds	-	-	-	10,248,114,397	10,248,114,397
Total shareholders' funds and liabilities	8,118,524,581	10,384,736,220	7,971,973,158	14,608,839,783	41,084,073,742

(B) An analysis of the total assets employed and the total liabilities of the Company as at 31 March 2024, based on the remaining period from the reporting date to the respective contractual (excluded interest) maturity dates are given below.

	Up to 3 months LKR	3 to 12 months LKR	1 to 3 years LKR	More than 3 years LKR	Total as at 31 March 2024 LKR
Interest earning assets					
Cash and cash equivalents	745,484,204	-	-	-	745,484,204
Deposits with licensed financial institutions	1,306,500,072	1,323,531,757	-	-	2,630,031,829
Investment in government and other securities	1,443,632,675	592,649	-	6,960,000	1,451,185,324
Finance leases, hire purchase, other loans and receivables	5,831,410,888	7,250,666,793	9,781,289,857	1,613,094,824	24,476,462,362
Total interest earning assets	9,327,027,839	8,574,791,199	9,781,289,857	1,620,054,824	29,303,163,719
Non interest earning assets					
Financial assets held at FVTPL	4,622,384,957	-	-	-	4,622,384,957
Financial assets measured at FVOCI	-	-	-	160,512,106	160,512,106
Investment in associates	-	-	-	163,927,700	163,927,700
Tangible and intangible assets	-	-	-	1,665,695,523	1,665,695,523
Right-of-use assets	29,905,607	83,632,278	152,214,903	119,956,995	385,709,783
Other receivables	127,779,983	42,018,760	-	249,558,163	419,356,906
Total non interest earning assets	4,780,070,547	125,651,038	152,214,903	2,359,650,487	7,417,586,975
Total assets	14,107,098,386	8,700,442,237	9,933,504,760	3,979,705,311	36,720,750,694
Percentage as at 31 March 2024 (%)	38	24	27	11	100
Interest bearing liabilities					
Deposits from customers	5,637,426,422	6,026,780,488	1,010,130,252	1,102,252,802	13,776,589,964
Bank overdrafts	151,118,902	-	-	-	151,118,902
Due to banks	1,162,283,063	2,159,057,777	2,589,621,000	447,845,334	6,358,807,174
Other borrowings	840,772,092	1,708,594,165	1,150,000,000	-	3,699,366,257
Subordinated debt instruments	-	1,768,784,186	-	-	1,768,784,186
Lease liabilities	31,194,656	86,714,288	154,664,549	125,560,682	398,134,175
Total interest bearing liabilities	7,822,795,135	11,749,930,904	4,904,415,801	1,675,658,818	26,152,800,658
Non interest bearing liabilities	1,721,187,814	29,894,631	47,033,774	92,435,068	1,890,551,287
Total liabilities	9,543,982,949	11,779,825,535	4,951,449,575	1,768,093,886	28,043,351,945
Percentage as at 31 March 2024 (%)	26	32	13	5	76
Shareholders' funds	-	-	-	8,677,398,749	8,677,398,749
Total shareholders' funds and liabilities	9,543,982,949	11,779,825,535	4,951,449,575	10,445,492,635	36,720,750,694

50 Segment Report

The Company has seven reportable segments, as described below, which are the Company's strategic business lines. The strategic business lines offer different products and services, and are managed and monitored separately based on the Company's management and internal reporting structure. For each of the strategic business line, the Company management reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

- Finance leasing and hire purchase
- Gold backed loans
- Other loans and receivables

- Investments
- Insurance brokering
- Unit trust management
- Unallocated

Information regarding the results of each reportable segment is included below. Performance is measured based on segment revenue, as included in the internal management reports that are reviewed by the Company's management. Segment revenue is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

For the year ended 31 March	Finance leasing and hire purchase		Gold backed loans		Other loans and receivables	
	2025 LKR	2024 LKR	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Revenue						
External customers						
Interest	7,633,595,254	6,137,050,553	109,431,104	311,536,999	446,447,093	366,595,864
Trading	-	-	-	-	-	-
Fee and commissions	79,743,357	69,834,519	-	-	-	-
Rent	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Other income	62,812,872	47,418,131	-	-	20,325,923	15,767,739
Total revenue	7,776,151,483	6,254,303,203	109,431,104	311,536,999	466,773,016	382,363,603
Profit before tax						
Taxation						
Profit after tax						
Segment assets	26,499,962,501	22,240,442,963	547,528,848	564,360,692	3,046,113,495	1,671,377,707
Segment liabilities	25,871,730,479	20,638,365,112	364,083,960	1,028,030,481	1,552,982,306	1,261,748,813
Information on cash flows						
Operating activities	(111,992,286)	4,635,030,452	(74,107,365)	272,303,346	(427,004,997)	222,717,512
Investing activities	-	-	-	-	-	-
Capital expenditure	(235,100,041)	(236,971,712)	(4,857,518)	(6,013,258)	(27,024,242)	(17,808,514)
Financing activities	-	-	-	-	-	-
Net cash flow	(347,092,327)	4,398,058,740	(78,964,883)	266,290,088	(454,029,239)	204,908,998
Depreciation and amortisation	(257,704,400)	(275,221,932)	(5,324,558)	(6,983,874)	(29,622,565)	(20,683,032)
Impairment charges and other credit losses	(455,468,109)	(157,905,095)	430,835	(71,692,637)	(21,926,532)	15,679,159

Investments		Insurance brokering		Unit trust management		Unallocated		Total	
2025 LKR	2024 LKR	2025 LKR	2024 LKR	2025 LKR	2024 LKR	2025 LKR	2024 LKR	2025 LKR	2024 LKR
268,292,526	546,666,549	2,116,937	1,576,549	1,151,395	1,465,544	-	-	8,461,034,309	7,364,892,058
369,868,304	123,369,575	-	-	-	-	-	-	369,868,304	123,369,575
-	-	135,965,421	119,759,763	107,765,363	91,729,539	-	-	323,474,141	281,323,821
32,450,334	28,584,366	-	-	-	-	-	-	32,450,334	28,584,366
13,446,978	16,226,881	-	-	-	-	-	-	13,446,978	16,226,881
203,812,149	626,804,944	-	-	-	-	9,626,616	19,504,379	296,577,560	709,495,193
887,870,291	1,341,652,315	138,082,358	121,336,312	108,916,758	93,195,083	9,626,616	19,504,379	9,496,851,626	8,523,891,894
								2,829,212,524	1,795,834,751
								(1,057,166,955)	(432,011,241)
								1,772,045,569	1,363,823,510
8,777,708,322	10,539,341,842	140,581,465	95,662,865	234,800,431	142,061,041	1,837,378,680	1,467,503,584	41,084,073,742	36,720,750,694
2,953,998,635	4,427,273,420	9,167,146	39,072,335	52,121,910	11,355,470	31,874,909	637,506,314	30,835,959,345	28,043,351,945
(3,524,419,368)	2,912,717,953	(63,018,940)	14,154,073	51,780,212	46,184,336	(1,938,248,801)	(235,457,591)	(6,087,011,545)	7,867,650,081
3,476,582,538	(3,198,825,641)	-	-	-	-	-	-	3,476,582,538	(3,198,825,641)
(77,873,302)	(112,296,589)	(103,017)	(699,571)	(5,919,576)	-	(16,300,704)	(15,636,237)	(367,178,400)	(389,425,881)
-	-	-	-	-	-	3,033,546,590	(4,061,831,971)	3,033,546,590	(4,061,831,971)
(125,710,132)	(398,404,277)	(63,121,957)	13,454,502	45,860,636	46,184,336	1,078,997,085	(4,312,925,799)	55,939,183	217,566,588
(4,228,749)	(4,228,749)	(77,933)	(148,344)	(9,472,814)	(7,912,289)	(17,867,971)	(18,160,128)	(324,298,990)	(333,338,348)
18,869	561,956	-	-	-	-	188,551	(211,724)	(476,756,386)	(213,568,341)

51 Risk Management

51.1 Introduction

The Company's risk management strategy is based on a clear understanding of various risks, disciplined risk assessment and measurement procedures, and continuous monitoring. Risk is an integral component of the business model of any finance company. The purpose of risk management is that the institution properly identifies, measures and manages risk and maintains adequate records on all efforts to ensure the extent of risks assumed is compensated with adequate return.

With this in mind, the Company has established and operates mechanisms to ensure the effectiveness of ongoing assessment of relevant risk types on an individual basis and on the overall risk position of the organisation.

At Senkadagala Finance PLC, the Board of Directors approves the Integrated Risk Management Policy, which sets the objectives, principles, processes, and responsibilities for risk management within the Company. The policy provides guidelines for defining, quantifying, monitoring and reporting financial risks. The Integrated Risk Management Committee, which is a Subcommittee of the Board, is responsible for reviewing the effectiveness of risk control policies, procedures, and regulations.

More specifically, the Committee is responsible for ensuring:

- The integrity and adequacy of the risk management function of the Company
- The adequacy of the Company's capital
- Risk exposures and risk profiles of the Company are within acceptable parameters and to making recommendations to the Board of Directors on any action required for deviation.
- The compliance of the Company's operations with relevant laws, regulations and standards

The Company is primarily exposed to credit risk, market risk, liquidity risk, operational risk, regulatory risk and reputational risk.

51.2 Credit risk

Credit risk is the probable loss that may arise if the borrower is unable to meet the financial obligations to the lender. In order to manage credit risk, the Company has established robust policies for credit appraisal and the staff is regularly trained in evaluating the creditworthiness of prospective clients. Senkadagala Finance PLC manages high-risk sectors through sector restrictions that require prior high-level clearance before taking on new exposures, even for small amounts. Once credit facilities are funded, they are continually monitored to identify changes in risk profiles. Further, sourcing and approval of clients are segregated to achieve independence. Recovery and NPA management are also given greater emphasis and are aggressively controlled.

The Company has undertaken, for a fee received in advance from willing customers, that in the event of the death of a lessee, the Company will not pursue litigation on the outstanding due from the next of kin or legal heir of the deceased and release them from all legal encumbrances. The Company has mitigated this risk by obtaining an insurance policy to cover its exposure as described above.

51.2.1 Credit quality by class of financial assets

Table below shows the classification of assets based on the three stage model.

As at 31 March 2025	Company			Total LKR
	12-month ECL LKR	Life Time ECL-Not credit impaired LKR	Life Time ECL-Credit impaired LKR	
Assets				
Cash and cash equivalents	777,987,016	-	-	777,987,016
Deposits with licensed financial institutions	1,214,166,101	-	-	1,214,166,101
Repurchase agreements	2,803,208,069	-	-	2,803,208,069
Financial assets held at fair value through profit or loss	1,462,003,225	-	-	1,462,003,225
Financial assets at amortised cost – Finance leases and hire purchases	20,997,910,203	4,620,230,202	887,126,597	26,505,267,002
Financial assets at amortised cost – Other loans and receivables	3,386,508,164	82,109,150	125,025,029	3,593,642,343
Financial assets measured at fair value through comprehensive income	157,110,004	-	-	157,110,004
Financial assets at amortised cost – Other financial instruments	1,190,996,021	-	-	1,190,996,021
Other financial assets	21,031,966	-	-	21,031,966
Total financial assets	32,010,920,769	4,702,339,352	1,012,151,626	37,725,411,747

As at 31 March 2024	Company			Total LKR
	12-month ECL LKR	Life Time ECL-Not credit impaired LKR	Life Time ECL-Credit impaired LKR	
Cash and cash equivalents	675,179,658	-	-	675,179,658
Deposits with licensed financial institutions	2,621,954,788	-	-	2,621,954,788
Repurchase agreements	251,569,750	-	-	251,569,750
Financial assets held at fair value through profit or loss	4,483,199,237	-	-	4,483,199,237
Financial assets at amortised cost – Finance leases and hire purchases	15,410,218,269	5,321,178,101	1,509,046,593	22,240,442,963
Financial assets at amortised cost – Other loans and receivables	1,789,844,062	149,817,326	296,077,011	2,235,738,399
Financial assets measured at fair value through comprehensive income	160,512,106	-	-	160,512,106
Financial assets at amortised cost – Other financial instruments	1,199,615,574	-	-	1,199,615,574
Other financial assets	52,716,522	-	-	52,716,522
Total financial assets	26,644,809,966	5,470,995,427	1,805,123,604	33,920,928,997

As at 31 March 2025	Group			Total LKR
	12-month ECL	Life Time ECL-Not credit impaired	Life Time ECL-Credit impaired	
	LKR	LKR	LKR	
Assets				
Cash and cash equivalents	803,981,136	-	-	803,981,136
Deposits with licensed financial institutions	1,222,225,279	-	-	1,222,225,279
Repurchase agreements	2,803,208,069	-	-	2,803,208,069
Financial assets held at fair value through profit or loss	1,747,122,200	-	-	1,747,122,200
Financial assets at amortised cost – Finance leases and hire purchases	20,992,605,702	4,620,230,202	887,126,597	26,499,962,501
Financial assets at amortised cost – Other loans and receivables	3,386,913,614	82,109,150	125,025,029	3,594,047,793
Financial assets measured at fair value through comprehensive income	157,110,004	-	-	157,110,004
Financial assets at amortised cost – Other financial instruments	1,190,996,021	-	-	1,190,996,021
Other financial assets	21,031,966	-	-	21,031,966
Total financial assets	32,325,193,991	4,702,339,352	1,012,151,626	38,039,684,969

As at 31 March 2024	Group			Total LKR
	12-month ECL	Life Time ECL-Not credit impaired	Life Time ECL-Credit impaired	
	LKR	LKR	LKR	
Cash and cash equivalents	745,484,204	-	-	745,484,204
Deposits with licensed financial institutions	2,630,031,829	-	-	2,630,031,829
Repurchase agreements	251,569,750	-	-	251,569,750
Financial assets held at fair value through profit or loss	4,622,384,957	-	-	4,622,384,957
Financial assets at amortised cost – Finance leases and hire purchases	15,410,218,269	5,321,178,101	1,509,046,593	22,240,442,963
Financial assets at amortised cost – Other loans and receivables	1,790,125,062	149,817,326	296,077,011	2,236,019,399
Financial assets measured at fair value through comprehensive income	160,512,106	-	-	160,512,106
Financial assets at amortised cost – Other financial instruments	1,199,615,574	-	-	1,199,615,574
Other financial assets	27,216,522	-	-	27,216,522
Total financial assets	26,837,158,273	5,470,995,427	1,805,123,604	34,113,277,304

51.2.2 Credit exposure movement (stage transitions)

The following tables show reconciliations from the opening to closing balance of the gross carrying amounts of finance leases, hire purchases, other loans and receivables.

