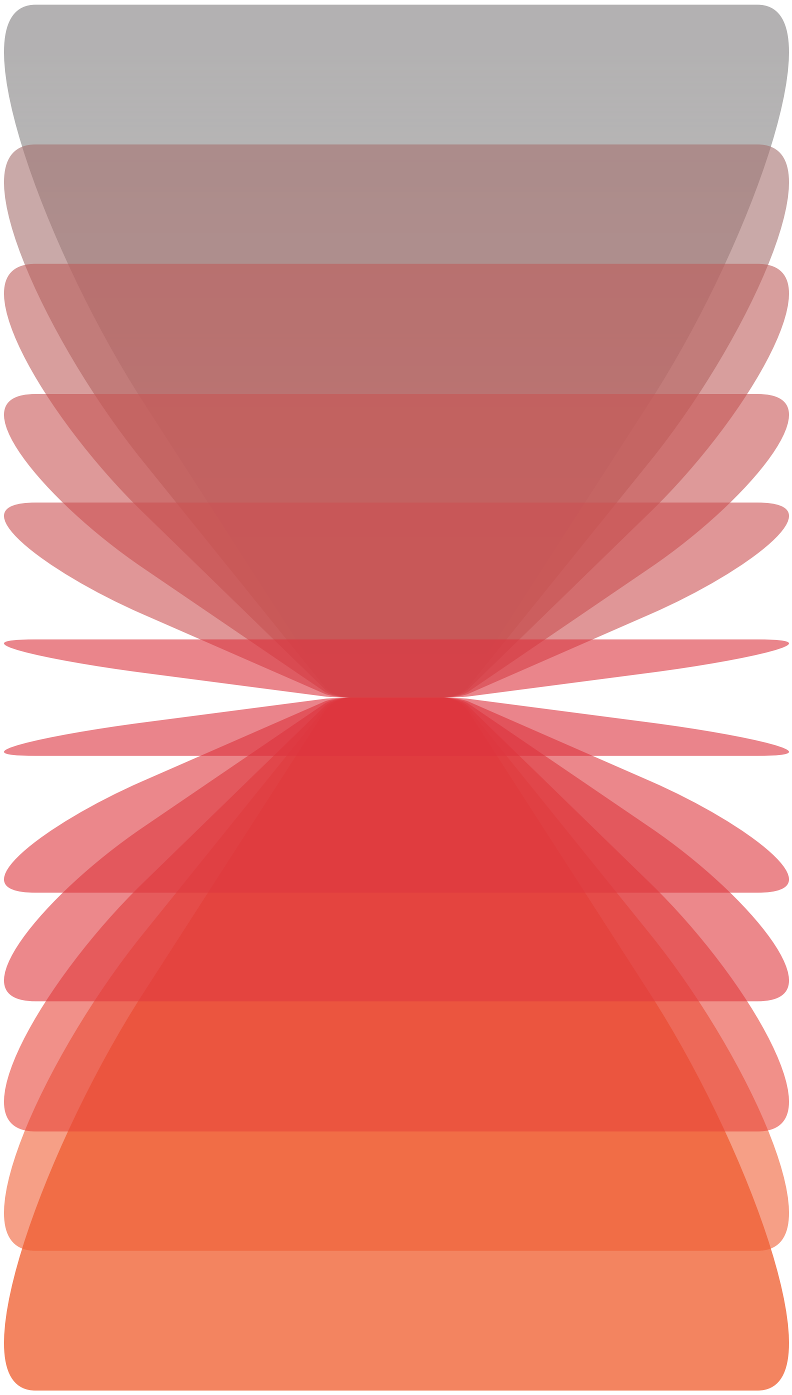
TURNING THINGS AROUND



JANASHAKTHI FINANCE PLC

(Formerly Orient Finance PLC)

ANNUAL REPORT 2024 / 2025

The hourglass captures Janashakthi Finance PLC's (Formerly Orient Finance PLC) nearly 44-years legacy, a dynamic symbol of time, transformation, and purposeful change. As the sand narrows through the centre, it reflects our journey from resilience to reinvention: compressing decades of experience into focused momentum.

In 2024-2025, we turn the hourglass, marking a bold pivot, strengthening our asset base, growing our savings portfolio after many years, and expanding through product diversification. Powered by technological advancements and AI-driven solutions, we are realigning our future with greater agility and customer-centric innovation.

