



Senkadagala Finance PLC

**Interim Financial Statements for the period ended
31st March 2021**



**Fitch Ratings Lanka Limited:
BBB+(lka)**

Senkadagala Finance PLC

Income statement

For the three month period ended 31st March	Company			Group		
	2021 Rs.	2020 Rs.	Change %	2021 Rs.	2020 Rs.	Change %
Interest income	1,893,371,461	1,442,042,133	31	1,893,589,565	1,442,223,480	31
Interest expense	(802,785,613)	(841,523,691)	(5)	(802,034,869)	(839,997,432)	(5)
Net interest income	1,090,585,848	600,518,442	82	1,091,554,696	602,226,048	81
Fee and commission income	16,696,063	18,315,339	(9)	63,499,685	46,023,695	38
Fee and commission expense	(2,368,759)	(3,704,984)	(36)	(2,368,759)	(3,704,984)	(36)
Net fee and commission income	14,327,304	14,610,355	(2)	61,130,926	42,318,711	44
Net gain from trading	28,597,561	(2,161,543)	1,423	29,185,529	(2,161,543)	1,450
Net gain from financial instruments designated at fair value through profit or loss	4,919,384	(10,659,346)	146	5,983,410	(10,577,832)	157
Other operating income	84,744,345	49,454,061	71	29,670,210	11,379,061	161
Net other operating income	118,261,290	36,633,172	223	64,839,149	(1,360,314)	4,866
Total operating income	1,223,174,442	651,761,969	88	1,217,524,771	643,184,445	89
Impairment charges and other credit losses	(256,746,595)	(64,455,254)	298	(256,746,595)	(64,455,254)	298
Net operating income	966,427,847	587,306,715	65	960,778,176	578,729,191	66
Personnel expenses	(147,569,267)	(158,592,068)	(7)	(153,174,785)	(160,201,070)	(4)
Depreciation expense	(102,916,878)	(117,522,763)	(12)	(103,329,381)	(117,841,370)	(12)
Amortisation expense	(3,068,538)	(3,626,789)	(15)	(3,068,538)	(3,626,789)	(15)
Impairment of investment properties	-	(1,959,000)	100	-	-	-
Impairment of intangible assets	-	-	-	-	(4,356,872)	100
Impairment of investment in Subsidiary	-	(23,427,937)	100	-	-	-
Other operating expenses	(124,943,174)	(157,299,711)	(21)	(127,380,493)	(158,512,449)	(20)
Operating profit before taxes on financial services	587,929,990	124,878,447	371	573,824,979	134,190,641	328
Taxes on financial services	(139,189,184)	(19,221,664)	624	(139,189,184)	(19,221,664)	624
Profit before income tax	448,740,806	105,656,783	325	434,635,795	114,968,977	278
Income tax expense	(146,135,471)	(106,119,191)	38	(153,647,552)	(112,084,140)	37
Profit for the period	302,605,335	(462,408)	65,341	280,988,243	2,884,837	9,640
Earnings per share	4.18	(0.01)	65,341	3.88	0.04	9,640

Figures in brackets in 2021 and 2020 columns indicate deductions/losses.

The above figures are provisional and subject to audit.

Statement of other comprehensive income

For the three month period ended 31st March	Company			Group		
	2021 Rs.	2020 Rs.	Change %	2021 Rs.	2020 Rs.	Change %
Profit for the period	302,605,335	(462,408)	65,341	280,988,243	2,884,837	9,640
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Actuarial loss on defined benefit plans	(8,331,590)	(17,037,844)	(51)	(8,331,590)	(17,300,178)	(52)
Deferred tax effect on actuarial loss	4,749,718	4,770,596	(0)	4,749,718	4,769,601	(0)
Changes in fair value of investments in equity at fair value through other comprehensive income	661,351	205,919	221	661,351	205,919	221
Total other comprehensive income	(2,920,521)	(12,061,329)	(76)	(2,920,521)	(12,324,658)	(76)
Total comprehensive income for the period net of tax	299,684,814	(12,523,737)	(2,493)	278,067,722	(9,439,821)	(3,046)

Figures in brackets in 2021 and 2020 columns indicate deductions/losses.
The above figures are provisional and subject to audit.