For the year ended 31 March 2025	Company			Total LKR
	12-month ECL	Life Time ECL-Not credit impaired	Life Time ECL-Credit impaired	
	LKR	LKR	LKR	
Balance at the beginning of the year	17,565,109,434	6,174,217,117	3,548,226,096	27,287,552,647
Transfer to Stage 1	995,933,073	(957,726,688)	(38,206,385)	-
Transfer to Stage 2	(2,338,461,916)	2,434,719,732	(96,257,816)	-
Transfer to Stage 3	(159,953,541)	(351,186,401)	511,139,942	-
New disbursement	31,758,136,208	-	-	31,758,136,208
New disbursement transfer to Stage 2	(2,192,754,697)	2,192,754,697	-	-
New disbursement transfer to Stage 3	(74,723,356)	-	74,723,356	-
Write-offs/write down	-	-	(270,433,248)	(270,433,248)
Derecognised or repaid and other net changes	(20,537,651,938)	(3,937,979,744)	(1,344,283,515)	(25,819,915,197)
Balance at the end of the year	25,015,633,267	5,554,798,713	2,384,908,430	32,955,340,410

For the year ended 31 March 2024	Company			Total LKR
	12-month ECL	Life Time ECL-Not credit impaired	Life Time ECL-Credit impaired	
	LKR	LKR	LKR	
Balance at the beginning of the year	16,047,487,843	7,226,552,140	3,988,992,452	27,263,032,435
Transfer to Stage 1	1,084,148,274	(1,042,046,674)	(42,101,600)	-
Transfer to Stage 2	(2,277,170,250)	2,451,895,820	(174,725,570)	-
Transfer to Stage 3	(269,233,202)	(861,697,886)	1,130,931,088	-
New disbursement	18,718,140,026	-	-	18,718,140,026
New disbursement transfer to Stage 2	(2,427,073,494)	2,427,073,494	-	-
New disbursement transfer to Stage 3	(169,846,820)	-	169,846,820	-
Write-offs	-	-	(183,812,990)	(183,812,990)
Derecognised or repaid and other net changes	(13,141,342,943)	(4,027,559,777)	(1,340,904,104)	(18,509,806,824)
Balance at the end of the year	17,565,109,434	6,174,217,117	3,548,226,096	27,287,552,647

	Group			
For the year ended 31 March 2025	12-month ECL LKR	Life Time ECL-Not credit impaired LKR	Life Time ECL-Credit impaired LKR	Total LKR
Balance at the beginning of the year	17,565,390,434	6,174,217,117	3,548,226,096	27,287,833,647
Transfer to Stage 1	995,933,073	(957,726,688)	(38,206,385)	-
Transfer to Stage 2	(2,338,461,916)	2,434,719,732	(96,257,816)	-
Transfer to Stage 3	(159,953,541)	(351,186,401)	511,139,942	-
New disbursement	31,752,136,208	-	-	31,752,136,208
New disbursement transfer to Stage 2	(2,192,754,697)	2,192,754,697	-	-
New disbursement transfer to Stage 3	(74,723,356)	-	74,723,356	-
Write-offs/write down	-	-	(270,433,248)	(270,433,248)
Derecognised or repaid and other net changes	(20,536,914,247)	(3,937,979,744)	(1,344,283,515)	(25,819,177,506)
Balance at the end of the year	25,010,651,958	5,554,798,713	2,384,908,430	32,950,359,101

	Group			
For the year ended 31 March 2024	12-month ECL LKR	Life Time ECL-Not credit impaired LKR	Life Time ECL-Credit impaired LKR	Total LKR
Balance at the beginning of the year	16,047,487,843	7,226,552,140	3,988,992,452	27,263,032,435
Transfer to Stage 1	1,084,148,274	(1,042,046,674)	(42,101,600)	-
Transfer to Stage 2	(2,277,170,250)	2,451,895,820	(174,725,570)	-
Transfer to Stage 3	(269,233,202)	(861,697,886)	1,130,931,088	-
New disbursement	18,718,140,026	-	-	18,718,140,026
New disbursement transfer to Stage 2	(2,427,073,494)	2,427,073,494	-	-
New disbursement transfer to Stage 3	(169,846,820)	-	169,846,820	-
Write-offs	-	-	(183,812,990)	(183,812,990)
Derecognised or repaid and other net changes	(13,141,061,943)	(4,027,559,777)	(1,340,904,104)	(18,509,525,824)
Balance at the end of the year	17,565,390,434	6,174,217,117	3,548,226,096	27,287,833,647

51.2.3 Loss allowance (Stage transition)

The following tables show reconciliations from the opening to the closing balance of the provision for impairment of finance leases, hire purchases, other loans, and receivables.

	Company			
For the year ended 31 March 2025	12-month ECL LKR	Life Time ECL-Not credit impaired LKR	Life Time ECL-Credit impaired LKR	Total LKR
Balance at the beginning of the year	365,047,103	703,221,690	1,743,102,492	2,811,371,285
Changes due to finance leases, hire purchases, other loans and receivables recognised in the opening balance that have:				
Transferred from Stage 1	117,662,630	(109,552,873)	(8,109,757)	-
Transferred from Stage 2	(72,051,272)	92,718,772	(20,667,500)	-
Transferred from Stage 3	(4,543,226)	(41,802,967)	46,346,193	-
Interest accrued on impaired finance leases, hire purchases, other loans and receivables	-	-	(63,929,706)	(63,929,706)
Write-offs	-	-	(268,705,826)	(268,705,826)
Net remeasurement of loss allowance	225,099,665	207,874,739	(55,279,092)	377,695,312
Balance at the end of the year	631,214,900	852,459,361	1,372,756,804	2,856,431,065

	Group			
For the year ended 31 March 2025	12-month ECL LKR	Life Time ECL-Not credit impaired LKR	Life Time ECL-Credit impaired LKR	Total LKR
Balance at the beginning of the year	365,047,103	703,221,690	1,743,102,492	2,811,371,285
Changes due to finance leases, hire purchases, other loans and receivables recognised in the opening balance that have:				
Transferred from Stage 1	117,662,630	(109,552,873)	(8,109,757)	-
Transferred from Stage 2	(72,051,272)	92,718,772	(20,667,500)	-
Transferred from Stage 3	(4,543,226)	(41,802,967)	46,346,193	-
Interest accrued on impaired finance leases, hire purchases, other loans and receivables	-	-	(63,929,706)	(63,929,706)
Write-offs	-	-	(268,705,826)	(268,705,826)
Net remeasurement of loss allowance	225,017,407	207,874,739	(55,279,092)	377,613,054
Balance at the end of the year	631,132,642	852,459,361	1,372,756,804	2,856,348,807

For the year ended 31 March 2024	Company and Group			Total LKR
	12-month ECL LKR	Life Time ECL-Not credit impaired LKR	Life Time ECL-Credit impaired LKR	
Balance at the beginning of the year	339,505,553	775,980,212	1,831,823,135	2,947,308,900
Changes due to finance leases, hire purchases, other loans and receivables recognised in the opening balance that have:				
Transferred from Stage 1	122,224,589	(110,805,659)	(11,418,930)	-
Transferred from Stage 2	(68,713,027)	113,126,877	(44,413,850)	-
Transferred from Stage 3	(7,914,696)	(102,342,334)	110,257,030	-
Interest accrued on impaired finance leases, hire purchases, other loans and receivables	-	-	(43,591,705)	(43,591,705)
Write-offs	-	-	(164,185,679)	(164,185,679)
Net remeasurement of loss allowance	(20,055,316)	27,262,594	64,632,491	71,839,769
Balance at the end of the year	365,047,103	703,221,690	1,743,102,492	2,811,371,285

51.2.4 Maximum exposure to credit risk – Based on dates past due

Table below shows the maximum exposure to credit risk based on the days past due of each financial instruments,

Company

As at 31 March 2025	Cash and cash equivalents LKR	Deposits with licensed financial institutions LKR
Financial assets measured at amortised cost		
0 days	778,098,519	1,215,117,091
0-30 days	-	-
31-60 days	-	-
61-90 days	-	-
Above 90 days	-	-
Gross outstanding	778,098,519	1,215,117,091
Allowance for impairment	(111,503)	(950,990)
Net outstanding	777,987,016	1,214,166,101
Financial assets measured at FTVPL and FVOCI		
0 days	-	-
Gross outstanding	-	-
Allowance for impairment	-	-
Net outstanding	-	-
Maximum exposure	777,987,016	1,214,166,101

Finance leases and hire purchases LKR	Other loans and receivables LKR	Investment in other securities and other assets LKR	Financial assets measured at FVTPL LKR	Financial assets measured at FVOCI LKR
16,967,983,027	3,342,756,645	4,015,236,056	-	-
4,621,805,206	83,088,389	-	-	-
3,106,459,251	54,791,056	-	-	-
2,346,445,350	47,103,056	-	-	-
1,812,764,165	572,144,265	-	-	-
28,855,456,999	4,099,883,411	4,015,236,056	-	-
(2,350,189,997)	(506,241,068)	-	-	-
26,505,267,002	3,593,642,343	4,015,236,056	-	-
-	-	-	1,462,003,225	157,110,004
-	-	-	1,462,003,225	157,110,004
-	-	-	-	-
-	-	-	1,462,003,225	157,110,004
26,505,267,002	3,593,642,343	4,015,236,056	1,462,003,225	157,110,004

As at 31 March 2024

	Cash and cash equivalents LKR	Deposits with licensed financial institutions LKR
Financial assets measured at amortised cost		
0 days	675,479,712	2,622,924,647
0-30 days	-	-
31-60 days	-	-
61-90 days	-	-
Above 90 days	-	-
Gross outstanding	675,479,712	2,622,924,647
Allowance for impairment	(300,054)	(969,859)
Net outstanding	675,179,658	2,621,954,788
Financial assets measured at FTVPL and FVOCI		
0 days	-	-
Gross outstanding	-	-
Allowance for impairment	-	-
Net outstanding	-	-
Maximum exposure	675,179,658	2,621,954,788

Group

As at 31 March 2025

	Cash and cash equivalents LKR	Deposits with licensed financial institutions LKR
Financial assets measured at amortised cost		
0 days	804,092,639	1,223,176,269
0-30 days	-	-
31-60 days	-	-
61-90 days	-	-
Above 90 days	-	-
Gross outstanding	804,092,639	1,223,176,269
Allowance for impairment	(111,503)	(950,990)
Net outstanding	803,981,136	1,222,225,279
Financial assets measured at FTVPL and FVOCI		
0 days	-	-
Gross outstanding	-	-
Allowance for impairment	-	-
Net outstanding	-	-
Maximum exposure	803,981,136	1,222,225,279

Finance leases and hire purchases LKR	Other loans and receivables LKR	Investment in other securities and other assets LKR	Financial assets measured at FVTPL LKR	Financial assets measured at FVOCI LKR
12,065,938,517	1,713,919,918	1,503,901,846	-	-
3,696,254,021	88,996,978	-	-	-
2,795,999,670	84,885,814	-	-	-
3,213,274,487	80,057,146	-	-	-
2,609,373,396	938,852,700	-	-	-
24,380,840,091	2,906,712,556	1,503,901,846	-	-
(2,140,397,128)	(670,974,157)	-	-	-
22,240,442,963	2,235,738,399	1,503,901,846	-	-
-	-	-	4,483,199,237	160,512,106
-	-	-	4,483,199,237	160,512,106
-	-	-	-	-
-	-	-	4,483,199,237	160,512,106
22,240,442,963	2,235,738,399	1,503,901,846	4,483,199,237	160,512,106

Finance leases and hire purchases LKR	Other loans and receivables LKR	Investment in other securities and other assets LKR	Financial assets measured at FVTPL LKR	Financial assets measured at FVOCI LKR
16,962,596,268	3,343,162,095	4,015,236,056	-	-
4,621,805,206	83,088,389	-	-	-
3,106,459,251	54,791,056	-	-	-
2,346,445,350	47,103,056	-	-	-
1,812,764,165	572,144,265	-	-	-
28,850,070,240	4,100,288,861	4,015,236,056	-	-
(2,350,107,739)	(506,241,068)	-	-	-
26,499,962,501	3,594,047,793	4,015,236,056	-	-
-	-	-	1,747,122,200	157,110,004
-	-	-	1,747,122,200	157,110,004
-	-	-	1,747,122,200	157,110,004
26,499,962,501	3,594,047,793	4,015,236,056	1,747,122,200	157,110,004

As at 31 March 2024

	Cash and cash equivalents LKR	Deposits with licensed financial institutions LKR
Financial assets measured at amortised cost		
0 days	745,784,258	2,631,001,688
0-30 days	-	-
31-60 days	-	-
61-90 days	-	-
Above 90 days	-	-
Gross outstanding	745,784,258	2,631,001,688
Allowance for impairment	(300,054)	(969,859)
Net outstanding	745,484,204	2,630,031,829
Financial assets measured at FTVPL and FVOCI		
0 days	-	-
Gross outstanding	-	-
Allowance for impairment	-	-
Net outstanding	-	-
Maximum exposure	745,484,204	2,630,031,829

51.2.5 Credit-impaired financial assets

Reconciliation of changes in the net carrying amount of lifetime ECL credit impaired (Stage 3) finance leases, hire purchases, other loans and receivables as detailed below:

	Company		Group	
As at 31 March	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Balance at the beginning of the year	3,548,226,096	3,988,992,452	3,548,226,096	3,988,992,452
Newly classified as impaired finance leases, hire purchases, other loans and receivables during the year	585,863,298	1,300,777,908	585,863,298	1,300,777,908
Net change in already impaired finance leases, hire purchases, other loans and receivables during the year	(134,464,201)	(216,827,170)	(134,464,201)	(216,827,170)
Net payment, write-off/write down and recoveries and other movements during the year	(1,614,716,763)	(1,524,717,094)	(1,614,716,763)	(1,524,717,094)
Balance at the end of the year	2,384,908,430	3,548,226,096	2,384,908,430	3,548,226,096

Finance leases and hire purchases LKR	Other loans and receivables LKR	Investment in other securities and other assets LKR	Financial assets measured at FVTPL LKR	Financial assets measured at FVOCI LKR
12,065,938,517	1,714,200,918	1,478,401,846	-	-
3,696,254,021	88,996,978	-	-	-
2,795,999,670	84,885,814	-	-	-
3,213,274,487	80,057,146	-	-	-
2,609,373,396	938,852,700	-	-	-
24,380,840,091	2,906,993,556	1,478,401,846	-	-
(2,140,397,128)	(670,974,157)	-	-	-
22,240,442,963	2,236,019,399	1,478,401,846	-	-
-	-	-	4,622,384,957	160,512,106
-	-	-	4,622,384,957	160,512,106
-	-	-	-	-
-	-	-	4,622,384,957	160,512,106
22,240,442,963	2,236,019,399	1,478,401,846	4,622,384,957	160,512,106

51.2.6 Modified financial assets

Finance leases, hire purchases, other loans and receivables with renegotiated terms fall under the Company's forbearance policy.

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have modified may be derecognised and the renegotiated loan recognised as a new loan at fair value.

The Company renegotiates loans to customers in financial difficulties (referred to as "forbearance activities") to maximise collection opportunities and minimise the risk of default. If there is evidence that the debtor is currently in default on their debt or that there is a high risk of default, it must also be shown that the debtor has made all reasonable efforts to pay under the original contractual terms and is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants.

51.2.7 Sensitivity of impairment provision on finance leases, hire purchases, other loans and receivables

The Company has estimated the impairment provision on finance leases, hire purchases, other loans, and receivables as at 31 March 2025, subject to various assumptions and judgments. Changes to such assumptions and judgements may lead to changes in the impairment provision recorded in the Statement of Financial Position.

The below table demonstrates the sensitivity of the impairment provision of the Company as at 31 March 2025 to a reasonably possible change in PDs, LGDs, and forward looking information.

	Sensitivity effect on Statement of Financial Position Increase/(decrease) in impairment provision				Sensitivity effect on Statement of Profit or Loss LKR
	Stage 1	Stage 2	Stage 3	Total	
	LKR	LKR	LKR	LKR	
PD 1% increase across all age buckets	44,972,593	8,009,701	-	52,982,294	(52,982,294)
PD 1% decrease across all age buckets	(44,972,593)	(8,130,314)	-	(53,102,907)	53,102,907
LGD 1% increase	23,001,307	31,719,189	14,789,730	69,510,226	(69,510,226)
LGD 1% decrease	(23,001,307)	(31,719,189)	(14,789,730)	(69,510,226)	69,510,226

The below table demonstrates the sensitivity of the impairment provision of the Company as at 31 March 2025 to a reasonably possible change in forward-looking information.

