



LANKA RATING AGENCY MAINTAINS THE ENTITY RATING OF

JANASHAKTHI FINANCE PLC, OUTLOOK “POSITIVE”.

07-Nov-25

01

Applicable Criteria

Methodology | Non-Banking Financial Institution Rating | Jul-24

02

Related Research

Sector Study | Leasing & Finance Companies | Feb-25

03

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PRESS RELEASE

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Rating Type	Entity	
	Current (07-Nov-25)	Previous (11-Oct-24)
Action	Maintain	Initial
Rating	BB+	BB+
Outlook	Positive	Positive
Rating Watch	-	-

Janashakthi Finance PLC (“the Company” or “JF”) is a listed Leasing Finance Company (“LFC”) licensed by CBSL primarily engaged in financial services such as deposit mobilisation, savings accounts, leasing, hire purchase, gold loans, pledge loans, and factoring. JF is a small player in the LFC sector with a limited market share of around ~1%. The LFC sector is undergoing the second phase of consolidation as per the Central Bank of Sri Lanka plan. The competition in the sector remains high. The Company rebranded to enhance synergies with the Janashakthi Group and its well-established brand in the financial sector. This is expected to enhance market visibility and support JF’s growth plans. The Company has identified agriculture, renewable energy, and fisheries as key focus areas for portfolio expansion, with an estimated 20% of projected portfolio growth expected to originate from these sectors. JF’s net interest spread remains below industry averages. To improve yield, the Company intends to gradually shift focus towards higher-margin, small-ticket segments such as three-wheeler financing. Cost-to-income ratio of JF is ~70% and the management intends to improve operating efficiency by deferring branch network expansion and optimising resource allocation through selective staff additions. This projected portfolio growth may put pressure on the CAR, which is below industry and peer average.

JF’s Net Interest Income rose ~20% YoY to LKR ~2,146 Mln in FY25, despite a ~3% drop in interest income, supported by a ~17% decline in interest expenses due to a more granular deposit base. PAT improved modestly to LKR ~371 Mln (FY24: ~LKR 348 Mln). The CAR (Tier-I) declined to 12.09% in FY25 (FY24: 15.22%), while the share of top 20 deposits reduced to ~17% (FY24: ~21%), indicating lower concentration risk. The Company’s market share remained stagnant as the overall sector followed an aggressive growth strategy. Asset quality remained stable with NPLs at ~7.7%, below the industry average of ~8.3%. JF has a modest capital structure with the Company’s CAR (Tier-I) standing at ~12.09%, well below the industry average of ~19.7%. However, this is above the CBSL minimum requirement of ~8.5%. This could limit expansion plans, although the Company is exploring options to strengthen it.

The assigned “Positive Outlook” reflects the Company’s sustained performance indicators. Realization of growth plans, envisaged profitability, and improvement in CAR are important for upward rating movement. Improvement in core income, cost rationalization, and enhanced competitive positioning through market share gains and revenue diversification will support credit strength. Continued regulatory compliance, retention of key personnel, and consistent profitability remain essential to maintaining the current rating. Deviation or deterioration in key financial metrics, especially profitability, asset quality and CAR, will have negative rating connotation.

About the Entity

Janashakthi Finance PLC is a licensed finance company in Sri Lanka with approximately 93% of its shares held by JXG (Janashakthi Group). The Company operates under the Finance Company Act No. 78 of 1988. Its Acting Chief Executive Officer, Mr. Sithambaram Sri Ganendran, is a Fellow Member of the Chartered Institute of Management Accountants (CIMA) and an Associate Member of the Chartered Institute for Securities & Investment (CISI). He also holds an MBA from American City University, is a Member of the Association of Professional Bankers of Sri Lanka, and brings over 25 years of experience in the banking sector. The company is governed by a nine-member Board of Directors (BoD), including the CEO, comprising one Executive Director, two Non-Executive and Non-Independent Directors, and six Non-Executive Independent Directors.



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