Income statement

For the year ended 31st March	Company			Group		
	2021 Rs.	2020 Rs. Audited	Change %	2021 Rs.	2020 Rs. Audited	Change %
Interest income	5,978,561,933	6,533,974,238	(9)	5,979,719,312	6,534,686,186	(8)
Interest expense	(3,214,697,829)	(3,681,611,333)	(13)	(3,211,533,404)	(3,678,265,535)	(13)
Net interest income	2,763,864,104	2,852,362,905	(3)	2,768,185,908	2,856,420,651	(3)
Fee and commission income	56,147,623	83,589,169	(33)	241,106,159	209,140,021	15
Fee and commission expense	(11,476,609)	(20,590,104)	(44)	(11,476,609)	(20,590,104)	(44)
Net fee and commission income	44,671,014	62,999,065	(29)	229,629,550	188,549,917	22
Net gain / (loss) from trading	46,126,377	(2,296,371)	2,109	46,714,345	(2,296,371)	2,134
Net gain from financial instruments designated at fair value through profit or loss	82,723,932	10,551,460	684	86,951,006	10,632,974	718
Other operating income	175,951,703	128,867,469	37	75,652,568	51,867,469	46
Net other operating income	304,802,012	137,122,558	122	209,317,919	60,204,072	248
Total operating income	3,113,337,130	3,052,484,528	2	3,207,133,377	3,105,174,640	3
Impairment charges and other credit losses	(504,891,670)	(499,453,759)	1	(504,891,670)	(499,453,759)	1
Net operating income	2,608,445,460	2,553,030,769	2	2,702,241,707	2,605,720,881	4
Personnel expenses	(614,184,290)	(670,054,649)	(8)	(632,085,051)	(675,116,218)	(6)
Depreciation expense	(413,915,441)	(438,513,902)	(6)	(415,360,338)	(439,737,268)	(6)
Amortisation expense	(12,818,255)	(13,624,109)	(6)	(12,818,255)	(13,624,109)	(6)
Impairment of investment properties	-	(1,959,000)	100	-	-	-
Impairment of intangible assets	-	-	-	-	(4,356,872)	100
Impairment of investment in Subsidiary	-	(23,427,937)	100	-	-	-
Other operating expenses	(633,629,080)	(682,960,585)	(7)	(643,175,385)	(688,096,936)	(7)
Operating profit before taxes on financial services	933,898,394	722,490,587	29	998,802,678	784,789,478	27
Taxes on financial services	(232,693,845)	(193,761,183)	20	(232,693,845)	(193,761,183)	20
Profit before income tax	701,204,549	528,729,404	33	766,108,833	591,028,295	30
Income tax expenses	(138,099,455)	(300,898,341)	(54)	(169,302,899)	(339,326,170)	(50)
Profit for the year	563,105,094	227,831,063	147	596,805,934	251,702,125	137
Earnings per share	7.77	3.14	147	8.23	3.47	137

Figures in brackets in 2021 and 2020 columns indicate deductions.

The above figures are provisional and subject to audit, unless stated otherwise.

Statement of other comprehensive income

<i>For the year ended 31st March</i>	Company			Group		
	2021 Rs.	2020 Rs.	Change %	2021 Rs.	2020 Rs.	Change %
		Audited			Audited	
Profit for the year	563,105,094	227,831,063	147	596,805,934	251,702,125	137
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Actuarial loss on defined benefit plans	(8,331,590)	(17,037,844)	(51)	(8,331,590)	(17,300,178)	(52)
Deferred tax effect on actuarial loss	4,749,718	4,770,596	(0)	4,749,718	4,769,601	(0)
Changes in fair value of investments in equity at fair value through other comprehensive income	661,351	205,919	221	661,351	205,919	221
Total other comprehensive income	(2,920,521)	(12,061,329)	(75.8)	(2,920,521)	(12,324,658)	(76)
Total comprehensive income for the year net of tax	560,184,573	215,769,734	160	593,885,413	239,377,467	148

Figures in brackets in 2021 and 2020 columns indicate deductions.

The above figures are provisional and subject to audit, unless stated otherwise.

Statement of financial position

As at 31st March	Company		Group	
	2021 Rs.	2020 Rs. Audited	2021 Rs.	2020 Rs. Audited
Assets				
Cash and cash equivalents	606,068,588	718,612,914	638,038,407	760,978,541
Deposits with licensed commercial banks	4,298,593,357	884,788,297	4,298,593,357	884,788,297
Repurchase agreements	576,350,591	1,001,277,322	576,350,591	1,001,277,322
Financial assets held at fair value through profit or loss	508,509,464	378,817,366	558,362,192	391,355,052
Financial assets at amortised cost - Finance leases and hire purchases	24,719,222,823	24,366,846,750	24,719,222,823	24,366,846,750
Financial assets at amortised cost - Other loans and receivables	2,834,694,543	2,866,163,263	2,834,969,543	2,866,393,263
Financial assets measured at fair value through other comprehensive income	15,464,873	14,803,522	15,464,873	14,803,522
Financial assets at amortised cost - Other financial instruments	1,213,462,903	1,131,895,795	1,213,462,903	1,131,895,795
Investments in subsidiaries	328,301,663	328,301,663	-	-
Investment property	361,181,620	365,410,369	265,520,108	269,748,857
Property, plant and equipment	1,535,478,446	1,744,830,446	1,540,620,137	1,747,957,408
Intangible assets	55,119,372	46,237,627	55,409,635	46,237,627
Current tax receivable	-	6,429,659	-	9,487,493
Right-of-use assets	409,875,362	388,931,384	409,875,362	388,931,384
Other assets	121,442,038	151,179,996	69,586,607	114,731,215
Total assets	37,583,765,643	34,394,526,373	37,195,476,538	33,995,432,526
Liabilities				
Due to banks	7,141,544,522	5,257,315,384	7,141,544,522	5,257,315,384
Financial liabilities at amortised cost - Due to depositors	11,546,422,341	11,222,611,480	11,488,561,607	11,174,910,555
Financial liabilities at amortised cost - Other borrowings	9,505,224,717	6,432,119,305	9,505,224,717	6,432,119,305
Debt securities issued	-	2,539,828,926	-	2,539,828,926
Subordinated debentures	1,768,323,395	1,779,700,505	1,768,323,395	1,779,700,505
Lease liabilities	377,500,417	344,723,626	377,500,417	344,723,626
Deferred tax liabilities	319,249,353	402,371,039	318,997,060	402,137,961
Current tax payable	108,121,286	-	109,188,968	-
Amounts due to related companies	282,247,412	282,247,412	-	-
Employee retirement benefits	154,978,998	123,291,686	158,819,688	125,625,819
Other liabilities	409,662,057	600,010,438	411,816,890	617,456,584
Total liabilities	31,613,274,498	28,984,219,801	31,279,977,264	28,673,818,665
Equity				
Stated capital	1,587,862,680	1,587,862,680	1,587,862,680	1,587,862,680
Statutory reserve fund	464,036,033	430,036,033	468,997,079	434,997,079
Fair value reserve	4,760,867	4,099,516	4,760,867	4,099,516
Retained earnings	3,913,831,565	3,388,308,343	3,853,878,648	3,294,654,586
Total equity	5,970,491,145	5,410,306,572	5,915,499,274	5,321,613,861
Total liabilities and equity	37,583,765,643	34,394,526,373	37,195,476,538	33,995,432,526
Net assets per share	82.38	74.65	81.62	73.43

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit, unless stated otherwise.