	Sensitivity effect on Statement of Financial Position Increase/(decrease) in impairment provision				Sensitivity effect on Statement of Profit or Loss LKR
	Stage 1	Stage 2	Stage 3	Total	
	LKR	LKR	LKR	LKR	
Base case scenario – Base rate 100%	(104,468,454)	(38,650,586)	(3,195,728)	(146,314,768)	146,314,768
Best case scenario – Best rate 100%	(177,449,623)	(115,320,296)	(3,195,728)	(295,965,647)	295,965,647
Worst case scenario – Worst rate 100%	79,184,151	31,256,454	13,748,502	124,189,107	(124,189,107)

The below table depicts the total impairment provision based on probability weighted economic scenarios.

As at 31 March	2025				2024			
	Best	Base	Worst	Probability weighted	Best	Base	Worst	Probability weighted
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Finance leases and hire purchases	2,057,702,376	2,205,739,419	2,464,220,599	2,350,189,997	1,575,970,939	1,925,131,370	2,233,991,107	2,140,397,128
Other loans and receivables	502,763,041	504,376,878	516,399,573	506,241,068	648,075,343	654,411,514	660,249,709	670,974,157
Total	2,560,465,417	2,710,116,297	2,980,620,172	2,856,431,065	2,224,046,282	2,579,542,884	2,894,240,816	2,811,371,285

The probability weighted of Economic Scenarios for the base case, best case, and worst case is 30%, 5% and 65% respectively. (2023/24 10%, 10% and 80%).

51.2.8 Impact of judgmental adjustments to the ECL model

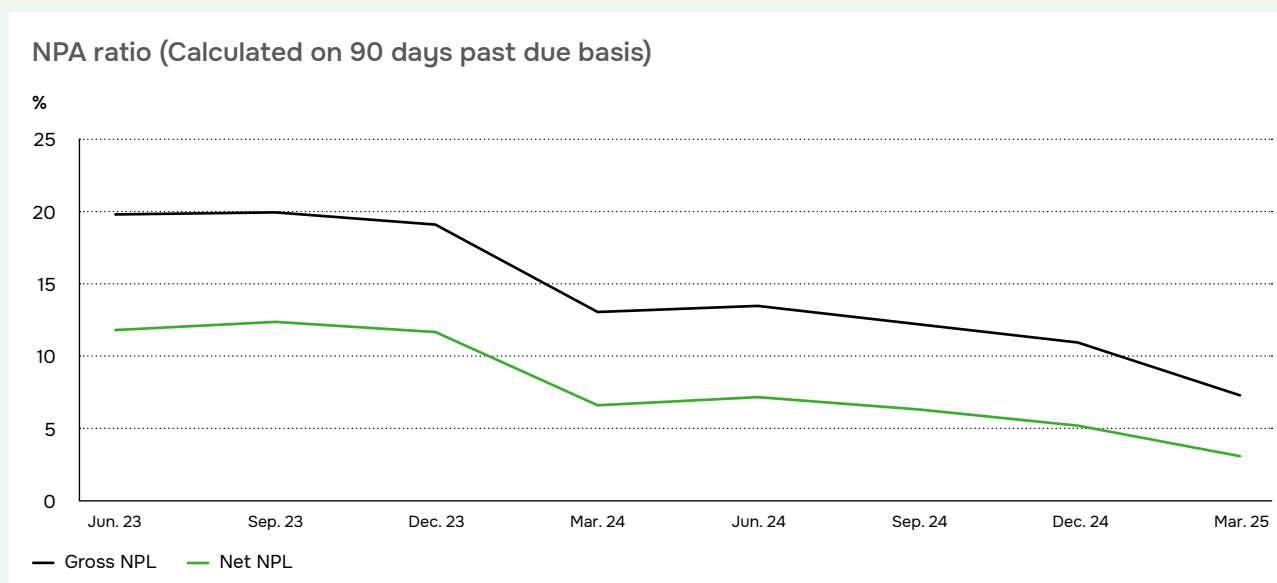
As at 31 March	2025 LKR	2024 LKR
Loss allowance before judgmental adjustments	2,328,010,355	2,390,199,061
Impact of management and judgmental adjustments	528,420,710	421,172,224
Loss allowance after judgmental adjustments	2,856,431,065	2,811,371,285

51.2.9 Non-performing asset ratio

The movement in the non-performing assets percentage, which depicts the quality of the loan portfolio of the Company during the financial year,

As per the Finance Business Act Directions No. 01 of 2020 (Classification and Measurement of Credit Facilities), LFCs are required to classify credit facilities as NPLs based on the period and/or potential risk, effective from 1 April 2022. Accordingly, for the year ended 31 March 2025, the Company classified finance leases, hire purchases, other loans and receivables with principal and/or interest past due for more than 90 days past due date, as NPL.

The gross non-performing assets ratio includes finance leases, hire purchases, other loans and receivables which are in arrears for more than 90 days past the due date as the numerator and total advances as the denominator. To arrive at the net non-performing assets ratio specific provisions are deducted from the numerator of the above formula.



51.2.10 Collateral held and other credit enhancements

The Company holds collateral and other credit enhancements against certain of its credit exposures. The table below sets out the principal types of collateral held against types of finance leases, hire purchases, other loans and receivables

As at 31 March	Percentage of exposure that is subject to collateral requirements		Type of collateral held
	2025	2024	
Finance leases and hire purchases	100%	100%	Vehicles, property and equipment
Commercial loans	100%	100%	Vehicles, property and equipment
Personal loans	100%	100%	Personal provided fund
Pawning advances	100%	100%	Gold articles
Gold loans	100%	100%	Gold articles
Margin trading	100%	100%	Listed equity investments
Loans against fixed deposits	100%	100%	Lien deposits

The following table sets out the carrying amount and identifiable collateral held by the Company against credit exposure for each loan, the value of the collateral is capped at the amortised cost of the finance leases, hire purchases, other loans and receivables.

As at 31 March	2025		2024	
	Carrying amount LKR	Collaterals LKR	Carrying amount LKR	Collaterals LKR
Stage 1 and 2	30,570,431,980	64,489,093,322	23,739,326,551	70,914,032,274
Stage 3	2,384,908,430	5,890,295,848	3,548,226,096	12,900,916,349
Total	32,955,340,410	70,379,389,170	27,287,552,647	83,814,948,623

51.2.11 Loan-to-Value (LTV)

The following tables stratify credit exposures from finance leases, hire purchases, other loans, and receivables to customers by ranges of loan-to-value (LTV) ratio. LTV is calculated as the ratio of the gross amount of the loan – or the amount committed for loan commitments – to the value of the collateral. The value of collateral for loans is based on the market values at the origination of the contract.

	Company		Group	
As at 31 March	2025 LKR	2024 LKR	2025 LKR	2024 LKR
LTV ratio				
Finance leases and hire purchases				
Less than 50%	3,281,591,622	3,039,411,823	3,281,591,622	3,039,411,823
50% – 80%	25,481,369,034	21,134,826,183	25,475,982,275	21,134,826,183
81% – 100%	92,496,343	206,602,085	92,496,343	206,602,085
Total finance leases and hire purchases	28,855,456,999	24,380,840,091	28,850,070,240	24,380,840,091
Other loans and receivables				
Less than 50%	576,403,774	1,013,308,965	576,403,774	1,013,589,965
50% – 80%	2,834,210,389	696,189,491	2,834,210,389	696,189,491
81% – 100%	689,269,244	1,197,214,100	689,674,694	1,197,214,100
Total other loans and receivables	4,099,883,407	2,906,712,556	4,100,288,857	2,906,993,556
Credit impaired loans – Finance Leases and hire purchases				
Less than 50%	71,010,357	116,411,232	71,010,357	116,411,232
50% – 80%	1,692,074,815	2,382,776,432	1,692,074,815	2,382,776,432
81% – 100%	49,678,993	110,185,732	49,678,993	110,185,732
Total credit impaired loans	1,812,764,165	2,609,373,396	1,812,764,165	2,609,373,396
Credit impaired loans – Other loans and receivables				
Less than 50%	109,780,277	50,710,415	109,780,277	50,710,415
50% – 80%	164,700,261	217,910,715	164,700,261	217,910,715
81% – 100%	297,663,727	670,231,570	297,663,727	670,231,570
Total credit impaired loans	572,144,265	938,852,700	572,144,265	938,852,700

51.2.12 Concentration of credit risk

(A) Industry-wise distribution

The following table shows the risk concentration by industry for the components of the Statement of Financial Position as at 31 March 2025.

Sector wise breakdown	Company					
	Cash and cash equivalent and short-term deposit LKR	Financial assets held at FVTPL LKR	Financial assets at amortised cost – Loans and advances LKR	Financial assets measured at FVOCI LKR	Financial assets at amortised cost – other financial instruments LKR	Total financial assets LKR
Agriculture, forestry and fishing	-	-	1,238,039,777	-	-	1,238,039,777
Manufacturing	-	95,613,439	7,494,865,784	133,168,458	-	7,723,647,681
Construction and infrastructure development	-	-	886,515,247	-	-	886,515,247
Wholesale and retail trade	-	698,500	186,364,929	-	-	187,063,429
Financial services	4,795,361,186	954,627,448	131,884,328	-	7,596,163	5,889,469,125
Services	-	411,063,838	4,321,052,957	23,941,546	-	4,756,058,341
Government	-	-	-	-	1,183,399,858	1,183,399,858
Consumption loans and others	-	-	15,840,186,323	-	21,031,966	15,861,218,289
Total	4,795,361,186	1,462,003,225	30,098,909,345	157,110,004	1,212,027,987	37,725,411,747

Sector wise breakdown	Group					
	Cash and cash equivalent and short-term deposit LKR	Financial assets held at FVTPL LKR	Financial assets at amortised cost – Loans and advances LKR	Financial assets measured at FVOCI LKR	Financial assets at amortised cost – other financial instruments LKR	Total financial assets LKR
Agriculture, forestry and fishing	-	-	1,238,039,777	-	-	1,238,039,777
Manufacturing	-	95,613,439	7,494,865,784	133,168,458	-	7,723,647,681
Construction and infrastructure development	-	-	886,515,247	-	-	886,515,247
Wholesale and retail trade	-	698,500	186,364,929	-	-	187,063,429
Financial services	4,829,414,484	1,239,746,423	126,579,827	-	7,596,163	6,203,336,897
Services	-	411,063,838	4,321,052,957	23,941,546	-	4,756,058,341
Government	-	-	-	-	1,183,399,858	1,183,399,858
Consumption loans and others	-	-	15,840,591,773	-	21,031,966	15,861,623,739
Total	4,829,414,484	1,747,122,200	30,094,010,294	157,110,004	1,212,027,987	38,039,684,969

(B) Geographical distribution

The Group reviews its geographical diversification on a regular basis and sets long-term targets for achieving a geographically well-diversified credit portfolio. The Group's strategy on geographical diversification was executed through the establishment of a distribution network for the Group. The geographical concentration is considered when selecting prospective locations for new branches as well. The credit concentration of the economy is mostly affected by the wealth distribution of the country where high concentration was seen in the Western Province.

Province	Company		Group	
	2025	2024	2025	2024
Central	3,016,154,832	2,329,032,448	3,016,154,832	2,329,032,448
Eastern	1,629,942,541	1,274,061,060	1,629,942,541	1,274,061,060
North Central	1,581,124,336	1,233,195,003	1,581,124,336	1,233,195,003
North Western	2,981,336,888	2,391,076,770	2,981,336,888	2,391,076,770
Northern	1,210,424,986	1,196,545,407	1,210,424,986	1,196,545,407
Sabaragamuwa	3,004,753,112	2,612,585,725	3,004,753,112	2,612,585,725
Southern	1,849,486,645	1,706,080,374	1,849,486,645	1,706,080,374
Uva	1,813,853,375	1,475,746,432	1,813,853,375	1,475,746,432
Western	13,011,832,630	10,257,858,143	13,006,933,579	10,258,139,143
Total	30,098,909,345	24,476,181,362	30,094,010,294	24,476,462,362

(C) Product Concentration

As at 31 March	Company				Group			
	2025 LKR	%	2024 LKR	%	2025 LKR	%	2024 LKR	%
Finance leases and hire purchases	26,505,267,002	88.1	22,240,442,963	90.9	26,499,962,501	88.1	22,240,442,963	90.9
Commercial loans	238,735,879	0.8	364,315,747	1.5	238,735,879	0.8	364,315,747	1.5
Personal loans	324,455,231	1.1	236,740,580	1.0	324,455,231	1.1	236,740,580	1.0
Pawning advances	1,119,932	0.0	104,492,913	0.4	1,119,932	0.0	104,492,913	0.4
Gold loans	546,408,916	1.8	459,867,779	1.9	546,408,916	1.8	459,867,779	1.9
Loans against fixed deposits	188,987,026	0.6	228,040,121	0.9	188,987,026	0.6	228,040,121	0.9
Insurance receivables	174,713,726	0.6	248,276,081	1.0	174,713,726	0.6	248,276,081	1.0
Staff debtors	36,451,377	0.1	32,096,754	0.1	36,856,827	0.1	32,377,754	0.1
Short-term corporate loans	122,841,770	0.4	-	0.0	122,841,770	0.4	-	0.0
Margin trading	1,959,728,486	6.5	560,748,250	2.3	1,959,728,486	6.5	560,748,250	2.3
Other advances	200,000	0.0	1,160,174	0.0	200,000	0.0	1,160,174	0.0
Total	30,098,909,345		24,476,181,362		30,094,010,294		24,476,462,362	

51.2.13 Credit ratings

Cash and cash equivalents

The Group held cash and equivalents in the form of demand deposits with commercial bank, placement with banking, and financial institutions and securities purchased under repurchase agreements. Hence, the Group is exposed to the risk of such counter-parties failing to meet their contractual obligations.

The Group minimises the credit risk by monitoring the creditworthiness of the underlying counterparties periodically.

Exposures to banks and other financial institutions

A credit rating analysis of banking/financial institutional counter parties with whom the balances were held at the end of the reporting period is presented below. This includes balances held with licensed financial institutions investment in fixed deposits, government and other securities.

As at 31 March 2025	High Grade	Standard Grade	Sub-standard Grade	Low Grade	Unrated	Exposures not subject to rating	Total
	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Cash and cash equivalents	497,903,000	11,332,735	-	-	-	-	509,235,735
Deposits with licensed financial institutions	463,606,817	751,510,274	-	-	-	-	1,215,117,091
Investment in Government securities	-	-	-	-	-	3,986,607,927	3,986,607,927
Investment in debentures	-	7,596,163	-	-	-	-	7,596,163
Total exposure	961,509,817	770,439,172	-	-	-	3,986,607,927	5,718,556,916

As at 31 March 2024	High Grade	Standard Grade	Sub-standard Grade	Low Grade	Unrated	Exposures not subject to rating	Total
	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Cash and cash equivalents	-	379,151,935	54,867	-	-	-	379,206,802
Deposits with licensed financial institutions	-	2,622,924,649	-	-	-	-	2,622,924,649
Investment in Government securities	-	-	-	-	-	1,443,632,675	1,443,632,675
Investment in debentures	-	7,552,649	-	-	-	-	7,552,649
Total exposure	-	3,009,629,233	54,867	-	-	1,443,632,675	4,453,316,775

Categorisation based on the Company's internal risk rating. Accordingly, AAA to AA- is considered as "High Grade", A+ to BBB- as "Standard Grade", BB+ to B- as "Sub-standard Grade", and CCC+ and below as "Low Grade".