With the strength of the Janashakthi Group (JXG) behind us, we are poised for a new chapter, where challenges shrink, and opportunities rise on a foundation of sustainable growth and digital empowerment. "Turning Things Around" isn't just a phrase; it defines our commitment to a future where strategic change is the catalyst for long-lasting progress.

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About Us

Incorporated in 1981, Janashakthi Finance PLC (Formerly Orient Finance PLC) has grown into a trusted and dynamic financial institution, offering a comprehensive range of financial services tailored to meet the diverse needs of individuals and businesses across Sri Lanka. With a heritage spanning over four decades, the Company brings stability, strength, reliability and expertise to the financial services sector. A proud member of the Janashakthi Group, Janashakthi Finance PLC operates under the regulatory purview of the Central Bank of Sri Lanka and is rated BB+ (Positive Outlook) by Lanka Rating Agency (LRA).

Driven by a clear vision to be a leading provider of unique financial solutions, the Company is committed to delivering excellence in service, creating shareholder value, upholding best business practices and ensuring the well-being of its employees. With a customer-focused approach and a steadily expanding portfolio, the Company continues to enhance its footprint in Sri Lanka's financial landscape, meeting evolving market demands, ensuring long-term stability and building enduring relationships with its customers.

The Company recorded strong financial progress during 2024/25, driven by significant growth in leases, gold loans and fixed deposits, supported by a disciplined strategy and robust risk management. With a clear roadmap for future growth, the Janashakthi Finance PLC remains focused on innovation, operational efficiency and sustainable value creation for all stakeholders.

VISION

To be a leading provider of unique Financial Solutions

MISSION

- Striving to maintain the highest service excellence to our customers
- Creating wealth for our shareholders
- Engaging in best business practices
- Assuring the well-being of our employees

CORE VALUES

- **Integrity:** Uphold the highest ethical standards, honesty and transparency while balancing the interests of all our stakeholders in a fair and equitable manner.
- **Collaborative:** Always work as one team across all functions to deliver the best possible experience to our stakeholders.
- **Respectful:** Treat others the way you expect to be treated. Respect and value everyone's opinion, time and space.
- **Performance Driven:** Maintain a consistently high level of quality across all your work and deliver results on all your communications.
- **Innovation:** Embrace curiosity, challenge the ordinary, and create extraordinary solutions. Together, let's drive progress in a changing world.

JANASHAKTHI FINANCE

IMMENSE POWER, IMMENSE STRENGTH!

Orient Finance
has now become Janashakthi Finance,
empowered by immense power and strength to drive your hope and prosperity!

JXG JANASHAKTHI GROUP

Formerly Orient Finance PLC

ABOUT THE REPORT

Welcome! We are pleased to present the Integrated Annual Report of Janashakthi Finance PLC for the financial year ended 31 March 2025. This report encapsulates a year of strategic transformation, resilience and progress delivered through a focused commitment to sustainable value creation. It is a record of our performance and a roadmap for the future, grounded in transparency, integrity and long-term purpose.

HIGHLIGHTS

The Integrated Annual Report of Janashakthi Finance PLC for the financial year ended 31 March 2025 presents a comprehensive account of how the organisation creates sustainable value across financial, social, and environmental dimensions. It reflects our commitment to integrated thinking, where strategic decision-making, responsible governance, and stakeholder expectations converge to shape a resilient and future-ready business model. In presenting this report, our objective is to offer stakeholders a transparent, meaningful and forward-looking perspective on the way we operate, the principles we uphold and the outcomes we strive to deliver. We provide a holistic view of the organisation's performance, strategy, risks and long-term priorities, while addressing the opportunities and challenges within our operating environment.

REPORTING STANDARDS

The content of this report has been prepared in line with several globally accepted frameworks to ensure clarity, accuracy and accountability. These include the International <IR> Framework issued by the International Integrated Reporting Council (IIRC), the Global Reporting Initiative (GRI) Standards – core option, and the Sri Lanka Financial Reporting Standards (SLFRS and LKAS). Our governance and compliance disclosures adhere to the regulatory requirements and corporate governance guidelines applicable to licensed finance companies in Sri Lanka.

While the sustainability content has not been externally assured, it has been reviewed and verified by senior management for materiality and completeness. The financial statements included in this report have been independently audited for accuracy and compliance.

This report also provides insight into how Janashakthi Finance PLC integrates stakeholder engagement into its strategic direction and operational priorities. We value the perspectives of our customers, employees, shareholders, regulators and community partners, and consider their feedback essential to shaping our policies, products, and social initiatives.