It is certified that the Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007 and the Finance Business Act No.42 of 2011.

Sgd.

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.

Sgd.

W M R S Dias
Chairman

Sgd.

S D Bandaranayake
Additional Chief Executive Officer

Colombo, Sri Lanka
31st May 2021

Statement of changes in equity

	Stated capital	Statutory reserve fund	Fair value reserve	Retained earnings	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Company					
Balance as at 1st April 2019	1,587,862,680	415,036,033	3,893,597	3,256,595,836	5,263,388,146
Total comprehensive income for the year					
Profit for the year	-	-	-	227,831,063	227,831,063
Other comprehensive income, net of tax	-	-	205,919	(12,267,248)	(12,061,329)
Total comprehensive income for the year	-	-	205,919	215,563,815	215,769,734
<i>Transactions with equity holders recognised directly in equity</i>					
Dividends paid	-	-	-	(68,851,308)	(68,851,308)
Transfers to reserves	-	15,000,000	-	(15,000,000)	-
Total contributions from and distributions to equity holders	-	15,000,000	-	(83,851,308)	(68,851,308)
Balance as at 31st March 2020 (Audited)	1,587,862,680	430,036,033	4,099,516	3,388,308,343	5,410,306,572
Balance as at 1st April 2020	1,587,862,680	430,036,033	4,099,516	3,388,308,343	5,410,306,572
Total comprehensive income for the year					
Profit for the year	-	-	-	563,105,094	563,105,094
Other comprehensive income, net of tax	-	-	661,351	(3,581,872)	(2,920,521)
Total comprehensive income for the year	-	-	661,351	559,523,222	560,184,573
<i>Transactions with equity holders recognised directly in equity</i>					
Dividends paid	-	-	-	-	-
Transfers to reserves	-	34,000,000	-	(34,000,000)	-
Total contributions from and distributions to equity holders	-	34,000,000	-	(34,000,000)	-
Balance as at 31st March 2021	1,587,862,680	464,036,033	4,760,867	3,913,831,565	5,970,491,145
Group					
Balance as at 1st April 2019	1,587,862,680	419,997,079	3,893,597	3,139,334,346	5,151,087,702
Total comprehensive income for the year					
Profit for the year	-	-	-	251,702,125	251,702,125
Other comprehensive income, net of tax	-	-	205,919	(12,530,577)	(12,324,658)
Total comprehensive income for the year	-	-	205,919	239,171,548	239,377,467
<i>Transactions with equity holders recognised directly in equity</i>					
Dividends paid	-	-	-	(68,851,308)	(68,851,308)
Transfers to reserves	-	15,000,000	-	(15,000,000)	-
Total contributions from and distributions to equity holders	-	15,000,000	-	(83,851,308)	(68,851,308)
Balance as at 31st March 2020 (Audited)	1,587,862,680	434,997,079	4,099,516	3,294,654,586	5,321,613,861
Balance as at 1st April 2020	1,587,862,680	434,997,079	4,099,516	3,294,654,586	5,321,613,861
Total comprehensive income for the year					
Profit for the year	-	-	-	596,805,934	596,805,934
Other comprehensive income, net of tax	-	-	661,351	(3,581,872)	(2,920,521)
Total comprehensive income for the year	-	-	661,351	593,224,062	593,885,413
<i>Transactions with equity holders recognised directly in equity</i>					
Dividends paid	-	-	-	-	-
Transfers to reserves	-	34,000,000	-	(34,000,000)	-
Total contributions from and distributions to equity holders	-	34,000,000	-	(34,000,000)	-
Balance as at 31st March 2021	1,587,862,680	468,997,079	4,760,867	3,853,878,648	5,915,499,274

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit, unless stated otherwise.