51.3 Market risk

Market risk is the risk of potential losses arising through adverse fluctuations in market interest rates, equity prices, and exchange rates. Out of these market risks, the more frequent and most likely is the risk of adverse fluctuation of interest rates. The effect of such adverse movements could have an immediate and direct impact on the Company. The Company routinely assesses its assets and liability profile in terms of interest rate risk and depending on this assessment, necessary realignments in the assets and liability structure are undertaken. Overall authority for market risk management is vested in the Board Integrated Risk Management Committee (BIRMC) of the Company.

51.3.1 Exposure to market risk – Trading and non-trading portfolio

The table below sets out the allocation of assets and liabilities subject to market risk between trading and non-trading portfolios.

As at 31 March 2025	Company			Group		
	Market risk measure			Market risk measure		
	Carrying amount LKR	Trading portfolios LKR	Non-trading portfolios LKR	Carrying amount LKR	Trading portfolios LKR	Non-trading portfolios LKR
Assets subject to market risk						
Cash and cash equivalents	777,987,016	-	777,987,016	803,981,136	-	803,981,136
Deposits with licensed financial institutions	1,214,166,101	-	1,214,166,101	1,222,225,279	-	1,222,225,279
Repurchase agreements	2,803,208,069	-	2,803,208,069	2,803,208,069	-	2,803,208,069
Financial assets held at fair value through profit or loss	1,462,003,225	1,462,003,225	-	1,747,122,200	1,747,122,200	-
Financial assets at amortised cost – Finance leases and hire purchases	26,505,267,002	-	26,505,267,002	26,499,962,501	-	26,499,962,501
Financial assets at amortised cost – Other loans and receivables	3,593,642,343	-	3,593,642,343	3,594,047,793	-	3,594,047,793
Financial assets measured at fair value through comprehensive income	157,110,004	-	157,110,004	157,110,004	-	157,110,004
Financial assets at amortised cost – Other financial instruments	1,190,996,021	-	1,190,996,021	1,190,996,021	-	1,190,996,021
Other financial assets	21,031,966	-	21,031,966	21,031,966	-	21,031,966
Total financial assets	37,725,411,747	1,462,003,225	36,263,408,522	38,039,684,969	1,747,122,200	36,292,562,769
Liabilities subject to market risk						
Deposits from customers	13,348,714,467	-	13,348,714,467	13,284,609,795	-	13,284,609,795
Bank overdrafts	153,488,100	-	153,488,100	153,488,100	-	153,488,100
Due to banks and other borrowed funds	13,628,489,695	-	13,628,489,695	13,628,489,695	-	13,628,489,695
Subordinated debt instruments	1,543,197,051	-	1,543,197,051	1,543,197,051	-	1,543,197,051
Lease liabilities	462,437,965	-	462,437,965	490,472,567	-	490,472,567
Other financial liabilities	654,664,878	-	654,664,878	654,664,878	-	654,664,878
Total financial liabilities	29,790,992,156	-	29,790,992,156	29,754,922,086	-	29,754,922,086

	Company			Group		
As at 31 March 2024		Market risk measure			Market risk measure	
	Carrying amount LKR	Trading portfolios LKR	Non -trading portfolios LKR	Carrying amount LKR	Trading portfolios LKR	Non -trading portfolios LKR
Assets subject to market risk						
Cash and cash equivalents	675,179,658	-	675,179,658	745,484,204	-	745,484,204
Deposits with licensed financial institutions	2,621,954,788	-	2,621,954,788	2,630,031,829	-	2,630,031,829
Repurchase agreements	251,569,750	-	251,569,750	251,569,750	-	251,569,750
Financial assets held at fair value thought profit or loss	4,483,199,237	4,483,199,237	-	4,622,384,957	4,622,384,957	-
Financial assets at amortised cost – Finance leases and hire purchases	22,240,442,963	-	22,240,442,963	22,240,442,963	-	22,240,442,963
Financial assets at amortised cost – Other loans and receivables	2,235,738,399	-	2,235,738,399	2,236,019,399	-	2,236,019,399
Financial assets measured at fair value through comprehensive income	160,512,106	-	160,512,106	160,512,106	-	160,512,106
Financial assets at amortised cost – Other financial instruments	1,199,615,574	-	1,199,615,574	1,199,615,574	-	1,199,615,574
Other financial assets	52,716,522	-	52,716,522	27,216,522	-	27,216,522
Total financial assets	33,920,928,997	4,483,199,237	29,437,729,760	34,113,277,304	4,622,384,957	29,490,892,347
Liabilities subject to market risk						
Deposits from customers	13,839,119,884	-	13,839,119,884	13,776,589,964	-	13,776,589,964
Bank overdrafts	151,118,902	-	151,118,902	151,118,902	-	151,118,902
Due to banks and other borrowed funds	10,058,173,431	-	10,058,173,431	10,058,173,431	-	10,058,173,431
Subordinated debt instruments	1,768,784,186	-	1,768,784,186	1,768,784,186	-	1,768,784,186
Lease liabilities	398,134,175	-	398,134,175	398,134,175	-	398,134,175
Other financial liabilities	556,867,234	-	556,867,234	556,867,234	-	556,867,234
Total financial liabilities	26,772,197,812	-	26,772,197,812	26,709,667,892	-	26,709,667,892

51.3.2 Interest rate risk

Interest rate risk arises from potential changes in interest rates and its effect on future cash flows or the fair values of financial instruments. The Board has established limits on the non-trading interest rate gaps for stipulated periods. The Company policy is to monitor positions on a daily basis and hedging strategies are used to ensure positions are maintained within the established limits.

The Management of the Company is closely monitoring the interest rate and its effect on the interest rate sensitive assets and liabilities. In order to ensure interest rate margins and spreads are maintained, the Company conducts periodic reviews and reprices its assets accordingly.

51.3.3 Financial assets and financial liabilities exposed to interest rate risk

The table below analyses the Company's interest rate risk exposure on financial assets and financial liabilities. The Company's assets and liabilities are included at carrying amounts and categorised by the earlier of contractual re-pricing or maturity dates.

	Company					
As at 31 March 2025	Up to 3 months LKR	3 to 12 months LKR	1 to 3 years LKR	More than 3 years LKR	Non sensitive LKR	Total LKR
Financial assets						
Cash and cash equivalents	509,124,232	-	-	-	268,862,784	777,987,016
Deposits with licensed financial institutions	462,655,827	-	751,510,274	-	-	1,214,166,101
Investment in government and other securities	3,461,343,744	525,900,346	-	6,960,000	-	3,994,204,090
Finance leases, hire purchases, other loans and receivables	7,507,577,765	8,326,991,023	11,954,798,381	2,309,542,176	-	30,098,909,345
Financial assets held at FVTPL	-	-	-	-	1,462,003,225	1,462,003,225
Financial assets measured at FVOCI	-	-	-	-	157,110,004	157,110,004
Other financial assets	-	-	-	-	21,031,966	21,031,966
Total financial assets	11,940,701,568	8,852,891,369	12,706,308,655	2,316,502,176	1,909,007,979	37,725,411,747
Financial liabilities						
Deposits from customers	4,989,690,908	4,384,025,974	2,689,588,162	1,285,409,423	-	13,348,714,467
Bank overdrafts	153,488,100	-	-	-	-	153,488,100
Due to banks and other borrowed funds	9,332,654,495	1,806,245,800	2,489,589,400	-	-	13,628,489,695
Subordinated debt instruments	-	1,338,197,051	-	205,000,000	-	1,543,197,051
Lease liabilities	38,455,314	94,071,468	184,310,883	145,600,300	-	462,437,965
Other financial liabilities	-	-	-	-	654,664,878	654,664,878
Total financial liabilities	14,514,288,817	7,622,540,293	5,363,488,445	1,636,009,723	654,664,878	29,790,992,156
Total interest sensitivity gap	(2,573,587,249)	1,230,351,076	7,342,820,210	680,492,453	1,254,343,101	7,934,419,591
Cumulative gap	(2,573,587,249)	(1,343,236,173)	5,999,584,037	6,680,076,490	7,934,419,591	

As at 31 March 2024	Company						Total
	Up to 3 months LKR	3 to 12 months LKR	1 to 3 years LKR	More than 3 years LKR	Non sensitive LKR		
Financial assets							
Cash and cash equivalents	378,906,747	-	-	-	296,272,911		675,179,658
Deposits with licensed financial institutions	1,298,423,031	1,323,531,757	-	-	-		2,621,954,788
Investment in government and other securities	1,443,632,675	592,649	-	6,900,000	-		1,451,125,324
Finance leases, hire purchases, other loans and receivables	5,831,129,888	7,250,666,793	9,781,289,857	1,613,094,824	-		24,476,181,362
Financial assets held at FVTPL	-	-	-	-	4,483,199,237		4,483,199,237
Financial assets measured at FVOCI	-	-	-	-	160,512,106		160,512,106
Other financial assets	-	-	-	-	52,716,522		52,716,522
Total financial assets	8,952,092,341	8,574,791,199	9,781,289,857	1,619,994,824	4,992,700,776		33,920,868,997
Financial liabilities							
Deposits from customers	5,685,680,556	6,041,056,274	1,010,130,252	1,102,252,802	-		13,839,119,884
Bank overdrafts	151,118,902	-	-	-	-		151,118,902
Due to banks and other borrowed funds	5,971,801,489	2,686,371,942	1,400,000,000	-	-		10,058,173,431
Subordinated debt instruments	-	1,768,784,186	-	-	-		1,768,784,186
Lease liabilities	31,194,656	86,714,288	154,664,549	125,560,682	-		398,134,175
Other financial liabilities	-	-	-	-	556,867,234		556,867,234
Total financial liabilities	11,839,795,603	10,582,926,690	2,564,794,801	1,227,813,484	556,867,234		26,772,197,812
Total interest sensitivity gap	(2,887,703,262)	(2,008,135,491)	7,216,495,056	392,181,340	4,435,833,542		7,148,671,185
Cumulative gap	(2,887,703,262)	(4,895,838,753)	2,320,656,303	2,712,837,643	7,148,671,185		

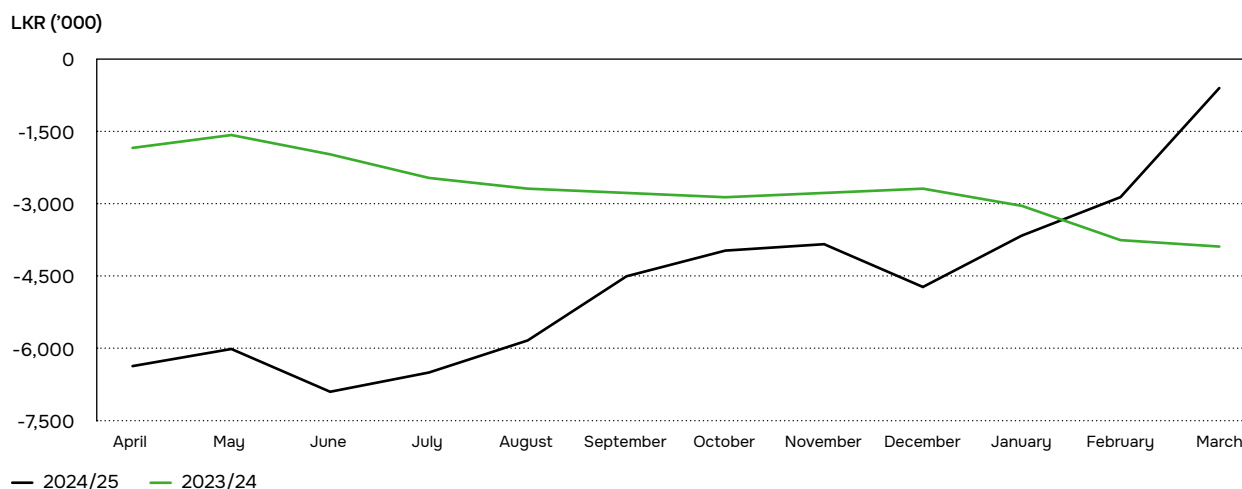
As at 31 March 2025	Group						Total LKR
	Up to 3 months LKR	3 to 12 months LKR	1 to 3 years LKR	More than 3 years LKR	Non sensitive LKR		
Financial assets							
Cash and cash equivalents	535,051,723	-	-	-	268,929,413		803,981,136
Deposits with licensed financial institutions	470,715,005	-	751,510,274	-	-		1,222,225,279
Investment in government and other securities	3,461,343,744	525,900,346	-	6,960,000	-		3,994,204,090
Finance leases, hire purchases, other loans and receivables	7,507,614,788	8,326,045,818	11,952,277,833	2,308,071,855	-		30,094,010,294
Financial assets held at FVTPL	-	-	-	-	1,747,122,200		1,747,122,200
Financial assets measured at FVOCI	-	-	-	-	157,110,004		157,110,004
Other financial assets	-	-	-	-	21,031,966		21,031,966
Total financial assets	11,974,725,260	8,851,946,164	12,703,788,107	2,315,031,855	2,194,193,583		38,039,684,969
Financial liabilities							
Deposits from customers	4,941,169,846	4,368,442,364	2,689,588,162	1,285,409,423	-		13,284,609,795
Bank overdrafts	153,488,100	-	-	-	-		153,488,100
Due to banks and other borrowed funds	9,332,654,495	1,806,245,800	2,489,589,400	-	-		13,628,489,695
Subordinated debt instruments	-	43,197,051	-	1,500,000,000	-		1,543,197,051
Lease liabilities	39,579,684	97,762,232	207,530,351	145,600,300	-		490,472,567
Other financial liabilities	-	-	-	-	654,664,878		654,664,878
Total financial liabilities	14,466,892,125	6,315,647,447	5,386,707,913	2,931,009,723	654,664,878		29,754,922,086
Total interest sensitivity gap	(2,492,166,865)	2,536,298,717	7,317,080,194	(615,977,868)	1,539,528,705		8,284,762,883
Cumulative gap	(2,492,166,865)	44,131,852	7,361,212,046	6,745,234,178	8,284,762,883		

	Group					
As at 31 March 2024	Up to 3 months LKR	3 to 12 months LKR	1 to 3 years LKR	More than 3 years LKR	Non sensitive LKR	Total LKR
Financial assets						
Cash and cash equivalents	449,149,033	-	-	-	296,335,171	745,484,204
Deposits with licensed financial institutions	1,306,500,072	1,323,531,757	-	-	-	2,630,031,829
Investment in government and other securities	1,443,632,675	592,649	-	6,960,000	-	1,451,185,324
Finance leases, hire purchases, other loans and receivables	5,831,410,888	7,250,666,793	9,781,289,857	1,613,094,824	-	24,476,462,362
Financial assets held at FVTPL	-	-	-	-	4,622,384,957	4,622,384,957
Financial assets measured at FVOCI	-	-	-	-	160,512,106	160,512,106
Other financial assets	-	-	-	-	27,216,522	27,216,522
Total financial assets	9,030,692,668	8,574,791,199	9,781,289,857	1,620,054,824	5,106,448,756	34,113,277,304
Financial liabilities						
Deposits from customers	5,637,426,422	6,026,780,488	1,010,130,252	1,102,252,802	-	13,776,589,964
Bank overdrafts	151,118,902	-	-	-	-	151,118,902
Due to banks and other borrowed funds	5,971,801,489	2,686,371,942	1,400,000,000	-	-	10,058,173,431
Subordinated debt instruments	-	1,768,784,186	-	-	-	1,768,784,186
Lease liabilities	31,194,656	86,714,288	154,664,549	125,560,682	-	398,134,175
Other financial liabilities	-	-	-	-	556,867,234	556,867,234
Total financial liabilities	11,791,541,469	10,568,650,904	2,564,794,801	1,227,813,484	556,867,234	26,709,667,892
Total interest sensitivity gap	(2,760,848,801)	(1,993,859,705)	7,216,495,056	392,241,340	4,549,581,522	7,403,609,412
Cumulative gap	(2,760,848,801)	(4,754,708,506)	2,461,786,550	2,854,027,890	7,403,609,412	

51.3.4 Interest rate sensitivity

The graph below depicts the sensitivity analysis carried out on the Statement of Financial Position as at 31 March 2025 on the changes in the interest rates across the market in a hypothetical situation. The Company is exposed to sudden interest rate fluctuations due to the availability of short-term and floating rate funding. The exposure will partly diminish by the short-term, rate-sensitive investments. The time horizon of the study is restricted to a 12 months period. The Company undertakes varying degrees of such rate shocks and evaluate them to ensure that the risk exposures are within the risk appetite of the Company as compared to the anticipated market rate movements.