The report further outlines our approach to value creation through responsible governance, risk management, operational efficiency and social impact, while reinforcing our commitment to ethical business practices and inclusive growth.

Should you require further information or clarification regarding this Integrated Annual Report, you are welcome to contact:

M A M Arshath
Head of Finance

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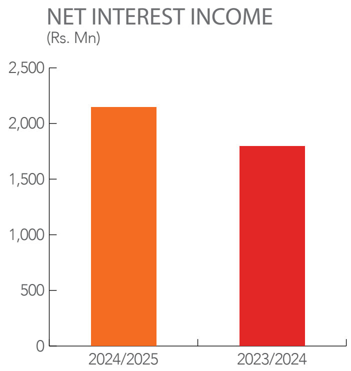
Colombo 07
Sri Lanka.

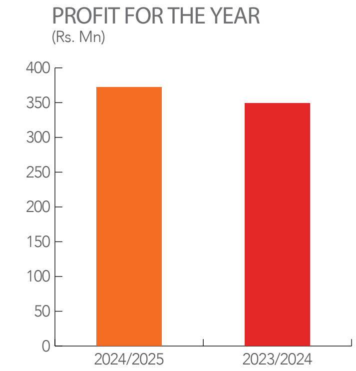
Telephone +94 117 577 577
Email info@jfplc.lk

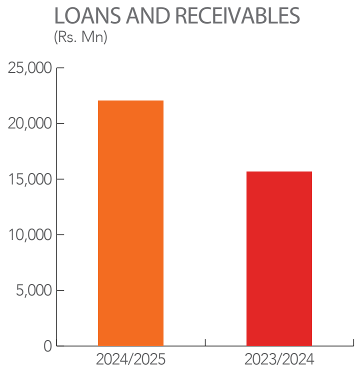
COMPANY OVERVIEW

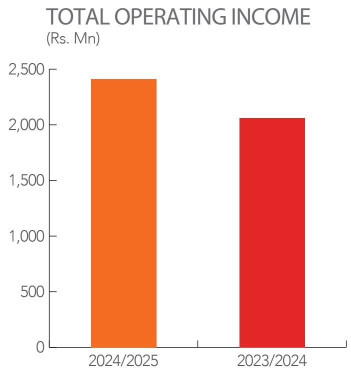
FINANCIAL HIGHLIGHTS

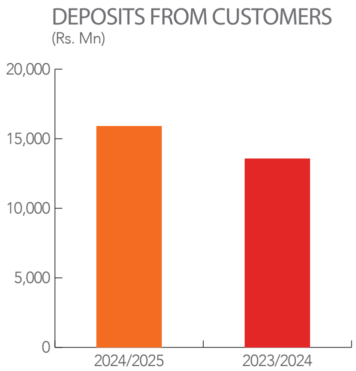
		2024/25	2023/24	Change %
Income	Rs. Mn	**4,727.59**	4,868.24	-2.89%
Interest Income	Rs. Mn	**4,463.85**	4,601.53	-2.99%
Interest Expenses	Rs. Mn	**(2,317.45)**	(2,807.12)	-17.44%
Net Interest Income	Rs. Mn	**2,146.39**	1,794.41	19.62%
Profit/(Loss) Before Tax	Rs. Mn	**428.01**	349.48	22.47%
Profit/(Loss) After Tax	Rs. Mn	**371.80**	348.53	6.68%
Position at the Year end				
Shareholders' Funds	Rs. Mn	**3,982.21**	3,602.93	10.53%
Customer Deposits	Rs. Mn	**15,903.81**	13,556.43	17.32%
Loans and Advances to Customers	Rs. Mn	**22,054.76**	15,658.74	40.85%
Total Assets	Rs. Mn	**27,357.67**	20,477.36	33.60%
Per Share				
Earnings/(Loss) per Share	Rs.	**1.76**	1.65	
Market Price Per Share	Rs.	**19.20**	8.40	
Net Assets Per Share (Year-end)	Rs.	**18.86**	17.07	
Ratios				
Cost to Income	%	**71.17**	66.53	
Interest Margin	%	**10.58**	11.44	
Return on Equity	%	**9.80**	10.13	
Return on Assets (Before Tax)	%	**1.79**	1.84	
Statutory Ratios				
Core Capital to Risk Weighted Assets Ratio	%	**12.09**	15.22	
(Minimum Requirement 2025 - 8.5%, 2024 - 8.5%)				
Total Capital to Risk Weighted Assets Ratio	%	**14.19**	15.63	
(Minimum Requirement 2025 - 12.50%, 2024 - 12.50%)				
Liquidity Ratio	%	**11.76**	12.37	