Statement of cash flows

For the year ended 31st March	Company		Group	
	2021 Rs.	2020 Rs. Audited	2021 Rs.	2020 Rs. Audited
Cash flows from operating activities				
Interest and commission receipts	6,063,429,750	6,498,869,967	6,249,545,665	6,625,132,767
Interest payments	(3,284,444,338)	(3,632,856,744)	(3,281,279,913)	(3,629,510,946)
Recoveries of bad debts	49,214,572	50,312,434	49,214,572	50,312,434
Other operating income	56,436,742	35,331,386	56,137,607	35,031,386
Operating expenditure	(961,833,935)	(1,067,006,118)	(971,035,986)	(1,072,142,469)
Rent expenses	(6,680,591)	-	(6,874,991)	-
Cash payments to employees	(587,557,605)	(643,970,245)	(603,951,809)	(649,048,641)
Operating cash flow before changes in operating assets and liabilities (Note A)	1,328,564,595	1,240,680,680	1,491,755,145	1,359,774,531
Changes in operating assets and liabilities				
Net funds (advanced to) / received from customers	(813,040,019)	1,576,456,837	(813,085,019)	1,576,226,837
Deposits from customers	323,810,861	1,213,635,433	313,651,052	1,217,349,073
Deposits with licensed commercial banks	(3,413,827,160)	466,126,522	(3,413,827,160)	466,126,522
Government and other securities	343,359,623	426,774,993	343,359,623	426,774,993
Other assets	30,195,665	33,355,363	45,602,315	50,650,912
Other liabilities	(120,100,929)	(32,882,654)	(135,392,245)	(29,863,641)
	(3,649,601,959)	3,683,466,494	(3,659,691,434)	3,707,264,696
Net cash flow from operating activities before taxation	(2,321,037,364)	4,924,147,174	(2,167,936,289)	5,067,039,227
Taxes paid	(172,625,637)	(380,021,869)	(199,872,634)	(427,237,793)
Gratuities paid	(3,270,963)	(8,403,462)	(3,270,963)	(10,403,462)
Net cash (used in) / generated from operating activities	(2,496,933,964)	4,535,721,843	(2,371,079,886)	4,629,397,972
Cash flows from investing activities				
Acquisition of subsidiary	-	(26,729,599)	-	(9,936,414)
Investment in shares of subsidiary	-	(5,000,001)	-	-
Net investment in trading securities	(841,790)	(202,661,969)	(33,341,790)	(202,661,969)
Dividends received on investments	104,591,627	80,067,701	4,591,627	3,367,701
Purchase of property, plant and equipment	(114,585,424)	(190,938,699)	(118,021,339)	(191,264,099)
Purchase of intangible assets	(21,700,000)	(14,730,063)	(22,013,971)	(14,730,063)
Proceeds from sale of property, plant and equipment	27,917,999	32,771,042	27,917,999	32,771,042
Addition of right-of-use assets	(29,816,200)	(47,639,813)	(29,816,200)	(47,639,813)
Net cash used in investing activities	(34,433,788)	(374,861,401)	(170,683,674)	(430,093,615)
Cash flows from financing activities				
Subordinated debentures issued	-	1,750,000,000	-	1,750,000,000
Redemption of debentures	(2,413,210,000)	(189,520,000)	(2,413,210,000)	(189,520,000)
Securitized loans obtained	12,153,250,000	1,000,000,000	12,153,250,000	1,000,000,000
Repayment of loans	(7,088,333,689)	(6,695,434,262)	(7,088,333,689)	(6,695,434,262)
Repayment of lease liabilities	(115,811,326)	(105,906,454)	(115,811,326)	(105,906,454)
Dividends paid	-	(67,323,023)	-	(67,323,023)
Net cash generated from / (used in) financing activities	2,535,894,985	(4,308,183,739)	2,535,894,985	(4,308,183,739)

Figures in brackets in 2021 and 2020 columns indicate deductions/losses.

The above figures are provisional and subject to audit, unless stated otherwise.

Statement of cash flows (Continued)

<i>For the year ended 31st March</i>	Company		Group	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
		Audited		Audited
Net increase / (decrease) in cash and cash equivalents	4,527,233	(147,323,297)	(5,868,575)	(108,879,382)
Cash and cash equivalents at the beginning of the year	521,600,576	668,923,873	563,966,203	672,845,585
Cash and cash equivalents at the end of the year	526,127,809	521,600,576	558,097,628	563,966,203
Reconciliation of cash and cash equivalents				
Cash and cash equivalents (Note B)	606,081,883	718,669,531	638,051,702	761,035,158
Bank overdrafts	(79,954,074)	(197,068,955)	(79,954,074)	(197,068,955)
	526,127,809	521,600,576	558,097,628	563,966,203
Note A				
Reconciliation of operating profit				
Profit before income tax	701,204,549	528,729,404	766,108,833	591,028,295
Depreciation and amortisation	426,733,696	452,138,011	428,178,593	453,361,377
Dividend receipts on investments	(104,591,627)	(80,067,701)	(4,591,627)	(3,367,701)
Profit on disposal of property, plant and equipment	(14,923,334)	(13,468,382)	(14,923,334)	(13,468,382)
Provision for defined benefit plan	26,626,685	26,084,404	28,133,242	26,067,577
Impairment charge on financial assets	463,825,961	322,176,656	463,825,961	322,176,656
Impairment of investment in Subsidiary	-	23,427,937	-	-
Impairment of investment property	-	1,959,000	-	-
Impairment of intangible assets	-	-	-	4,356,872
Loan losses and write offs	-	57,967,585	-	57,967,585
Gain from auction of pawned articles	(434,711)	(1,086,768)	(434,711)	(1,086,768)
Loss on disposal of Right of Use assets	-	1,014,474	-	1,014,474
Net gain from financial instruments designated at FVTPL	(82,723,932)	(10,551,460)	(86,951,006)	(10,632,974)
Net (gain) / loss from trading	(46,126,377)	2,296,371	(46,714,345)	2,296,371
Interest expense on lease liabilities	58,716,407	44,994,212	58,716,407	44,994,212
Accrued interest on loans and advances	28,720,194	(118,693,441)	28,720,194	(118,693,441)
Accrued interest on borrowings	9,533,120	(23,241,158)	9,533,120	(23,241,158)
Accrued interest on debentures	(137,996,036)	27,001,536	(137,996,036)	27,001,536
Withholding tax written off	-	-	149,854	-
	1,328,564,595	1,240,680,680	1,491,755,145	1,359,774,531
Note B				
Cash and cash equivalents				
Gross cash and cash equivalents *	606,081,883	718,669,531	638,051,702	761,035,158
Less: Allowance for impairment losses	(13,295)	(56,617)	(13,295)	(56,617)
Net cash and cash equivalents	606,068,588	718,612,914	638,038,407	760,978,541

*Gross cash and cash equivalents are reported in the Statement of Cash Flows.

Figures in brackets in 2021 and 2020 columns indicate deductions/losses.