Impact on NII – Rate shock of 100bp



Sensitivity to projected Net Interest Income

100 bp parallel increase/decrease*

	2025 LKR '000	2024 LKR '000
As at 31 March	+/-608	+/-3,857
Average for the period	+/-4,644	+/-2,687
Maximum for the period	+/-608	+/-1,574
Minimum for the period	+/-6,903	+/-3,857

* Parallel increase in rates would have a positive impact on earning whereas parallel decrease have a negative effect.

In arriving at the above result the Company considered only rate-sensitive assets and liabilities.

51.3.5 Currency risk

Currency risk is that the value of a financial instrument that could fluctuate due to changes in foreign exchange rates and arises from financial instruments denominated in a foreign currency. The intention of managing currency risk is to curtail the currency losses incurred due to foreign currency transactions. The Company monitors this on a daily basis however the Company is not exposed to significant currency risk.

Exchange rate risk

The Company's exposure to foreign currency risk is as follows;

As at 31 March 2025	LKR	Spot rate	USD
Cash and cash equivalents	45,119	296.34	152
Financial assets at amortised cost	463,606,817	296.34	1,564,442
Borrowings	-	296.34	-

Foreign currency sensitivity

An estimation to the impact of the currency risk with respect of financial instruments with a 5% change in US Dollar exchange rate is given below. The calculation of sensitivity has been performed only on the assets and liabilities denominated in foreign currency of the Company as at 31 March 2025.

As at 31 March 2025	Effect on profit or loss LKR	Effect on equity LKR
USD depreciated against LKR by 5%	23,182,439	23,182,439
USD appreciated against LKR by 5%	(23,182,439)	(23,182,439)

51.3.6 Equity price risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in the level of equity indices and individual stocks. The non-trading equity price risk exposure arises from equity securities classified as fair value through other comprehensive income.

The table below summarises the impact due to a 10% change in on equity prices.

As at 31 March	2025			2024		
	Financial assets at FVTPL LKR	Financial assets at FVOCI LKR	Total LKR	Financial assets at FVTPL LKR	Financial assets at FVOCI LKR	Total LKR
Market value of equity securities	547,501,982	157,110,004	704,611,986	349,773,434	160,512,106	510,285,540

As at 31 March	2025			2024		
	Impact on Statement of Profit or Loss LKR	Impact on Statement of OCI LKR	Total LKR	Impact on Statement of Profit or Loss LKR	Impact on Statement of OCI LKR	Total LKR
Stress level						
10% increase on equity prices	54,750,198	15,711,000	70,461,198	34,977,343	16,051,211	51,028,554
10% decrease on equity prices	(54,750,198)	(15,711,000)	(70,461,198)	(34,977,343)	(16,051,211)	(51,028,554)

51.4 Liquidity risk and fund management

Liquidity risk is the risk of inadequate resources to meet financial obligations in time and in full, at an acceptable cost. As witnessed in some Licensed Finance Companies in the past, liquidity risk can pose serious threats to the existence of finance companies. The Company understands the importance of a robust liquidity risk management policy and constantly monitors the liquidity position of the Company.

Further, liquidity risk arises because of the possibility that the Company might be unable to meet its financial obligations when they fall due under both normal and stress circumstances. To limit the risk, the Management has arranged diversified funding sources in addition to its core deposit base, and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a daily basis. Therefore, the Company is not exposed to significant concentration risk, with regard to liquidity.

51.4.1 Statutory liquid assets ratio

As per the requirements of Finance Companies (Liquid Assets) Direction No. 04 of 2013, The Company has maintained minimum liquid assets, not less than 10% of the outstanding value of time deposits and face value of certificates of deposits; and 15% of the outstanding value of savings deposits received by the Company on a given day; and 10% of total outstanding borrowings excluding borrowings which are included in the capital funds of the finance company and borrowings which are secured by mortgage of any assets of the Company.

	2025 %	2024 %
As at 31 March	37.26	12.63
Average for the period	15.27	14.71
Maximum for the period	37.26	21.31
Minimum for the period	11.20	11.15

Minimum liquidity requirement

As at 31 March	2025 LKR	2024 LKR
Required minimum amount of liquid assets	1,788,711,600	1,716,544,250
Total liquid assets	5,978,761,044	2,118,812,333
Excess liquidity	4,190,049,444	402,268,083

Further, in accordance with the Finance Companies (Liquid Assets) Direction No. 04 of 2013, every Finance Company is required to maintain assets in the form of approved government securities equivalent to 7.5% of average month-end total deposit liabilities and borrowings of the twelve months of the preceding financial year.

As at 31 March 2025, the Company maintained a government securities to average deposit liabilities and borrowings ratio of 25.84% (2024 – 10.11%).

51.4.2 Total liquid assets

The table below sets out the components of the Company's liquidity reserves:

As at 31 March	2025 LKR	2024 LKR
Cash and cash equivalents	268,862,784	296,272,911
Balances with banks and other financial institutions	1,723,290,333	378,906,747
Investment in repurchase agreements	2,803,208,069	251,569,750
Investment in treasury bills	1,183,399,858	1,192,062,925
Total liquid assets	5,978,761,044	2,118,812,333

51.4.3 Financial assets available to support future funding

The table below sets out the availability of the Company's financial assets to support future funding.

As at 31 March 2025	Encumbered		Unencumbered		Total
	Pledged as a collateral LKR	Other* LKR	Available as collateral LKR	Other** LKR	
Cash and cash equivalents	-	-	-	777,987,016	777,987,016
Deposits with licensed financial institutions	-	-	1,214,166,101	-	1,214,166,101
Repurchase agreements	-	-	-	2,803,208,069	2,803,208,069
Financial assets held at FVTPL	-	-	-	1,462,003,225	1,462,003,225
Financial assets at amortised cost – Finance leases and hire purchases	8,819,569,449	-	17,685,697,553	-	26,505,267,002
Financial assets at amortised cost – Other loans and receivables	-	-	1,110,719,958	2,482,922,385	3,593,642,343
Financial assets measured at FVOCI	-	-	-	157,110,004	157,110,004
Financial assets at amortised cost – Other financial instruments	-	-	-	1,190,996,021	1,190,996,021
Other financial assets	-	-	-	21,031,966	21,031,966
Non financial assets	-	-	958,918,668	2,081,393,491	3,040,312,159
Total assets	8,819,569,449	-	20,969,502,280	10,976,652,177	40,765,723,906

As at 31 March 2024	Encumbered		Unencumbered		Total
	Pledged as a collateral LKR	Other* LKR	Available as collateral LKR	Other** LKR	
Cash and cash equivalents	-	-	-	675,179,658	675,179,658
Deposits with licensed financial institutions	2,621,954,788	-	-	-	2,621,954,788
Repurchase agreements	-	-	-	251,569,750	251,569,750
Financial assets held at FVTPL	-	-	-	4,483,199,237	4,483,199,237
Financial assets at amortised cost – Finance leases and hire purchases	4,998,557,183	-	17,241,885,780	-	22,240,442,963
Financial assets at amortised cost – Other loans and receivables	-	-	1,165,417,019	1,070,321,380	2,235,738,399
Financial assets measured at FVOCI	-	-	-	160,512,106	160,512,106
Financial assets at amortised cost – Other financial instruments	-	-	-	1,199,615,574	1,199,615,574
Other financial assets	-	-	-	52,716,522	52,716,522
Non financial assets	-	-	973,784,851	1,665,540,514	2,639,325,365
Total assets	7,620,511,971	-	19,381,087,650	9,558,654,741	36,560,254,362

51.4.4 Financial assets and financial liabilities by remaining contractual maturities

The following tables illustrate the maturity gap analysis of financial assets and financial liabilities based on their remaining period to maturity undiscounted as at 31 March 2025.

	Company					
	Carrying value LKR	Less than 03 months LKR	03 – 12 months LKR	01 – 03 years LKR	Over 03 years LKR	Total nominal value LKR
Financial assets						
Cash and cash equivalents	777,987,016	777,987,016	-	-	-	777,987,016
Financial assets at amortised cost – Deposits with licensed financial institutions	1,214,166,101	466,358,133		986,465,753	-	1,452,823,886
Repurchase agreements	2,803,208,069	2,803,547,764	-	-	-	2,803,547,764
Financial assets held at FVTPL	1,462,003,225	1,462,003,225	-	-	-	1,462,003,225
Finance leases, hire purchases, other loans and receivables	30,098,909,345	8,073,974,354	10,839,697,268	16,672,967,548	3,427,111,744	39,013,750,914
Financial assets measured at FVOCI	157,110,004	-	-	-	157,110,004	157,110,004
Financial assets at amortised cost – Other financial instruments	1,190,996,021	678,525,229	549,000,000	-	7,934,400	1,235,459,629
Other financial assets	21,031,966	11,320,252	9,711,714	-	-	21,031,966
Total financial assets	37,725,411,747	14,273,715,973	11,398,408,982	17,659,433,301	3,592,156,148	46,923,714,404
Financial liabilities						
Deposits from customers	13,348,714,467	5,148,080,167	4,805,832,125	3,075,899,716	2,000,206,926	15,030,018,934
Bank overdrafts	153,488,100	153,488,100	-	-	-	153,488,100
Due to banks and other borrowed funds	13,628,489,695	2,259,780,849	5,931,610,506	5,717,613,902	1,383,294,622	15,292,299,879
Subordinated debt instruments	1,543,197,051	-	176,198,757	375,000,270	1,886,815,347	2,438,014,374
Lease liabilities	462,437,965	40,992,211	112,075,789	236,355,455	191,167,036	580,590,491
Other financial liabilities	654,664,878	591,792,813	62,872,065	-	-	654,664,878
Total financial liabilities	29,790,992,156	8,194,134,140	11,088,589,242	9,404,869,343	5,461,483,931	34,149,076,656

	Group					
	Carrying value LKR	Less than 03 months LKR	03 – 12 months LKR	01 – 03 years LKR	Over 03 years LKR	Total nominal value LKR
Financial assets						
Cash and cash equivalents	803,981,136	803,981,136	-	-	-	803,981,136
Financial assets at amortised cost – Deposits with licensed financial institutions	1,222,225,279	474,504,434	-	986,465,753	-	1,460,970,187
Repurchase agreements	2,803,208,069	2,803,547,764	-	-	-	2,803,547,764
Financial assets held at FVTPL	1,747,122,200	1,747,122,200	-	-	-	1,747,122,200
Finance leases, hire purchases, other loans and receivables	30,094,010,294	8,073,522,986	10,838,340,682	16,669,349,983	3,425,001,498	39,006,215,149
Financial assets measured at FVOCI	157,110,004	-	-	-	157,110,004	157,110,004
Financial assets at amortised cost – Other financial instruments	1,190,996,021	678,525,229	549,000,000	-	7,934,400	1,235,459,629
Other financial assets	21,031,966	11,320,252	9,711,714	-	-	21,031,966
Total financial assets	38,039,684,969	14,592,524,001	11,397,052,396	17,655,815,736	3,590,045,902	47,235,438,035
Financial liabilities						
Deposits from customers	13,284,609,795	5,098,823,227	4,789,796,089	3,075,899,716	2,000,206,926	14,964,725,958
Bank overdrafts	153,488,100	153,488,100	-	-	-	153,488,100
Due to banks and other borrowed funds	13,628,489,695	2,259,780,849	5,931,610,506	5,717,613,902	1,383,294,622	15,292,299,879
Subordinated debt instruments	1,543,197,051	-	176,198,757	375,000,270	1,886,815,347	2,438,014,374
Lease liabilities	490,472,567	43,361,442	119,183,481	256,293,917	201,628,574	620,467,414
Other financial liabilities	654,664,878	591,792,813	62,872,065	-	-	654,664,878
Total financial liabilities	29,754,922,086	8,147,246,431	11,079,660,898	9,424,807,805	5,471,945,469	34,123,660,603

The following tables illustrate the maturity gap analysis of the Company's and Group's financial assets and financial liabilities based on their remaining period to maturity undiscounted as at 31 March 2024.

	Company					
	Carrying value	Less than	03 – 12 months	01 – 03 years	Over 03 years	Total nominal
	LKR	03 months	LKR	LKR	LKR	value
		LKR				LKR
Financial assets						
Cash and cash equivalents	675,179,658	675,179,658	-	-	-	675,179,658
Financial assets at amortised cost – Deposits with licensed financial institutions	2,621,954,788	1,316,196,549	1,423,933,430	-	-	2,740,129,979
Repurchase agreements	251,569,750	251,569,750	-	-	-	251,569,750
Financial assets held at FVTPL	4,483,199,237	4,483,199,237	-	-	-	4,483,199,237
Finance leases, hire purchases, other loans and receivables	24,476,181,362	6,565,143,864	9,485,434,245	13,985,773,044	2,555,749,691	32,592,100,844
Financial assets measured at FVOCI	160,512,106	-	-	-	160,512,106	160,512,106
Financial assets at amortised cost – Other financial instruments	1,199,615,574	1,228,000,000	592,649	-	6,960,000	1,235,552,649
Other financial assets	52,716,522	52,716,522	-	-	-	52,716,522
Total financial assets	33,920,928,997	14,572,005,580	10,909,960,324	13,985,773,044	2,723,221,797	42,190,960,745
Financial liabilities						
Deposits from customers	13,839,119,884	6,207,840,778	6,947,028,640	1,314,714,128	1,803,683,164	16,273,266,710
Bank overdrafts	151,118,902	151,118,902	-	-	-	151,118,902
Due to banks and other borrowed funds	10,058,173,431	2,248,648,376	4,454,251,689	4,151,872,336	467,405,458	11,322,177,859
Subordinated debt instruments	1,768,784,186	-	1,862,964,897	-	-	1,862,964,897
Lease liabilities	398,134,175	38,123,013	107,453,457	209,882,904	187,672,289	543,131,663
Other financial liabilities	556,867,234	556,867,234	-	-	-	556,867,234
Total financial liabilities	26,772,197,812	9,202,598,303	13,371,698,683	5,676,469,368	2,458,760,911	30,709,527,265

	Group					
	Carrying value LKR	Less than 03 months LKR	03 – 12 months LKR	01 – 03 years LKR	Over 03 years LKR	Total nominal value LKR
Financial assets						
Cash and cash equivalents	745,484,204	745,484,204	-	-	-	745,484,204
Financial assets at amortised cost – Deposits with licensed financial institutions	2,630,031,829	1,324,838,946	1,423,933,430	-	-	2,748,772,376
Repurchase agreements	251,569,750	251,569,750	-	-	-	251,569,750
Financial assets held at FVTPL	4,622,384,957	4,622,384,957	-	-	-	4,622,384,957
Finance leases, hire purchases, other loans and receivables	24,476,462,362	6,565,424,864	9,485,434,245	13,985,773,044	2,555,749,691	32,592,381,844
Financial assets measured at FVOCI	160,512,106	-	-	-	160,512,106	160,512,106
Financial assets at amortised cost - other financial instruments	1,199,615,574	1,228,000,000	592,649	-	6,960,000	1,235,552,649
Other financial assets	27,216,522	27,216,522	-	-	-	27,216,522
Total financial assets	34,113,277,304	14,764,919,243	10,909,960,324	13,985,773,044	2,723,221,797	42,383,874,408
Financial liabilities						
Deposits from customers	13,776,589,964	6,207,840,778	6,947,028,640	1,314,714,128	1,803,683,164	16,273,266,710
Bank overdrafts	151,118,902	151,118,902	-	-	-	151,118,902
Due to banks and other borrowed funds	10,058,173,431	2,248,648,376	4,454,251,689	4,151,872,336	467,405,458	11,322,177,859
Subordinated debt instruments	1,768,784,186	-	1,862,964,897	-	-	1,862,964,897
Lease liabilities	398,134,175	38,123,013	107,453,457	209,882,904	187,672,289	543,131,663
Other financial liabilities	556,867,234	556,867,234	-	-	-	556,867,234
Total financial liabilities	26,709,667,892	9,202,598,303	13,371,698,683	5,676,469,368	2,458,760,911	30,709,527,265

51.5 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems and from external events. Senkadagala Finance PLC manages operational risk in a variety of ways. These include maintaining a comprehensive system of internal controls including disaster recovery plans and business continuity plans, using technology to automate processes and reduce manual errors, monitoring and analysing risk, events, and trends, employing experienced staff, monitoring business activities by compliance and audit professionals, requiring education and training of employees, and emphasising the importance of management oversight.