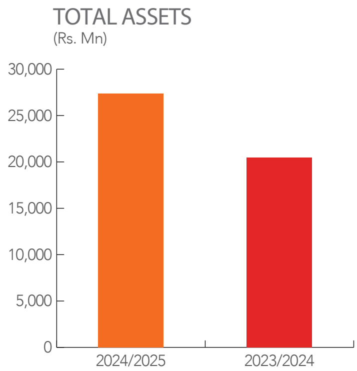












NON-FINANCIAL HIGHLIGHTS

Macro Dimension	Indicator	Measurement	2024/25	2023/24
Economic well-being	Economic value creation	Rs. Mn	**3,679**	4,027
	Economic value distribution to:			
	Depositors and lenders	Rs. Mn	**2,317**	2,807
	Employees	Rs. Mn	**809**	666
	Government	Rs. Mn	**181**	205
	Shareholders	Rs. Mn	**372**	349
Business sophistication	Product and business solutions	No.	**10**	10
	Branch network	No.	**37**	35
	New branches	No.	**2**	4
	Total workforce	No.	**650**	555
	Employees recruited	No.	**320**	284
Employee well-being	Total training hours	No.	**6,314**	6,460

OUR CONTRIBUTION TO THE ECONOMY

		Year 2025 Rs. Mn	Year 2024 Rs. Mn
Sources of income			
Interest income		4,464	4,602
Fee & commission income		161	162
Other income		103	104
Economic value generated		4,728	4,868
Utilisation of income	**Mechanism**		
Payments to lenders	Interest expenses	2,317	2,807
Payments to employees	Employee salaries and benefits	809	666
Cost of services	Operational cost	799	617
Depreciation	Operational cost	159	83
Provision for impairment losses	Operational cost	91	140
Government taxes - including deferred tax	Tax payments	181	205
Profit after tax	Value retained	372	349
Economic Value Distribution		4,728	4,868

Value Allocated To Lenders

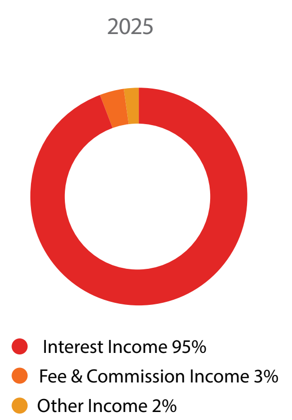
		Year 2025 Rs. Mn	Year 2024 Rs. Mn
As a financial services organisation we treated fixed deposit and savings holders as major stakeholders of the Company. We have paid Rs. 1,793 as interest during the financial year.	Interest paid to fixed deposit holders	1,790	2,297
	Interest paid to savings deposit holders	3	2
	Interest paid to banks on borrowings	469	442

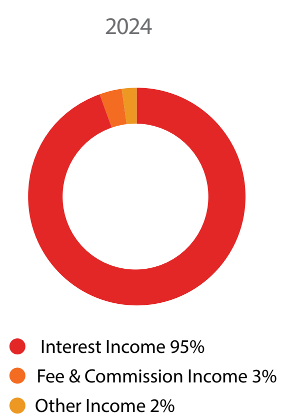
Personnel Expenses

	Year 2025 Rs. Mn	Year 2024 Rs. Mn
Salaries and allowances	809	666

Value Allocated To Lenders

	Year 2025 Rs. Mn	Year 2024 Rs. Mn
Value added tax on financial services	152	182
Social Security Contribution Levy	24	18
Crop insurance levy	3	3
Stamp Duty	2	2
Total	181	205
Collected and paid		
Stamp Duty	100	80
Withholding Tax	102	121
Total	202	201
Total tax payment to government	383	406





CHAIRMAN'S MESSAGE

I am pleased to present the Annual Report and Financial Statements of Janashakthi Finance PLC (Formerly known as Orient Finance PLC) for the financial year ended 31 March 2025. This year's performance reflects our ability to navigate change with agility and purpose. Amidst a rapidly evolving financial landscape, we remained focused on executing our strategy by enhancing efficiencies, deepening customer engagement and driving growth across our portfolio. I am proud to report that these efforts have translated into stronger financial outcomes and a more resilient foundation for the future.