The above figures are provisional and subject to audit, unless stated otherwise.

Financial instruments – Fair values

Accounting classifications and fair values - Company

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	As at 31st March 2021					As at 31st March 2020						
	Carrying amount Rs.				Fair value Rs.		Carrying amount Rs.				Fair value Rs.	
	Designated at FVTPL	Designated at FVOCI	Designated at Amortized Cost	Total	Total	Level	Designated at FVTPL	Designated at FVOCI	Designated at Amortized Cost	Total	Total	Level
Financial assets measured at fair value												
Investments in equity securities - quoted	79,178,617	-	-	79,178,617	79,178,617	Level 1	79,503,906	-	-	79,503,906	79,503,906	Level 1
Investments in equity securities - unquoted	-	15,464,873	-	15,464,873	15,464,873	Level 3	-	14,803,522	-	14,803,522	14,803,522	Level 3
Investments in unit trusts - quoted	-	-	-	-	-	-	2,346,750	-	-	2,346,750	2,346,750	Level 1
Investments in unit trusts - unquoted	429,330,847	-	-	429,330,847	429,330,847	Level 3	296,966,710	-	-	296,966,710	296,966,710	Level 3
	<u>508,509,464</u>	<u>15,464,873</u>	<u>-</u>	<u>523,974,337</u>	<u>523,974,337</u>		<u>378,817,366</u>	<u>14,803,522</u>	<u>-</u>	<u>393,620,888</u>	<u>393,620,888</u>	<u>-</u>
Financial assets not measured at fair value												
Cash and cash equivalents	-	-	606,068,588	606,068,588	-	-	-	718,612,914	718,612,914	-	-	-
Deposits with licensed commercial banks	-	-	4,298,593,357	4,298,593,357	-	-	-	884,788,297	884,788,297	-	-	-
Repurchase agreements	-	-	576,350,591	576,350,591	-	-	-	1,001,277,322	1,001,277,322	-	-	-
Loans and advances	-	-	27,231,482,285	27,231,482,285	-	-	-	26,800,770,355	26,800,770,355	-	-	-
Other advances	-	-	367,179,212	367,179,212	-	-	-	432,239,658	432,239,658	-	-	-
Treasury bonds	-	-	196,250,503	196,250,503	197,353,668	Level 1	-	-	192,146,568	192,146,568	198,542,430	Level 1
Treasury bills	-	-	1,017,212,400	1,017,212,400	1,013,452,051	Level 1	-	-	939,749,227	939,749,227	935,796,366	Level 1
	<u>-</u>	<u>-</u>	<u>34,293,136,936</u>	<u>34,293,136,936</u>	<u>1,210,805,718</u>		<u>-</u>	<u>-</u>	<u>30,969,584,341</u>	<u>30,969,584,341</u>	<u>1,134,338,796</u>	<u>-</u>
Financial liabilities not measured at fair value												
Due to banks	-	-	7,141,544,522	7,141,544,522	-	-	-	-	5,257,315,384	5,257,315,384	-	-
Term deposits from customers	-	-	10,987,804,754	10,987,804,754	11,187,203,489	Level 3	-	-	10,725,039,444	10,725,039,444	11,135,110,788	Level 3
Savings deposits from customers	-	-	558,617,587	558,617,587	-	-	-	-	497,572,036	497,572,036	-	-
Borrowings	-	-	9,505,224,717	9,505,224,717	-	-	-	-	6,432,119,305	6,432,119,305	-	-
Debt securities issued	-	-	-	-	-	-	-	-	2,539,828,926	2,539,828,926	2,445,018,847	Level 3
Subordinated debentures	-	-	1,768,323,395	1,768,323,395	2,148,803,253	Level 3	-	-	1,779,700,505	1,779,700,505	1,991,833,717	Level 3
	<u>-</u>	<u>-</u>	<u>29,961,514,975</u>	<u>29,961,514,975</u>	<u>13,336,006,742</u>		<u>-</u>	<u>-</u>	<u>27,231,575,600</u>	<u>27,231,575,600</u>	<u>15,571,963,352</u>	<u>-</u>

Financial instruments – Fair values (Continued)