The Company Set up an in-house internal audit function with the recruitment of Deputy Chief Internal Auditor in March 2025, to oversee internal audit function, special assignments, and investigations. The Company's internal audit function was supported by Messrs Ernst & Young Advisory Services (Pvt) Ltd, to whom branch audits had been specifically outsourced. The selection of an alternative party for branch audits is currently under evaluation, following the appointment of Messrs Ernst & Young as the Company's external auditor.

With the introduction of the Finance Companies (Risk Weighted Capital Adequacy Ratio) Direction No. 03 of 2018 of the Central Bank of Sri Lanka, the Company has maintained a capital charge for operational risk. Accordingly, on 31 March 2025 the Company provided LKR 5,358,968,454/- (2024 – LKR 4,457,534,784/-) as risk weighted assets to accommodate for operational risk.

51.6 Regulatory risk

Regulatory risk is the risk of non-compliance with applicable legislation, regulation and regulatory directives, Senkadagala Finance PLC manages day to day regulatory risk primarily by educating and training employees about regulatory requirements, establishing and maintaining appropriate policies and procedures, and monitoring for compliance. The Company has appointed a Compliance Officer for communicating regulatory requirements to each business unit, ensuring that business units have appropriate policies and procedures in place and that staff are trained to meet regulatory requirements and for tracking, escalating and reporting significant issues and findings to senior management and the Board.

51.7 Reputation risk

Reputation risk is the risk to earnings, capital, or brand arising from negative publicity or employee opinion. A company's reputation is a valuable business asset in its own right, essential to optimising shareholder value. Reputation risk cannot be managed in isolation from other forms of risks, since all risks can have an impact on reputation, which in turn can impact the brand, earning and capital. Credit, liquidity, interest rate, operational, and regulatory risk must all be managed effectively in order to safeguard the Company's reputation.

51.8 Capital management and capital adequacy

In order to be resilient in volatile economic conditions it's important to maintain an adequate capital base. The Central Bank of Sri Lanka has laid down directions to promote the strengthening of the capital base of NBFIs.

In accordance with the Finance Companies (Capital Funds) Direction No. 01 of 2003, the Company transferred LKR 85 Mn. of net profits for the year, to the Statutory Reserve Fund. Since the capital base of the Company is greater than 25% of total deposit liabilities, only LKR 85 Mn. which is greater than the required 5% of profits for the year was transferred.

Further, in accordance with the Finance Companies (Risk Weighted Capital Adequacy Ratio) Direction No. 03 of 2018, all the NBFIs are required to maintain, as at 31 March 2025 its total Capital at a level not less than 12.5% of its Risk Weighted Assets and the Core Capital at a level not less than 8.5% of Risk Weighted Assets. The ratios as at 31 March 2025 were 23.84% and 27.30% and as at 31 March 2024 were 22.86% and 23.94% respectively. Detailed calculations are given below,

Total risk weighted amount

Risk-weighted amount for credit risk	Amount	Credit equivalent of off-balance sheet items	Total	Risk weighted assets	RWA density %
Claims on Government of Sri Lanka, Public Sector Entities and CBSL	3,986,607,927	-	3,986,607,927	-	0
Claims on financial institutions	1,730,886,496	-	1,730,886,496	346,177,299	20
Claims on corporates	1,580,546,718	-	1,580,546,718	1,580,422,870	100
Retail claims	28,478,951,180	261,778,547	28,740,729,727	28,837,594,165	100
Non-performing assets (NPAs)	1,012,151,627	-	1,012,151,627	995,037,770	98
Notes and coins	268,862,784	-	268,862,784	-	0
Fixed assets	1,729,437,562	-	1,729,437,562	1,729,437,562	100
Other assets/exposures	650,082,187	-	650,082,187	650,082,187	100
Total risk weighted amount for credit risk	39,437,526,481	261,778,547	39,699,305,028	34,138,751,853	

Risk weighted amount for operational risk	2025 LKR	2024 LKR	2023 LKR	Total LKR
Interest income	8,458,676,341	7,361,849,965	6,492,904,281	22,313,430,587
Interest expenses	(2,733,357,893)	(3,715,481,541)	(3,879,380,604)	(10,328,220,038)
Non-interest income	753,223,643	881,705,866	414,638,510	2,049,568,019
Realised losses/(gains) from the sale of securities	(364,725,362)	(121,711,775)	(53,083,911)	(539,521,048)
Extraordinary/irregular item of income	(35,364,160)	(27,499,153)	(34,973,072)	(97,836,385)
Gross income	6,078,452,569	4,378,863,362	2,940,105,204	13,397,421,135
Average gross income for operational risk capital requirement				4,465,807,045
Capital charges for operational risk (15% of average gross income for operational risk)				669,871,057
Risk weighted amount for operational risk (reciprocal of required total capital ratio – 12.5%)				8.00
Risk-weighted amount for operational risk under the basic indicator approach				5,358,968,454
Total risk weighted amount				39,497,720,307

Capital base

As at 31 March	2025 LKR	2024 LKR
Tier 1 Capital	10,001,639,516	8,554,656,214
Issued and paid up ordinary shares	2,424,777,045	2,424,777,045
Statutory reserve fund	676,036,033	591,036,033
Published retained profits	6,900,826,438	5,538,843,136
Adjustment to Tier I Capital	587,287,182	422,708,806
Other intangible assets (net)	44,876,040	54,281,007
Deferred tax assets (net)	409,307,436	248,863,640
50% of investment in banking and financial subsidiary companies	25,864,800	25,864,800
50% of investment in other banking and financial institutions	107,238,906	93,699,359
Tier 1 Capital (after adjustments)	9,414,352,334	8,131,947,409
Tier 2 Capital	1,500,000,000	504,927,314
Instruments qualified as Tier 2 capital	1,500,000,000	350,000,000
General provisions/Collective impairment allowances	-	154,927,314
Eligible Tier 2 Capital	1,500,000,000	504,927,314
Total adjustment to eligible Tier 2 Capital	133,103,706	119,564,159
50% of investment in banking and financial subsidiary companies	25,864,800	25,864,800
50% of investment in other banking and financial institutions	107,238,906	93,699,359
Eligible Tier 2 Capital after adjustments	1,366,896,294	385,363,156
Total capital	10,781,248,628	8,517,310,564
Core capital ratio (Minimum requirement – 8.5%)		
Core capital	9,414,352,334	8,131,947,409
Total risk weighted assets	39,497,720,307	35,571,405,217
	23.84%	22.86%
Total capital ratio (Minimum requirement – 12.5%)		
Total capital base	10,781,248,628	8,517,310,564
Total risk weighted assets	39,497,720,307	35,571,405,217
	27.30%	23.94%

52 Restatement of Comparatives

The Company has restated its opening balances as at 1 April 2023 to reflect material adjustments relating to income tax from previous financial years. These adjustments arose due to correction of errors in tax schedules and computations, identified during the current financial year, resulting in revised tax assessments. Amounts revised for each previous financial year are as follows;

Year of assessment	Amount LKR
2019-20	126,787,952
2020-21	294,733,595
2021-22	151,776,339
Total	573,297,886

In accordance with Sri Lanka Accounting Standard LKAS 8 – “Accounting Policies, Changes in Accounting Estimates and Errors”, the Company has applied retrospective restatement to ensure the comparability and accuracy of its Financial Statements. The impact of the restatement is as follows:

As at 1 April 2023	Company			Group		
	Reported LKR	Adjustment to correct error LKR	Restated LKR	Reported LKR	Adjustment to correct error LKR	Restated LKR
Current tax payable	140,810,937	573,297,886	714,108,823	146,850,423	573,297,886	720,148,309
Retained earnings	5,015,183,577	(573,297,886)	4,441,885,691	5,015,500,445	(573,297,886)	4,442,202,559

As at 1 April 2024	Company			Group		
	Reported LKR	Adjustment to correct error LKR	Restated LKR	Reported LKR	Adjustment to correct error LKR	Restated LKR
Current tax payable	462,347,533	573,297,886	1,035,645,419	469,490,178	573,297,886	1,042,788,064
Retained earnings	6,112,141,022	(573,297,886)	5,538,843,136	6,284,892,887	(573,297,886)	5,711,595,001

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Ten Year Summary

	2025 LKR '000	2024* LKR '000	2023* LKR '000
Operating results			
Interest income	8,458,676	7,361,850	6,492,904
Interest expense	2,733,358	3,715,482	3,879,381
Net interest income	5,725,318	3,646,368	2,613,524
Other operating income	753,224	881,706	414,639
Profit before taxes on financial services	3,375,355	2,055,432	753,779
Profit before income taxation	2,627,705	1,577,417	526,302
Profit for the year	1,621,891	1,196,286	445,051
Dividends paid	155,304	56,082	120,792
Balance sheet			
Assets			
Cash and near cash items	5,986,357	4,740,767	7,939,792
Investments	1,619,113	4,651,264	853,536
Loans and advances	30,098,909	24,476,181	24,315,724
Investments in subsidiaries	51,730	51,730	328,302
Investment in associate	175,911	163,928	116,740
Property and equipment	1,774,314	1,658,563	1,511,580
Right-of-use asset	465,061	385,710	346,393
Deferred tax assets	409,307	248,864	109,260
Other assets	185,022	183,248	197,955
Total assets	40,765,724	36,560,254	35,719,281
Liabilities			
Deposits from customers	13,348,714	13,839,120	10,263,254
Borrowings	13,781,978	10,209,292	14,463,869
Debentures/subordinated term loan	1,543,197	1,768,784	1,768,801
Deferred tax liability	-	-	-
Lease liability	462,438	398,134	354,425
Other liabilities	1,702,601	1,840,277	1,466,695
Total liabilities	30,838,928	28,055,607	28,317,044
Equity			
Stated capital	2,424,777	2,424,777	2,424,777
Statutory reserve fund	676,036	591,036	531,036
Other reserves	(74,844)	(50,009)	4,538
Retained earnings	6,900,826	5,538,843	4,441,886
Total equity	9,926,796	8,504,647	7,402,237
Total liabilities and equity	40,765,724	36,560,254	35,719,281

* Figures have been restated appropriately

2022 LKR '000	2021 LKR '000	2020 LKR '000	2019 LKR '000	2018 LKR '000	2017 LKR '000	2016 LKR '000
6,020,701	5,978,562	6,533,974	6,995,603	6,472,115	4,825,712	3,746,374
2,430,425	3,215,269	3,681,611	3,759,531	3,410,064	2,402,305	1,701,766
3,590,276	2,763,293	2,852,363	3,236,072	3,062,051	2,423,408	2,044,607
323,848	363,594	223,008	300,278	298,215	312,424	218,173
1,513,024	949,045	722,491	1,179,270	1,607,203	1,280,293	971,116
1,185,647	707,345	528,729	929,284	1,357,416	1,119,133	882,550
902,971	554,745	227,831	950,604	1,004,671	860,971	613,182
90,076	-	68,851	228,296	213,077	185,899	166,330
10,010,235	6,987,420	3,736,574	4,631,749	5,220,436	4,923,750	3,496,397
302,424	523,974	393,621	182,498	200,486	159,733	98,637
26,101,897	27,562,085	27,233,010	29,069,749	27,801,785	23,757,588	16,908,140
328,302	328,302	328,302	320,000	320,000	320,000	320,000
-	-	-	-	-	-	-
1,755,747	1,951,779	2,156,478	2,332,831	1,803,149	1,516,891	1,194,663
361,074	409,875	388,931	-	-	-	-
-	-	-	-	-	-	-
137,729	139,953	157,608	246,236	757,962	240,865	252,107
38,997,407	37,903,389	34,394,525	36,783,063	36,103,819	30,918,827	22,269,945
10,823,983	11,546,422	11,222,611	10,008,976	9,507,134	7,230,873	6,510,033
17,138,991	16,935,935	11,689,435	17,262,978	15,376,359	13,743,732	8,691,685
1,768,547	1,768,323	4,319,529	2,732,048	4,399,896	4,992,786	3,059,849
150,572	319,294	402,371	461,314	860,681	607,702	434,104
357,217	377,500	344,724	-	-	-	-
1,112,325	996,532	1,005,548	1,020,706	928,263	682,117	580,914
31,351,635	31,944,008	28,984,218	31,486,023	31,072,332	27,257,209	19,276,586
2,424,777	1,587,863	1,587,863	1,587,863	1,587,863	1,008,062	1,008,062
506,036	460,036	430,036	415,036	365,036	310,036	265,036
4,059	4,761	4,100	3,894	7,171	4,361	3,775
4,710,900	3,906,721	3,388,308	3,290,248	3,071,416	2,339,158	1,716,486
7,645,772	5,959,381	5,410,307	5,297,041	5,031,486	3,661,618	2,993,359
38,997,407	37,903,389	34,394,525	36,783,063	36,103,819	30,918,827	22,269,945