BACKDROP TO THE YEAR

The financial year under review marked the second year of Sri Lanka's engagement with the International Monetary Fund (IMF)led debt restructuring programme. Encouragingly, despite the political transition during the year, with national elections shaping the broader landscape for several months, the government maintained continuity in its commitment to macroeconomic reforms. This policy consistency, particularly around fiscal consolidation and structural reform, helped reinforce market confidence. The noteworthy stabilising force was the discipline demonstrated by the Central Bank of Sri Lanka in managing monetary policy. Inflation, which had reached elevated levels in the recent past, moderated steadily throughout the year. This disinflationary trend was accompanied by a gradual but consistent reduction in interest rates, providing much-needed relief to the broader economy. The relatively peaceful political transition and enhanced macroeconomic clarity further supported a stable business environment. Within the non-bank financial institution (NBFI) sector, which represents approximately 5% of the financial system's total assets, Janashakthi Finance continued to perform with resilience.

As an NBFI, Janashakthi Finance remained insulated from the direct implications of the sovereign debt restructuring, unlike the banking sector, whose balance sheets bore a more immediate impact. However, the broader interest rate environment posed both opportunities and challenges. While lower interest rates contributed to improved asset-liability management and enhanced predictability in funding costs, they also resulted in a wave of early settlements by customers, a factor that tempered our loan book expansion relative to projections. Despite this, the Company recorded commendable growth across key portfolios.

COMPANY PERFORMANCE

The financial year 2024/25 marked a period of progress and consolidation for Janashakthi Finance. Among the most notable milestones was the expansion of our asset base beyond Rs. 25 Bn, surpassing the internal target we had set following our elevation to the Rs. 20-50 Bn NBFI category in the previous year. We concluded the year with a total asset base of over Rs. 27 Bn, reflecting a commendable year-on-year growth of approximately 33%. The performance was driven primarily by robust growth in our gold loan portfolio, which expanded by 58%, while the leasing segment grew by 33%. However, the pace of lending activity outpaced deposit mobilisation, with deposits growing by a more moderate 17.32%. Recognising this early on, we adopted a proactive funding strategy - leveraging available interbank credit lines to optimise our cost of funds. While this approach resulted in an elevated loan-to-deposit ratio of 138.68%, it was a deliberate move to capitalise on the prevailing interest rate differential, in contrast to the more conservative thresholds typically followed by banks. As an NBFI, this strategic use of interbank borrowings allowed us to sustain growth momentum without compromising liquidity or stability. Although the total portfolio growth fell marginally short of our initial targets, the trend reflected growing customer confidence and an improving operating climate.

A key focus during the year was on preserving our capital strength. While the Central Bank classifies NBFIs as well 'capitalised' or 'adequately capitalised,' our Board has always held the view that Janashakthi Finance should remain within the 'well-capitalised' bracket by maintaining a minimum capital adequacy ratio (CAR) of 14%. Given the accelerated loan growth during the year, we foresaw potential pressure on this metric and responded by successfully executing a subordinated debt private placement in two tranches, raising Rs. 1 Bn in Tier 2 capital. This timely intervention ensured that we maintained a total CAR above the 14% threshold, reinforcing the resilience of our balance sheet.

Nonetheless, not all targets were met. One area of underperformance was our cost-to-income ratio, which closed the year at approximately 67%–68%, higher than our internal benchmark of 60%. While this is a matter of concern, it also reflects our commitment to transparency and accountability. We acknowledge the need for sustained efforts over the medium term to lower this ratio to below 55%, with a longer-term ambition of reaching the below 50%. This remains a strategic priority as we pursue operational efficiency and sustainable profitability.

On a positive note, our portfolio quality remained robust. Our net non-performing advance (NPA) ratio stood at just over 8%, well below the industry average, and maintained this level consistently throughout the year. In tandem, we achieved our internal collections target of 60% by year-end, further validating the strength of our credit management and recovery processes. The financial year 2024/25, while challenging, also offered clear evidence of Janashakthi Finance's strategic agility and institutional maturity. We remain committed to delivering sustainable value through disciplined growth, sound risk management and continued investment in our operational capabilities.

CHAIRMAN'S MESSAGE

DIGITAL TRANSFORMATION

In line with our ongoing digital transformation and commitment to financial inclusion, we also took decisive steps to deepen our integration with the national payments infrastructure. As NBFIs do not offer current accounts or cheque issuance facilities, interoperability with banking networks, remains critical. Accordingly, in the third quarter, we completed the first phase of our two-part strategy by integrating with the Common Electronic Fund Transfer Switch (CEFTS) operated by LankaPay. This initiative now allows us to offer our customers seamless digital payment capabilities, comparable to those offered by traditional banks.