Accounting classifications and fair values - Group

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	As at 31st March 2021						As at 31st March 2020					
	Carrying amount Rs.				Fair value Rs.		Carrying amount Rs.				Fair value Rs.	
	Designated at FVTPL	Designated at FVOCI	Designated at Amortized Cost	Total	Total	Level	Designated at FVTPL	Designated at FVOCI	Designated at Amortized Cost	Total	Total	Level
Financial assets measured at fair value												
Investments in equity securities - quoted	79,178,617	-	-	79,178,617	79,178,617	Level 1	79,503,906	-	-	79,503,906	79,503,906	Level 1
Investments in equity securities - unquoted	-	15,464,873	-	15,464,873	15,464,873	Level 3	-	14,803,522	-	14,803,522	14,803,522	Level 3
Investments in unit trusts - quoted	-	-	-	-	-	-	2,346,750	-	-	2,346,750	2,346,750	Level 1
Investments in unit trusts - unquoted	479,183,575	-	-	479,183,575	479,183,575	Level 3	309,504,396	-	-	309,504,396	309,504,396	Level 3
	<u>558,362,192</u>	<u>15,464,873</u>	<u>-</u>	<u>573,827,065</u>	<u>573,827,065</u>		<u>391,355,052</u>	<u>14,803,522</u>	<u>-</u>	<u>406,158,574</u>	<u>406,158,574</u>	<u>-</u>
Financial assets not measured at fair value												
Cash and cash equivalents	-	-	638,038,407	638,038,407	-	-	-	-	760,978,541	760,978,541	-	-
Deposits with licensed commercial banks	-	-	4,298,593,357	4,298,593,357	-	-	-	-	884,788,297	884,788,297	-	-
Repurchase agreements	-	-	576,350,591	576,350,591	-	-	-	-	1,001,277,322	1,001,277,322	-	-
Loans and advances	-	-	27,231,757,285	27,231,757,285	-	-	-	-	26,801,000,355	26,801,000,355	-	-
Other advances	-	-	367,179,212	367,179,212	-	-	-	-	432,239,658	432,239,658	-	-
Treasury bonds	-	-	196,250,503	196,250,503	197,353,668	Level 1	-	-	192,146,568	192,146,568	198,542,430	Level 1
Treasury bills	-	-	1,017,212,400	1,017,212,400	1,013,452,051	Level 1	-	-	939,749,227	939,749,227	935,796,366	Level 1
	<u>-</u>	<u>-</u>	<u>34,325,381,755</u>	<u>34,325,381,755</u>	<u>1,210,805,718</u>		<u>-</u>	<u>-</u>	<u>31,012,179,968</u>	<u>31,012,179,968</u>	<u>1,134,338,796</u>	<u>-</u>
Financial liabilities not measured at fair value												
Due to banks	-	-	7,141,544,522	7,141,544,522	-	-	-	-	5,257,315,384	5,257,315,384	-	-
Term deposits from customers	-	-	10,929,944,020	10,929,944,020	11,129,346,327	Level 3	-	-	10,677,338,519	10,677,338,519	11,088,390,744	Level 3
Savings deposits from customers	-	-	558,617,587	558,617,587	-	-	-	-	497,572,036	497,572,036	-	-
Borrowings	-	-	9,505,224,717	9,505,224,717	-	-	-	-	6,432,119,305	6,432,119,305	-	-
Debt securities issued	-	-	-	-	-	-	-	-	2,539,828,926	2,539,828,926	2,445,018,847	Level 3
Subordinated debentures	-	-	1,768,323,395	1,768,323,395	2,148,803,253	Level 3	-	-	1,779,700,505	1,779,700,505	1,991,833,717	Level 3
	<u>-</u>	<u>-</u>	<u>29,903,654,241</u>	<u>29,903,654,241</u>	<u>13,278,149,580</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,183,874,675</u>	<u>27,183,874,675</u>	<u>15,525,243,308</u>	<u>-</u>

Segment report

As at 31st March	Leasing & Hire Purchase		Pawning Advances		Other Advances		Investments		Insurance Brokering		Asset Management		Unallocated		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Revenue																
<i>External customers</i>																
Interest	5,106,546,761	5,546,699,014	238,529,007	255,067,304	259,504,396	373,270,239	373,981,769	358,937,681	864,395	679,872	292,984	32,076	-	-	5,979,719,312	6,534,686,186
Trading	-	-	-	-	-	-	129,438,277	8,255,089	-	-	4,227,074	81,514	17,780	63,630	133,683,131	8,400,233
Commissions	-	-	-	-	-	-	-	-	137,435,502	124,711,144	47,523,034	839,708	65,380	345,178	185,023,916	125,896,030
Rent	-	-	-	-	-	-	23,285,842	19,287,660	-	-	-	-	-	-	23,285,842	19,287,660
Dividends	-	-	-	-	-	-	4,591,627	3,367,701	-	-	-	-	-	-	4,591,627	3,367,701
Other income	12,077,330	38,455,428	-	-	-	-	14,923,334	13,468,382	-	-	-	-	76,838,898	60,468,659	103,839,562	112,392,469
Total revenue	5,118,624,091	5,585,154,442	238,529,007	255,067,304	259,504,396	373,270,239	546,220,849	403,316,513	138,299,897	125,391,016	52,043,092	953,298	76,922,058	60,877,467	6,430,143,390	6,804,030,279
Profit before tax															766,108,833	591,028,295
Taxation															(169,302,899)	(339,326,170)
Profit after tax															596,805,934	251,702,125
Segment Assets	24,719,222,823	24,366,846,750	1,145,063,979	1,160,219,554	1,689,630,564	1,705,943,709	8,468,499,114	5,472,399,232	28,604,870	33,762,851	62,069,202	30,242,984	1,082,385,986	1,226,017,446	37,195,476,538	33,995,432,526
Segment Liabilities	25,653,958,845	23,963,726,375	1,195,480,117	1,094,394,639	1,300,606,369	1,601,557,480	2,737,596,458	1,733,391,427	3,256,611	16,038,102	2,817,167	3,451,598	386,261,697	261,259,044	31,279,977,264	28,673,818,665
Information on Cash flows																
Operating activities	1,574,649,129	3,616,939,525	72,893,582	169,597,975	37,298	262,772,939	(3,898,182,523)	867,994,285	47,976,837	89,758,547	27,195,933	871,784	(195,650,142)	(378,537,083)	(2,371,079,886)	4,629,397,972
Investing activities	-	-	-	-	-	-	(832,164)	(209,230,682)	-	-	-	-	-	32,771,042	(832,164)	(176,459,640)
Capital expenditure	(110,656,917)	(181,906,033)	(5,125,940)	(8,661,397)	(7,563,721)	(12,735,396)	(37,909,687)	(40,853,150)	-	(325,400)	(3,749,886)	-	(4,845,359)	(9,152,599)	(169,851,510)	(253,633,975)
Financing activities	-	-	-	-	-	-	-	-	-	-	-	-	2,535,894,985	(4,308,183,739)	2,535,894,985	(4,308,183,739)
Net cash flow	1,463,992,212	3,435,033,492	67,767,642	160,936,578	(7,526,423)	250,037,543	(3,936,924,374)	617,910,453	47,976,837	89,433,147	23,446,047	871,784	2,335,399,484	(4,663,102,379)	(5,868,575)	(108,879,382)
Depreciation and amortisation	(364,877,500)	(301,597,941)	(16,868,115)	(14,360,489)	(24,814,538)	(21,115,129)	(4,228,748)	(8,511,526)	(1,256,694)	(1,223,174)	(188,203)	(192)	(15,944,795)	(106,552,926)	(428,178,593)	(453,361,377)