Key Ratios and Indicators

	2025	2024*	2023*
Performance indicators			
Return on average total assets (%)	4.19	3.31	1.19
Return on average shareholders' funds (%)	17.60	15.04	5.92
Net interest margin (%)	17.53	11.86	7.65
Cost to income ratio (%)	40.54	50.00	66.23
Growth of interest income (%)	14.90	13.38	7.84
Growth of profit for the year (%)	35.58	168.80	(50.71)
Growth of loans and advances (%)	22.97	0.66	(6.84)
New advances disbursed (LKR Mn.)	31,758	18,718	15,441
Net flow of deposits (LKR Mn.)	(490)	3,576	(561)
Borrowings obtained (LKR Mn.)	11,950	4,829	3,735
Debentures issued (LKR Mn.)	-	-	-
Capital expenditure incurred (LKR Mn.)	300	352	39
Investor information			
Earnings per share (LKR)	18.80	13.87	5.16
Dividends per share (LKR)	2.80	1.80	0.65
Net assets per share (LKR)	115.05	98.57	85.79
Interest cover (Times)	1.96	1.42	1.14
Dividends cover (Times)	6.71	7.70	7.94
Dividend payout ratio (%)	14.90	12.98	12.60
Capital and leverage			
Core capital (%)	23.84	22.86	23.25
Total capital (%)	27.30	23.94	26.33
Equity as a percentage of total assets (%)	24.35	23.26	20.72
Equity as a percentage of total deposits and borrowings (%)	34.62	32.94	27.94
Growth of total assets (%)	11.50	2.35	(8.41)
Growth of net assets (%)	16.72	6.63	(3.91)
Earnings retention ratio (%)	85.10	87.02	87.40
Total deposit liabilities to capital (%)	74.37	61.45	71.12
Debt to equity ratio (Times)	1.54	1.41	2.19
Liquidity			
Liquid assets as a percentage of total assets (%)	14.67	5.80	8.43
Liquid assets as a percentage of total deposit liability (%)	44.79	15.31	29.33
Operational			
Number of branches	125	110	100
Number of service centres	-	-	-
Number of pawning centres	40	38	37
Number of staff	985	896	819
Staff productivity (LKR '000)	2,668	1,761	643

* Figures have been restated appropriately

2022	2021	2020	2019	2018	2017	2016
2.35	1.53	0.64	2.61	3.00	3.24	3.04
13.27	9.76	4.26	18.41	23.11	25.87	22.19
10.16	8.44	8.82	9.70	9.93	9.87	11.12
46.10	53.76	59.37	53.46	50.52	53.25	53.96
0.70	(8.50)	(6.60)	8.09	34.12	28.81	4.53
62.77	143.49	(76.03)	(5.38)	16.69	40.41	13.63
(5.30)	1.21	(6.32)	4.56	17.02	40.51	24.48
18,490	14,030	14,596	20,206	20,356	18,775	12,356
(722)	324	1,214	502	2,276	721	(32)
3,604	14,453	1,000	7,300	6,740	7,800	5,500
-	-	1,750	-	-	3,000	-
113	136	206	932	359	641	351
10.97	7.20	3.14	13.12	13.97	13.20	9.40
1.40	1.16	-	2.15	3.40	3.16	2.60
88.62	82.23	74.65	73.09	69.42	56.14	45.89
1.49	1.22	1.14	1.25	1.40	1.47	1.52
7.48	6.16	-	6.10	4.08	4.18	3.62
13.38	16.24	0.00	16.39	24.53	23.91	27.66
22.75	16.69	15.48	14.46	16.86	14.19	15.82
26.89	21.66	21.54	15.49	17.65	16.08	19.90
19.61	15.72	15.73	14.40	13.94	11.84	13.44
25.72	19.70	19.87	17.65	17.18	14.10	16.39
2.89	10.20	(6.49)	1.88	16.77	38.84	23.22
28.30	10.15	2.14	5.28	37.41	22.32	18.13
86.62	83.76	100.00	86.28	75.47	76.09	72.34
70.64	51.61	48.21	52.92	52.92	50.64	45.98
2.47	3.14	2.96	3.77	3.93	5.12	3.93
8.83	6.47	10.86	12.59	14.46	15.92	15.70
31.81	21.24	33.30	46.28	54.91	68.09	53.71
80	59	59	59	54	49	39
20	41	41	41	41	41	41
34	32	29	26	26	18	13
802	807	797	794	745	690	627
1,478	877	663	1,170	1,822	1,622	1,408

Branch Network

Branch	Address	Telephone	Fax
Akuressa	No. 24/20, Predeshiya Sabha Road, Akuressa	041-2285060	041-2285065
Alawwa	No. 46, Wariyagoda, Alawwa	037-2041055	037-2041061
Aluthgama	No. 152 1/1, 1st Floor, Galle Road, Aluthgama	034-2270573	034-2270578
Ambalangoda	No. 118B, Galle Road, Ambalangoda	091-2254901	091-2254906
Ambalanthota	No. 34, Main Street, Ambalanthota	047-2031852	047-2031855
Ampara	No. 778 A, D S Senanayaka Mawatha, Ampara	063-2224057	063-2224093
Angoda	No. 650, Avissawella Road, Mulleriyawa South, Angoda	011-2417780	011-2417785
Anuradhapura	No. 561/4, New Bus Stand, Anuradhapura	025-2237969	025-2237989
Aralaganvila	No. 120, New Town, Aralaganvila	027-2053834	027-2053837
Aturugiriya	No. 303, Godagama Road, Aturugiriya	011-2185888	011-2185889
Avissawella	No. 19, Kudagama Road, Avissawella	036-2222800	036-2222805
Badulla	No. 2, Riverside Road, Badulla	055-2224401	055-2224407
Bakamuna	No. 70, In Front of the Bus Stand, Co-operate Mawatha, Bakamuna	066-2255998	066-2256093
Balangoda	No. 281, Colombo Road, Balagahamula, Balangoda	045-2289533	045-2289537
Bandaragama	No. 91, Panadura Road, Bandaragama	038-2293903	038-2293924
Bandarawela	No. 68, Dharmavijaya Mawatha, Bandarawela	057-2222675	057-2222679
Batticaloa	No. 221 (Ground & First Floor), Trinco Road, Batticaloa	065-2229200	065-2229205
Bibila	No. 43/4, Mahiyangana Road, Bibila	055-2266563	055-2266568
Bulathsinhala	Near The 24th Mile Post, Horana Road, Bulathsinhala	034-2283083	034-2283106
Chavakachcheri	No. 15, Kandy Road, Chavakachcheri	021-2270951	021-2270956
Chilaw	No. 53, Kurunegala Road, Chilaw	032-2224043	032-2224048
Chunnakam	No. 143, KKS Road, Chunnakam	021-2051021	021-2051125
Colombo 03	2nd Floor, No. 267, Galle Road, Colombo 03	011-2301301	011-2301937
Dambulla	No. 357, Matale Road, Dambulla	066-2285530	066-2285535
Dehiattakandiya	No. F-74, New Town, Dehiattakandiya	027-2050800	027-2050805
Dehiwala	No. 121, Galle Road, Dehiwela	011-2732456	011-2732460
Deniyaya	No. 54, Main Street, Deniyaya	041-2273891	041-2273896
Digana	No. 2004/18/7, Kandy Road, Digana	081-2376623	081-2376643
Divulapitiya	In Front of the Police, Colombo Road, Divulapitiya	031-2263067	031-2263075
Eheliyagoda	No. 320, Main Street, Eheliyagoda	036-2257341	036-2257346
Elpitiya	No. 42, Ambalangoda Road, Elpitiya	091-2290485	091-2290495
Embilipitiya	No. 325B, Ratnapura Road, Pallegama, Embilipitiya	047-2261991	047-2261996
Fort	No.48, Mudalige Mawatha, Colombo 01	011-2446901	011-2446904

Branch	Address	Telephone	Fax
Galewela	No. 87/3A, Kurunegala Road, Galewela	066-2288025	066-2288075
Galgamuwa	No. 241, Ground Floor & First Floor, Main Street, Galgamuwa	037-2018506	037-2018511
Galle	No. 66, Colombo Road, Kaluwella, Galle	091-2248111	091-2248116
Gampaha	No. 560 A, Colombo Road, Gampaha	033-2233555	033-2233560
Gampola	No. 42, Panabokka Mawatha, Gampola	081-2350100	081-2351850
Giriulla	No. 101, Negombo Road, Giriulla	037-2288700	037-2288770
Hanwella	No. 40, Pahala Hanwella, Hanwella	036-2252190	036-2252195
Hasalaka	No. 308 (Ground Floor), Multi Purpose Co-operative Society, Hasalaka	055-2051243	055-2051248
Hettipola	No. 161 E, Wariyapola Road, Hettipola	037-2290069	037-2290079
Hingurakgoda	No. 9, Airport Road, Hingurakgoda	027-2245680	027-2245685
Homagama	No. 94/1, First Floor, Highlevel Road, Homagama	011-2857878	011-2857880
Horana	No. 246, Panadura Road, Horana	034-2262770	034-2262776
Ja-Ela	No. 356, Weligampitiya, Colombo Road, Ja-Ela	011-2247861	011-2247866
Jaffna	No. 62/3, New Stanley Road, Jaffna	021-2219960	021-2219965
Jampettah Street	No. 124, Jampettah Street, Colombo 13	011-2380804	011-2380809
Kadawatha	No. 316 H, Kandy Road, Kadawatha	011-2929010	011-2929090
Kaduruwela	No. 292, Saw Mill Junction, Kaduruwela	027-2224739	027-2224743
Kaduwela	No. 482/5/A, Colombo Road, Kaduwela	011-2538180	011-2538186
Kahawatta	No. 187, Main Street, Kahawatta	045-2271972	045-2271977
Kalawana	No. 1/100, Mathugama Road, Kalawana	045-2256561	045-2256566
Kalmunai	No. 202, Baticaloa Road, Kalmunai	067-2226860	067-2226865
Kalutara	First Floor, No. 443, 443/1, Galle Road, Kalutara	034-2227101	034-2227106
Kandy	No. 12, Kotugodella Veediya, Kandy	081-2201201	081-2201207
Karapitiya	No. 219A-1/1, Kahaduwa, Waduramba Road, Karapitiya	091-2121081	091-2121088
Katugastota	No. 437B, 1st & 2nd Floor, Katugastota Road, Kandy	081-2213860	081-2213866
Kegalle	No. 243, Colombo Road, Kegalle	035-2221277	035-2221281
Kekirawa	No. 55, Main Road, Kekirawa	025-2263234	025-2263239
Kelaniya	No. 457, Kandy Road, Dalugama, Kelaniya	011-2914714	011-2914887
Kilinochchi	Opposite Commercial Bank, Kandy Road, Kilinochchi	021-2283720	021-2283725
Kirindiwela	No. 27/16/1, Nugahenawatta, Kirindiwela	033-2247851	033-2247856
Kohuwala	No. 130 A, Dutugemunu Street, Kohuwala	011-2890800	011-2890805

Branch	Address	Telephone	Fax
Kotahena	No. 178, (Third Floor), George R De Silva Mawatha, Colombo 13	011-2441261	011-2441267
Kuliyapitiya	No. 74 1/1, Hettipola Road, Kuliyapitiya	037-2284630	037-2284635
Kurunegala	No. 91, Kandy Road, Kurunegala	037-2220402	037-2220405
Madampe	No. 355, Kurunegala Road, New Town, Madampe	032-2249484	032-2249487
Maharagama	No. 163, High Level Road, Maharagama	011-2896888	011-2896052
Mahiyanganaya	No. 109/1, Padiyathalawa Road, Mahiyanganaya	055-2258280	055-2258285
Maho	No. 234, Moragollagama Road, Maho	037-2275320	037-2275324
Malabe	No. 318/6/B, Kaduwela Road, Malabe	011-2277106	011-2277113
Maradana	No. 92, Deans Road, Colombo 10	011-2683600	011-2683222
Matale	No. 97, 97A, Kings Street, Matale	066-2222954	066-2222960
Matara	No. 558, Anagarika Dharmapala Mawatha, Pamburana, Matara	041-2233891	041-2233896
Mathugama	No. 146, Aluthgama Road, Mathugama	034-2295000	034-2295005
Mawanella	No. 215, New Colombo Road, Mawanella	035-2247626	035-2247655
Mawathagama	No. 174 "Thissa Saw mill", 7th Mile Post, Kurunegala Road, Mawathagama	037-2296443	037-2296448
Melsiripura	No. 337 B, Dambulla Road, Melsiripura	037-2018500	037-2018505
Minuwangoda	No. 67, Colombo Road, Minuwangoda	011-2295177	011-2295189
Mirigama	No. 71, Negombo Road, Mirigama	033-2276868	033-2276911
Monaragala	No. 112, Wellawaya Road, Monaragala	055-2055421	055-2055426
Moratuwa	No. 18, New Galle Road, Moratuwa	011-2644249	011-2644254
Mount Lavinia	246, 1/1, Galle Road, Ratmalana South, Mount Lavinia	011-2715001	011-2715002
Narammala	No. 285, Uyanwatta Road, Narammala	037-2249892	037-2249897
Nawalapitiya	No. 159,159/1, Abagamuwa Road, Nawalapitiya	054-2050458	054-2050459
Negombo	No. 149, 1st Floor, Rajapaksha Broadway, Negombo	031-2223456	031-2223462
Nelliady	No. 58/1, Point Pedro Road, Nelliady	021-2261430	021-2261435
Nikaweratiya	No. 245/A, Puttalam Road, Nikaweratiya	037-2260117	037-2260217
Nittambuwa	No. 538/3, 38 Kilometer Post, Malwatta, Nittambuwa	033-2297030	033-2297035
Nochchiyagama	In Front of the Police Station, Nochchiyagama	025-2257462	025-2257469
Nugegoda	No. 257 C, D, C 1/2, Stanley Thilakaratne Mawatha, Nugegoda	011-2856600	011-2856650
Nuwara Eliya	26, Upper Lake Road, Nuwara Eliya	052-2224123	052-2224128

Branch	Address	Telephone	Fax
Padukka	No. 397/A, High Level Road, Galagedara, Padukka	011-2085990	011-2085995
Panadura	No. 383/1, Galle Road, Panadura	038-2243990	038-2243995
Pelawatte	No. 1067, Pannipitiya Road, Battaramulla	011-2774140	011-2774145
Pelmadulla	No. 26, Balangoda Road, Pelmadulla	045-2275976	045-2276772
Pilimathalawa	No. 96/07, Colombo Road, Pilimathalawa	081-2579622	081-2579623
Piliyandala	No. 91B, 93, Colombo Road, Piliyandala	011-2615740	011-2615745
Pothuhera	No. 175, Kurunegala Road, Pothuhera	037-2237783	037-2237784
Pugoda	No. 98/D/1(A), Bangalawatta, Pugoda	011-2405463	011-2405467
Puttalam	No. 128/B/1, Kurunegala Road, Puttalam	032-2266783	032-2266789
Ragama	No. 46B, Kadawatha Road, Ragama	011-2953992	011-2953993
Rambukkana	No. 63 & 67, Mawanella Road, Rambukkana	035-2266650	035-2264655
Ratnapura	No. 394, Main Street, Ratnapura	045-2226890	045-2226895
Rikillagaskada	No. 20 Post, Kandy Road, Rikillagaskada	081-2081927	081-2081934
Ruwanwella	No. 195/A, Main Street, Ruwanwella	036-2265492	036-2265493
Seeduwa	No. 394, Negombo Road, Seeduwa	011-2251863	011-2251869
Tangalle	No. 35, Sea Road, Tangalle	047-2241902	047-2241907
Thambuththegama	No. 185/158, Regina Junction, Thambuththegama	025-2275472	025-2275478
Tissamaharama	No. 60, Palliyawatta Road, Thissamaharama	047-2239925	047-2239930
Trincomalee	No. 346, (Ground Floor) Main Street, Trincomalee	026-2225115	026-2225119
Valaichchenai	Trinco Road, Karuuvakerny, Valaichchenai	065-2051677	065-2051720
Vavuniya	No. 8, 1st Cross Street, Vavuniya	024-2226340	024-2226345
Walasmulla	No. 42 & 44, Beliaththa Road, Walasmulla	047-2031846	047-2031860
Warakapola	No. 211C, Colombo Road, Warakapola	035-2267020	035-2267022
Wariyapola	No. 141, Kurunegala Road, Wariyapola	037-2268880	037-2268885
Wattala	No. 264, Negombo Road, Wattala	011-2949611	011-2949616
Wattegama	No. 79, Kandy Road, Wattegama	081-2476331	081-2476350
Weligama	No. 42 C, Railway Station Road, Weligama	041-2121769	041-2121797
Welimada	No. 17, Haputhale Road, Welimada	057-2245684	057-2245690
Wellawatta	No. 577, Galle Road, Wellawatte, Colombo 06	011-2363634	011-2363680
Wellawaya	No. 72, Ella Road, Wellawaya	055-2274194	055-2274198
Wennappuwa	No. 272/1/1, Chilaw Road, Wennappuwa	031-2245266	031-2245271
Yatiyanthota	No. 10, New Colombo Road, Yatiyantota	036-2270783	036-2270784

GRI Content Index

Statement of use

Senkadagala Finance PLC has reported the information cited in this GRI content index for the period 1 April 2024 to 31 March 2025 with reference to the GRI Standards.