GOVERNANCE

As a publicly listed entity, our governance philosophy is to be best-in-class, going beyond regulatory minimums to foster transparency, accountability and ethical conduct across all levels of the organisation. Whether in terms of Board composition, independence or committee oversight, we have consistently maintained governance practices that exceed the requirements set by regulatory bodies. Our alignment with the frameworks of the Central Bank of Sri Lanka, the Colombo Stock Exchange and the Institute of Chartered Accountants of Sri Lanka is not just a matter of compliance but a reflection of our broader institutional ethos. We strive to be a few steps ahead, anticipating changes, adopting emerging standards and reinforcing our governance model with a forward-looking perspective. During the year under review, we also laid the groundwork for stronger environmental, social, and governance (ESG) integration. This was a key area of focus, marking the beginning of a more structured approach to embedding ESG principles into our governance framework, ensuring that long-term value creation is balanced with sustainability, responsibility, and resilience.

ENVIRONMENTAL AND SOCIAL GOVERNANCE (ESG)

We are mindful that ESG is often mistaken for corporate social responsibility (CSR), a misconception we are determined to correct. We believe ESG must not be relegated to a siloed function or treated as a compliance checklist. Rather, it must be deeply integrated into the organisation's strategic and governance frameworks. Towards this end, the Board took a deliberate step to institutionalise ESG within boardroom dialogue. We recognised that sustainable value creation can only be achieved when ESG considerations are embedded at the highest level of decision-making, where the Board and management are aligned on priorities, commitments and accountability. Rather than forming a separate sub-committee, we appointed a dedicated ESG champion within the Board to carry the mandate forward with insight, energy, and conviction.

Daniel Alphonsus, who joined our Board during the year, was invited to lead this charge. With his keen understanding of the digital economy and strategic foresight, he brings a refreshing and forward-thinking perspective. His engagement with management has already begun to shape a more structured approach to ESG integration, ensuring it becomes an enduring part of our governance fabric.

Recognising the limitations and opportunities of the NBFI space, we are not aiming to adopt all 17 UN Sustainable Development Goals (SDGs). Instead, we are prioritising a select few with clear, measurable outcomes over a medium to long-term horizon. The ESG roadmap under development will focus on specific areas across the three dimensions of ESG, with a vision to implement meaningful initiatives by 2025/26 and beyond. We are also conscious that driving impact in this space requires continuity and long-term commitment, often beyond the tenure of individual board members. This is why fostering a strong bridge between the Board and management has become a central principle of our ESG journey.

Further strengthening our governance architecture, we welcomed three new directors to the Board during the year. Manohari Abeysekera, a Fellow Member of both CA Sri Lanka and CIMA (UK), and a current member of the Global CIMA Council, holds extensive experience in corporate strategy and audit governance, including as former Chair of the Board Audit Committee at a major public sector savings Banking Institution and a key strategist at one of Sri Lanka's premier listed blue-chip groups. She will now lead our Audit Committee with distinction. Sandamali Chandrasekara, a seasoned legal professional with deep expertise in corporate law, served as Head of Corporate Legal at the major unlisted conglomerate and will enhance our legal and regulatory oversight capabilities. She replaces Indrani Goonesekera, who retired upon completion of her governance-mandated term. Together, these appointments reflect our ongoing commitment to board diversity, renewal and excellence, as we steer Janashakthi Finance toward sustainable, future-ready growth.

FUTURE STRATEGY

Our strategic intent for the future is clear: we are not content to remain within the Rs. 25–30 Bn asset bracket. The next horizon is to scale beyond Rs. 50 Bn, and in time, to enter the Rs. 50–100 Bn peer category. This is not a distant aspiration but a defined strategic target we are committed to achieving within the next five years. We recognise that reaching this milestone will require more than just organic growth. While we will continue to strengthen our core operations, we are also actively evaluating the competitive landscape for strategic opportunities that could accelerate our trajectory. Whether through partnerships, product diversification or market consolidation, we remain open, agile, and resolutely focused on our growth mandate.