Selected performance indicators

<i>As at 31st March</i>	2021	2020
Regulatory Capital Adequacy		
Core Capital - Tier 1 (Rs. '000)	5,339,908	5,323,601
Total Capital Base - Tier 1 and 2 (Rs. '000)	7,091,177	7,408,700
Core Capital Adequacy Ratio, (Minimum requirement 6.5%)	15.08%	15.48%
Total Capital Adequacy Ratio, (Minimum requirement 10.5%)	20.02%	21.54%
Capital funds to Deposit Liabilities Ratio, (Minimum requirement 10%)	61.41%	66.02%
<i>Computed as per Finance Companies Act (Capital Adequacy Requirements) Direction No. 03 of 2018</i>		
Quality of Loan Portfolio		
Gross Non-Performing Loans (Rs. '000)	1,846,873	2,004,559
Gross Non-Performing Loans Ratio	6.47%	7.03%
Net Non-Performing Loans Ratio	1.57%	2.61%
Net Non-Performing Loans to Core Capital Ratio	8.38%	14.01%
Provision Coverage Ratio	75.79%	62.86%
<i>Computed as per CBSL guidelines</i>		
Profitability		
Net Interest Margin	8.48%	8.82%
Return on Assets (before Tax)	2.59%	2.03%
Return on Equity (after Tax)	9.90%	4.26%
Cost to Income Ratio	53.96%	59.41%
Liquidity		
Required minimum amount of Liquid Assets (Rs. '000)	749,496	826,120
Available amount of Liquid Assets (Rs. '000)	2,379,151	3,429,094
Available Liquid Assets to Required Liquid Assets	317.43%	415.08%
Liquid Assets to External Funds	7.94%	12.59%
Required minimum amount of Government Securities (Rs. '000)	707,062	732,956
Available amount of Government Securities (Rs. '000)	1,758,062	1,941,639
<i>Computed as per CBSL guidelines</i>		
Debt		
Debt-to-Equity ratio (times)	3.08	2.96
Interest cover (times)	1.22	1.14
Memorandum information		
Number of employees	807	797
Number of branches	59	59
Number of service centers	41	41
External Credit Rating by Fitch Ratings Lanka Limited	BBB+(lka) Stable outlook	BBB+(lka) Stable outlook

There are no regulatory restrictions imposed by the Central Bank of Sri Lanka over the operations of the Company.

The above figures are provisional and subject to audit.

Notes to the financial statements

1 General

The financial statements of the Company and the Group are prepared on the basis of the accounting policies and methods of computation applied in the year ended March 31, 2020 and are in accordance with Sri Lanka Accounting Standards (LKAS/SLFRS). The interim financial statements are prepared in compliance with Sri Lanka Accounting Standard (LKAS) 34 - Interim Financial Reporting.

- 2 Mr. D.T.P. Collure retired from his position as an Independent, Non-executive Director of the Company with effect from May 20, 2021 on reaching 70 years of age, the maximum age permitted by the Finance Companies (Corporate Governance) Direction No.03 of 2008 issued by CBSL.
- 3 There were no material changes in the composition of assets, liabilities and contingent liabilities during the period and the use of funds raised through debentures during the period.
- 4 All known expenses have been provided for in these financial statements.
- 5 The Board of Directors has not declared any dividends during the period.

6 Debenture Information

6.1 Debenture issue - August 2019

Utilisation of funds raised via capital market Debenture issue as at May 31, 2021

Objective as per prospectus	Amount allocated as per prospectus	Proposed date of utilization as per prospectus	Amount allocated from proceeds in Rs. (A)	% of total proceeds	Amount utilized in Rs. (B)	% of utilization against allocation (B/A)	Clarification if not fully utilized including where the funds are invested
Expansion of the lending portfolio	Rs.1.75 Bn	Within 12 months from the date of allotment	Rs.1.75 Bn	100%	Rs.1.75 Bn	100%	N/A

6.2 Information on listed debenture

Type of Debenture	Date of issue	Date of maturity	Effective annual yield %	Current yield %	Yield to maturity %	Last traded Value Rs.	Highest traded Value Rs.	Lowest traded Value Rs.
5 year - 12.875% payable Semi- Annually	Aug-19	Aug-24	13.29%	12.61%	12.02%	102.10	102.50	102.10

6.3 Interest rate of comparable government securities

As at 31st March	2021	2020
5 year Treasury bond	7.20%	9.70%

7 Share information

7.1 Directors' shareholdings

The number of shares held by the members of the Board of Directors and their close family members are as follows;

As at	31.03.2021
1. Dr. A. Balasuriya & Mr. D. Balasuriya	2,086,023
2. Mr. L. Balasuriya & Mr. S. K. Balasuriya	2,086,023
3. Dr. A. Balasuriya & Mr. S. Balasuriya	2,086,022
4. Mr. L. Balasuriya & Ms. A. S. Balasuriya	2,086,022
5. Mrs. L. Fernando & Ms. S.A. Fernando	1,166,232
6. Mrs. L. Fernando & Mr. A. R. Fernando	1,166,231
7. Mrs. L. Fernando & Ms. A.L. Fernando	1,166,231
8. Mr. L. Balasuriya - The Trustee of the Capitalization Issue	15
9. Mr. S. D. Bandaranayake	Nil
10. Mr. D.T.P. Collure	Nil
11. Mr. W.M.R.S. Dias	Nil
12. Mr. S.R. Pushpakumara	Nil
13. Mr. N. Vasantha Kumar	Nil
14. Ms. R. A. Perera	Nil

Notes to the financial statements (continued)

7.2 Key Management Shareholdings

The number of shares held by the Key Management Personnel.