GRI 1 used GRI 1: Foundation 2021

GRI standard	Disclosure	Location
GRI 2: General Disclosures 2021	2-1 Organisational details	Organisational overview (Page 5)
	2-2 Entities included in the Organisation's sustainability reporting	Our Group Partners (Page 6)
	2-3 Reporting period, frequency, and contact point	About this Report (Page 3)
	2-5 External assurance	Financial Reports – Independent Auditors' Report (Pages to Pages 156 to 159)
	2-6 Activities, value chain, and other business relationships	Business Model (Page 15), Institutional Capital – Supplier Chain and procurement policy (Page 47)
	2-7 Employees	Our Story in 2024/25 – Employee Capital (Page 57)
	2-9 Governance structure and composition	Governance (Page 72)
	2-10 Nomination and selection of the highest governance body	Governance – Corporate Governance (Page 77)
	2-11 Chair of the highest governance body	Governance – Corporate Governance (Page 77)
	2-12 Role of the highest governance body in overseeing the management of impacts	Governance – Corporate Governance (Page 77)
	2-13 Delegation of responsibility for managing impacts	Governance – Risk Management (Page 137), Corporate Governance (Page 77)
	2-14 Role of the highest governance body in sustainability reporting	Governance – Corporate Governance (Page 77)
	2-15 Conflicts of interest	Governance – Corporate Governance (Page 77)
	2-16 Communication of critical concerns	Our Story 2024/25 – Employee Capital (Page 57)
	2-17 Collective knowledge of the highest governance body	Governance – Board Director Profiles (Pages 73 to 76)
	2-18 Evaluation of the performance of the highest governance body	Governance – Report of the Board Human Resources and Remuneration Committee (Page 133)
	2-19 Remuneration policies	Governance – Report of the Board Human Resources and Remuneration Committee (Page 133)
	2-20 Process to determine remuneration	Governance – Report of the Board Human Resources and Remuneration Committee (Page 133)
	2-22 Statement on sustainable development strategy	Our Story in 2024/25 – Social and Environmental Capital (Page 63)
	2-23 Policy commitments	Organisational Overview (Page 5)
	2-24 Embedding policy commitments	Organisational Overview (Page 5)
	2-25 Processes to remediate negative impacts	Governance – Risk Management (Page 137)

GRI standard	Disclosure	Location
	2-26 Mechanisms for seeking advice and raising concerns	Governance – Risk Management (Page 137), Stakeholder Engagement (Page 23), Employee Capital (Page 57)
	2-27 Compliance with laws and regulations	Business Model – Stakeholder Engagement (Page 23), Governance– Corporate Governance (Pages 77)
	2-29 Approach to stakeholder engagement	Business Model – Stakeholder Engagement (Page 23)
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Business Model – Materiality (Page 29)
	3-2 List of material topics	Business Model – Materiality (Page 29)
	3-3 Management of material topics	Business Model (Page 16)
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Financial Reports (Pages 149 to 320)
	201-3 Defined benefit plan obligations and other retirement plans	Our Story 2024/25 – Employee Capital (Page 57)
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Our Story 2024/25 – Employee Capital (Page 57)
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Our Story 2024/25 – Institutional Capital (Page 42)
	203-2 Significant indirect economic impacts	Our Story 2024/25 – Shareholder and Investor Capital (Page 66)
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Governance (Page 72)
	205-2 Communication and training about anti-corruption policies and procedures	Our Story 2024/25 – Employee Capital (Page 57)
	205-3 Confirmed incidents of corruption and actions taken	Governance – Risk Management, (Pages 137 to 148)
GRI 207: Tax 2019	207-1 Approach to tax	Financial Reports - Taxes on Financial Services (Page 193) Financial Reports - Income Tax Expense (Page 194)
	207-2 Tax governance, control, and risk management	Financial Reports - Taxes on Financial Services (Page 193) Financial Reports - Income Tax Expense (Page 194)
	207-3 Stakeholder engagement and management of concerns related to tax	Business Model – Mode and Frequency of Stakeholder Engagement (Page 25 to 28)
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Our Story 2024/25 – Social and Environmental Capital (Page 63)
	301-2 Recycled input materials used	Our Story 2024/25 – Social and Environmental Capital (Page 63)
	301-3 Reclaimed products and their packaging materials	Our Story 2024/25 – Social and Environmental Capital (Page 63)
GRI 302: Energy 2016	302-1 Energy consumption within the Organisation	Our Story 2024/25 – Social and Environmental Capital (Page 63)
	302-4 Reduction of energy consumption	Our Story 2024/25 – Social and Environmental Capital (Page 63)
	302-5 Reductions in energy requirements of products and services	Our Story 2024/25 – Social and Environmental Capital (Page 63)

GRI standard	Disclosure	Location
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Our Story 2024/25 – Social and Environmental Capital (Page 63)
	303-5 Water consumption	Our Story 2024/25 – Social and Environmental Capital (Page 63)
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Our Story 2024/25 – Social and Environmental Capital (Page 63)
	306-2 Management of significant waste-related impacts	Our Story 2024/25 – Social and Environmental Capital (Page 63)
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Business Model – Stakeholder Engagement (Page 23)
	308-2 Negative environmental impacts in the supply chain and actions taken	Business Model – Stakeholder Engagement (Page 23)
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Our Story 2024/25 – Employee Capital (Page 57)
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Our Story 2024/25 – Employee Capital (Page 57)
	401-3 Parental leave	Our Story 2024/25 – Employee Capital (Page 57)
GRI 402: Labour/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Our Story 2024/25 – Employee Capital (Page 57)
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Our Story 2024/25 – Employee Capital (Page 57)
	403-2 Hazard identification, risk assessment, and incident investigation	Our Story 2024/25 – Employee Capital (Page 57)
	403-3 Occupational health services	Our Story 2024/25 – Employee Capital (Page 57)
	403-4 Worker participation, consultation, and communication on occupational health and safety	Our Story 2024/25 – Employee Capital (Page 57)
	403-5 Worker training on occupational health and safety	Our Story 2024/25 – Employee Capital (Page 57)
	403-6 Promotion of worker health	Our Story 2024/25 – Employee Capital (Page 57)
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Our Story 2024/25 – Employee Capital (Page 57)
	403-8 Workers covered by an occupational health and safety management system	Our Story 2024/25 – Employee Capital (Page 57)

GRI standard	Disclosure	Location
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Our Story 2024/25 – Employee Capital (Page 57)
	404-2 Programmes for upgrading employee skills and transition assistance programmes	Our Story 2024/25 – Employee Capital (Page 57)
	404-3 Percentage of employees receiving regular performance and career development reviews	Our Story 2024/25 – Employee Capital (Page 57)
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Our Story 2024/25 – Employee Capital (Page 57)
	405-2 Ratio of basic salary and remuneration of women to men	Our Story 2024/25 – Employee Capital (Page 57)
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Our Story 2024/25 – Employee Capital (Page 57)
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	Does not arise
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	Does not arise
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	Our Story 2024/25 – Employee Capital (Page 57)
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	Does not arise
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programmes	Our Story 2024/25 – Social and Environmental Capital (Page 63)
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Our Story 2024/25 – Institutional Capital (Page 42)
	414-2 Negative social impacts in the supply chain and actions taken	None
GRI 415: Public Policy 2016	15-1 Political contributions	None
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Our Story 2024/25 – Customer Capital (Page 49)
GRI 417: Marketing and Labelling 2016	417-1 Requirements for product and service information and labelling	Our Story 2024/25 – Customer Capital (Page 49)

NOTICE OF MEETING

Notice is hereby given that the Fifty-Sixth (56th) Annual General Meeting of Senkadagala Finance PLC (the “Company”) will be held online via a virtual platform on Tuesday, 5 August 2025 at 10.30 am and the business to be brought before the Meeting will be as follows:

1. To receive and consider the Annual Report of the Board of Directors together with the Financial Statements of the Company for the year ended 31 March 2025 and the Report of the Auditors thereon.
2. To declare a final dividend of Sri Lankan Rupees Two Hundred Forty-One Million, Five Hundred Eighty-Three Thousand, Five Hundred Thirty-Five and Cents Twenty only (LKR 241,583,535.20) at the rate of Sri Lankan Rupees Two and Cents Eighty (LKR 2.80) per share to the shareholders of the Company as recommended by the Board of Directors.
3. To appoint Ms Dilshani Gayathri Wijayawardana in terms of Article 26 (2) of the Articles of Association, as a Director of the Company.
4. To appoint Ms Kasturi Angela Chellaraja in terms of Article 26 (2) of the Articles of Association, as a Director of the Company.
5. To re-appoint Messrs Ernst & Young, Chartered Accountants, as the Auditors of the Company for the ensuing year and to authorise the Directors to determine their remuneration.
6. To authorise the Board of Directors to determine donations for the year 2025/26.
7. Any other business:
To consider and, if deemed fit approve by ordinary resolution the establishment of the Senfin Employee Health and Welfare Trust Fund with an investment of Rupees Fifty Million (LKR 50,000,000) from the profits for the year 2024/25.

By Order of the Board

Sgd.

J A H V Ranasinghe

Company Secretary
Senkadagala Finance PLC
Colombo, Sri Lanka

9 July 2025

Note:

1. Any shareholder entitled to attend and vote at this Meeting is entitled to appoint a proxy to attend and vote/ speak in his/her by electronic means as per the attached guidelines.
2. A proxy need not be a shareholder of the Company.
3. The Form of Proxy is enclosed for this purpose.
4. Shareholders are advised to follow the Guidelines and Attendance Registration Process for the Annual General Meeting available on the Website of the Colombo Stock Exchange.

FORM OF PROXY

*I / We of
..... being a shareholder/shareholders of
Senkadagala Finance PLC do hereby appoint of
..... or failing him/her,
Mr Senanayakege Raja Pushpakumara (Chairman of the Company), or failing him, one of the Directors of the
Company, as *my/our proxy to vote as indicated hereunder for *me/us and on *my/our behalf at the fifty-sixth
(56th) Annual General Meeting of the Company to be held on Tuesday, 5 August 2025 at 10.30 am and at every
poll which may be taken in consequence of the aforesaid meeting and any adjournment thereof:

	For	Against
1. To receive and consider the Annual Report of the Board of Directors together with the Financial Statements of the Company for the year ended 31 March 2025 and the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To declare a final dividend of LKR 2.80 (Rupees Two and Cents Eighty) per share to the shareholders of the Company as recommended by the Board of Directors.	<input type="checkbox"/>	<input type="checkbox"/>
3. To elect Ms Dilshani Gayathri Wijayawardana in terms of Article 26 (2) of the Articles of Association, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
4. To elect Ms Kasturi Angela Chellaraja in terms of Article 26 (2) of the Articles of Association, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-appoint Messrs Ernst & Young, as Auditors of the Company for the ensuing year and to authorise the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
6. To authorise the Board of Directors to determine donations for the year 2025/26.	<input type="checkbox"/>	<input type="checkbox"/>
7. Any other Business To consider and, if deemed fit approve by ordinary resolution the establishment of the Senfin Employee Health and Welfare Trust Fund with an investment of Rupees Fifty Million (LKR 50,000,000) from the profits for the year 2024/25.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this day of Two Thousand and Twenty-Five

.....

*Signature of shareholder/s

Note:

1. *Please delete the inappropriate words
2. Instructions as to completion are noted as below.

INSTRUCTIONS ON COMPLETION OF THE FORM OF PROXY:

1. To be valid, the completed form of proxy should be deposited at the Registered Office of the Company, 2nd Floor, 267, Galle Road, Colombo 03 or emailed to himasha@senfin.com no later than 48 hours before the time of the meeting.
2. In perfecting the Form of Proxy, please ensure that all details are legible.
3. Please indicate with an "X" in the space provided, how your proxy is to vote on each resolution. If no indication is given, the proxy, at his discretion, may vote as he thinks fit.
4. In the case of a company/corporation, the letter of authorisation must be signed by placing the common seal of the company/corporation and attested in the manner prescribed by its articles of association.
5. In the case of a proxy signed by the attorney, the Power of Attorney document must be deposited at the Registered Office, 2nd Floor, 267, Galle Road, Colombo 03 for registration or emailed to himasha@senfin.com

Corporate Information

Name of Company

Senkadagala Finance PLC

Date of Incorporation

29 December 1968

Legal Status

- Listed public limited liability company incorporated on 29 December 1968. The Company was re-registered under the Companies Act No. 07 of 2007.
- Listed on the Colombo Stock Exchange with effect from 22 March 2011.
- Approved and registered under the Finance Business Act No. 42 of 2011.
- Approved and registered under the Finance Leasing Act No. 56 of 2000.

Company Registration Number

PB 238 PQ

Taxpayer Identification Number (TIN)

104028349

Registered Office

2nd Floor, No. 267, Galle Road,
Colombo 03,
Sri Lanka

Tel : +94 11 230 1301
SWIFT code : SENFLKLX
Email : info@senfin.com
Web : www.senfin.com

Stock Exchange Listing

86,279,834 ordinary shares of the Company are listed in the Colombo Stock Exchange.

Credit Rating

Fitch Ratings Lanka Limited rating of BBB (lka) with a stable outlook, on 14 August 2024

Board of Directors

Mr R Senanayake

FCA, BCom (Special) (USJ), PG Dip (B Mgt)
Chairman

Ms L Fernando

BSc (Hons)
Non-Independent Non-Executive Director

Mr N Vasantha Kumar

MBA, Dip (Professional Treasury Management)
Independent Non-Executive Director

Dr (Ms) R A Perera

PhD (Melb), MPA (Harvard)
Independent Non-Executive Director

Mr A Herath

FCA, CGMA, MBA (UK), MA (Colombo), BSc (Colombo)
Independent Non-Executive Director

Ms D G Wijayawardana

Attorney at Law, LL.M (Cambridge)
Independent Non Executive Director

Ms K A Chellaraja

FCMA
Independent Non Executive Director

Company Secretary

Ms J A H V Ranasinghe
Senkadagala Finance PLC
2nd Floor, 267, Galle Road,
Colombo 03

Auditors

Ernst & Young
Chartered Accountants
Rotunda Towers, 109, Galle Road
Colombo 03

Legal Consultants

Nithya Partners
Attorneys-at-Law
97/A, Galle Road, Colombo 03

Bankers

Commercial Bank of Ceylon PLC
People's Bank
National Development Bank PLC
Hatton National Bank PLC
Sampath Bank PLC
Seylan Bank PLC
Nations Trust Bank PLC
Bank of Ceylon
Pan Asia Banking Corporation PLC



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