Our drive to scale is underpinned by key business imperatives. Achieving critical mass is essential to unlocking economies of scale and managing cost efficiency, a fundamental lever in bringing down our cost-to-income ratio, which remains a top priority. At the same time, we are sharply focused on improving shareholder returns. While our profit after tax has remained healthy, our Return on Equity (ROE), at under 9%, well short of our internal benchmark. Given the one-year risk-free rate currently hovering around 9–10%, we believe a sustainable ROE target should be at least 5–6 percentage points above that threshold. Accordingly, our ambition is to exceed a 15% ROE within the next two to three years, a goal we consider both realistic and necessary to deliver long-term shareholder value. These targets asset growth beyond Rs. 50 Bn, ROE in excess of 15%, and a cost-to-income ratio below 50% — are the cornerstone KPIs of our medium-term strategic plan. In parallel, we will continue to maintain our capital adequacy at or above 14%, ensuring our growth is both well-capitalised and resilient.

Another key focus area will be enhancing our funding mix. While our fixed deposit base continues to provide a strong foundation, we are committed to developing a wider range of savings products to diversify and reduce the overall cost of funds. This will not only strengthen our liability profile but also align us more closely with the evolving preferences of our customer base.

A key focus will also be on the Gen Z segment, which currently accounts for 10% of our customer base. There is significant potential to grow this demographic through tailored products, enhanced digitalisation and an emphasis on convenience and customer experience. Several digital initiatives are already underway to meet these expectations.

Looking ahead, we cannot ignore the global shift towards electrification and renewable energy. Our portfolio will evolve to include financial solutions focused on solar energy and electric vehicles (EVs). We expect to see increased rollouts and targeted marketing in this area.

We are also planning a comprehensive brand relaunch, including a refreshed brand identity to better align with our forward-looking vision. Additionally, the head office will be relocated to an elegant spacious premises Darley Road to support our growth and operational efficiency.

APPRECIATION

I extend my sincere gratitude to the management team for their unwavering support and unity throughout this journey. Their commitment and collaboration have been instrumental in steering the organisation forward.

We are pleased to welcome Ganendran as our new Chief Operating Officer, along with the newest members of our Board. Individually and collectively, they bring valuable experience, insight and energy to our leadership team.

Janashakthi Finance is proud to be guided by one of the most dynamic and diverse Boards in the industry. It has been a truly refreshing experience to engage with a team that brings a wealth of perspectives and is unafraid to challenge, question and collaborate in a constructive manner.

Finally, we convey our appreciation to the Director Non - Bank supervision and other officials of the Central Bank of Sri Lanka for its continued guidance and support, which enables us to operate with confidence and responsibility.

Rajendra Theagarajah
Chairman

27th May 2025

CHIEF EXECUTIVE OFFICER'S REVIEW

The financial year under review was a defining one for our organisation. It is with great pride that I present this review. We as close the year with a stronger balance sheet, a revitalised identity, and a clearer strategic direction. One of the most significant developments of the year was our rebranding to Janashakthi Finance PLC, reflects our integration with the Janashakthi Group, one of Sri Lanka's most respected conglomerates. This strategic move underscores our commitment to unlocking greater value for stakeholders through the strength, stability and long-term vision of the Janashakthi Group. The name change is far more than cosmetic, it symbolises a new era of resilience, confidence and credibility for our institution.

A YEAR OF STRATEGIC TRANSITION

Despite a volatile macroeconomic environment, fluctuating interest rates and external pressures on financial markets, we navigated the year with agility and determination. The company delivered strong performance across key business fundamentals, including profitability, collections, asset quality and balance sheet strength. Our asset base surpassed Rs. 27 Bn, while the loan book recorded an impressive growth of 40.85%, outpacing industry benchmarks. Our non-performing loans (NPLs) dropped significantly, and now stand well below industry averages, supported by prudent underwriting, close monitoring and a deeply customer-centric collection approach. Lower impairment also supported consistent profitability. We have intentionally moved away from transactional models and embraced problem-solving as a core recovery strategy, enhancing both repayment behaviour and customer relationships.

At the core of our performance is a team that embodies excellence. From senior leadership to frontline operations, our people executed every aspect of our strategic plan with discipline and passion. This included a seamless shift in our customer base, from a predominantly microfinance customer base to a more diversified portfolio, including affluent individual and larger ticket SME segment. This deliberate transition has fortified the Company's risk profile while positioning us for long-term sustainable growth. The year also saw the expansion of our branch network, particularly in the Eastern Province, with a focus on sectors like agriculture, aligned with national development priorities. and the needs of rural communities. The year also saw the expansion of our branch network, particularly in the Eastern Province, with a focus on sectors like agriculture, aligned with national development priorities. and the needs of rural communities.