As at	31.03.2021
1. Mr. P.P.K. Ikiriwatte	16,977
2. Mr. J.K. Jayatileke	16,963

7.3 Stated Capital

Stated capital is represented by the number of shares in issue as set out below:

As at 31st March	2021	2020
Ordinary shares	72,475,061	72,475,061

The Company made a rights issue of one (01) share for every fourteen (14) ordinary shares held, at a price of Rs.70.00 per share with the approval of the Central Bank of Sri Lanka and the Colombo Stock Exchange during the month of April 2021.

7.4 The 20 largest shareholders of the Company as at March 31, 2021 were:

Shareholder	Number of Shares	%
1. E. W. Balasuriya & Co. (Pvt) Limited	40,918,535	56.46
2. Hallsville Trading Group Inc.	5,954,393	8.22
3. Dr. M. Balasuriya (Deceased)	4,172,046	5.76
4. Dr. (Mrs.) G. Madan Mohan	4,172,045	5.76
5. Mr. R. Balasuriya	4,172,045	5.76
6. Dr. A. Balasuriya & Mr. D. Balasuriya	2,086,023	2.88
7. Mr. L. Balasuriya & Mr. S. K. Balasuriya	2,086,023	2.88
8. Mr. L. Balasuriya & Ms. A. S. Balasuriya	2,086,022	2.88
9. Dr. A. Balasuriya & Mr. S. Balasuriya	2,086,022	2.88
10. Mrs. L. Fernando & Ms.S.A. Fernando	1,166,232	1.61
11. Mrs. L. Fernando & Mr. A. R.Fernando	1,166,231	1.61
12. Mrs. L. Fernando & Ms. A.L. Fernando	1,166,231	1.61
13. Mr. D. K. C. R. Fernando	673,348	0.93
14. Mrs. Chandra Fernando	172,888	0.24
15. Estate of the late Mr. D. G. K. Hewamallika	172,888	0.24
16. Mr. I. M. Thaha	144,073	0.20
17. Mr. M. M. Ariyaratne	31,653	0.04
18. Mr. P. P. K. Ikiriwatte	16,977	0.02
19. Mr. J. K. Jayatileke	16,963	0.02
20. Mrs. S. Thaha	14,408	0.02
	72,475,046	

Notes to the financial statements (continued)

7.5 The float adjusted market capitalisation and public holding

As at 31st March	2021	2020	Minimum Requirement
The float adjusted market capitalisation (Rs.)	1,403,915,883	1,042,884,032	Rs. 1 Bn
Public holding percentage	15.64%	15.64%	7.5%
Number of public shareholders	8	8	200

7.6 Information on Ratios and Share Prices

As at 31st March	2021	2020
Dividend per share (Rs.)	Nil	0.95
Net Assets per share (Rs.)	82.38	74.65
Market Prices (Rs.)		
- Highest price	Not traded	92.00
- Lowest price	Not traded	92.00
- Last traded price	Not traded	92.00

8 The impact of COVID-19 pandemic on the business/ operations of the Company

The outbreak of COVID-19 has caused disruptions to business and economic activities creating a widespread uncertainty in the global economy. In Sri Lanka, several guidelines and instructions were issued by the government health authorities and the Central Bank of Sri Lanka which are strictly followed by the Company.

The Central Bank of Sri Lanka issued circulars and guidelines for financial institutions to offer concessions on financial obligations to individual customers and private businesses as a result of the adverse short-term impact on their sources of income. The relief measures include deferment of payment, restructuring, concessionary interest rate and waving off certain charges and fees. These are causing an adverse impact to the earnings, cash flows and liquidity position of the Company.

However, the management is of the view that the Company is able to maintain a satisfactory liquidity position to safeguard the interest of all stakeholders. Accordingly, the management concluded that the Company has adequate resources to continue as a going concern, and is continuously monitoring and assessing the impact of COVID-19 pandemic, on the financial performance, financial position and cash flows of the Company.

9 Accounting for the impact of COVID-19 pandemic on the business of the Company

Moratorium scheme provided by the Central Bank of Sri Lanka was accounted for as a non-substantial modification to financial assets under SLFRS 09 – Financial Instruments, for both finance leases and the loans, when preparing Financial Statements up to the 3rd quarter.

However, it was concluded that there is no change in the scope and consideration of the lease contracts that were granted moratorium. Therefore, the concession granted under the COVID-19 moratorium scheme by way of a deferment of lease instalments is not a modification of the lease contracts. Accordingly, the requirements of SLFRS 16 - Leases should be applied when accounting for the lease contracts that were given the moratorium.

Hence, when preparing the 4th quarter Financial Statements, the moratorium adjustment relating to lease contracts was accounted for based on the requirements specified in SLFRS 16 and the related changes in the lease payments were accounted as a variable lease payment.

10 Events after the reporting period

There were no material events occurring after the reporting period that require adjustment to or disclosure in the Financial Statements other than the disclosure above.