Our deposit base grew by 17.32%, increasing from Rs. 13.6 Bn to Rs. 15.9 Bn, driven by a strong emphasis on personalised service, relationship-based banking, and attractive returns. We take great pride in our deposit retention rate, which consistently exceeds 80%, reflecting the deep trust placed in us by our customers. Our market share in deposits also increased during the year, as we reinforced a relationship-centric approach grounded in reliability, transparency, and service excellence.

DIGITAL TRANSFORMATION

Recognising the rapid digital shift in financial services, the Company made a decisive investment of over Rs. 150Mn to modernise its technology infrastructure, which included enhancements to both infrastructure and systems cybersecurity, support tools, AI-based solutions and customer service platforms. More than 10 new platforms were implemented, including CRM systems, data analytics tools, and AI-powered segmentation capabilities, which allow us to understand and serve our customers better. These capabilities are already driving measurable improvements in service quality, turnaround times and cost efficiencies. Our ambition is to evolve from a branch-led model into a digitally-enabled financial ecosystem. We are actively encouraging digital-first engagement, while maintaining high-touch service for those who prefer branch-level interaction.

EXPANDING OUR REACH

While we continue to strengthen our digital presence, we also expanded our physical footprint through new branches, particularly in underserved regions such as the Eastern Province. These new locations are focused on inclusive sectors such as agriculture and are aligned with national development goals. Our growth strategy is balanced, investing in both geographic presence and technological accessibility to ensure we serve the full spectrum of Sri Lanka's evolving customer base. Understanding emerging consumer needs, we launched several new financial solutions. These include targeted offerings for women entrepreneurs, Electric vehicle (EV) and solar energy financing, and other green finance products catering to both sustainability-conscious individuals and small businesses. Our partnerships with reputable entities such as John Keells CG Auto (JKCG) for EV promotion (BYD vehicles) and leading solar suppliers enable us to offer credible, future-forward financing options, strengthening our product diversity and market relevance.

OUR PEOPLE, OUR PRIDE

Our success is the result of the incredible commitment and capability of our people. This year, we enhanced our human capital with structured training, ensuring each employee received a minimum of 20 hours of training, with a focus on cross-functional skills and leadership development. Gender diversity continues to be a focus, with 36% female representation, and several women holding key leadership positions. During the year under review, we expanded our team prudently, bringing in talent aligned with our growth strategy, while continuing to build a culture of transparency, accountability and opportunity.

CHIEF EXECUTIVE OFFICER'S REVIEW

LOOKING AHEAD

Janashakthi Finance PLC steps into the new financial year with a bold and ambitious corporate plan, anchored in resilience, innovation and strategic foresight. Our aspiration is to be ranked among the top 10 finance companies in Sri Lanka within the next five years, and in the top 5 within a decade, a goal we will pursue through a balanced approach of organic growth and strategic acquisitions. Our growth strategy is closely aligned with national priorities and emerging market needs. We are aligning our strategy with national priorities and high-growth sectors such as tourism, agriculture, renewable energy and the Gen Z demographic, for whom we are developing innovative, digital-first savings and lending solutions.

Sustainability is a key pillar of our future direction. We are actively expanding our presence in Environmental, Social and Governance (ESG)-linked financing. This includes EV and solar financing initiatives. We have established a dedicated unit which is supported by an increasing number of strategic tie-ups with reputable suppliers, which continue to grow in scale and scope, ensuring we remain agile and responsive to evolving customer needs. We are also committed to expanding our physical footprint, with plans to increase our branch network across all districts, strengthening our presence in underserved communities while reinforcing our omnichannel delivery model. With the corporate plan already being rolled out, we are confident in our ability to navigate the path ahead, driven by strategic clarity, executional excellence, and an unwavering commitment to stakeholder value.

ACKNOWLEDGEMENTS

On behalf of the Company, I express my sincere appreciation to our valued customers, whose loyalty inspires us to innovate and improve. I also extend my thanks to our Chairman, Board of Directors, Shareholders, Regulators, including the Central Bank of Sri Lanka and above all, our dedicated team of professionals, the true architects of our transformation. Their commitment, prudence and strategic execution have laid the foundation for a powerful new chapter. With renewed purpose and the strength of the Janashakthi Group behind us, we look forward to building a more inclusive, technology-enabled and sustainable future for all.

K.M.M. Jabir
Chief Executive Officer/Executive Director

27th May 2025

MANAGEMENT DISCUSSION AND ANALYSIS

VALUE CREATION MODEL

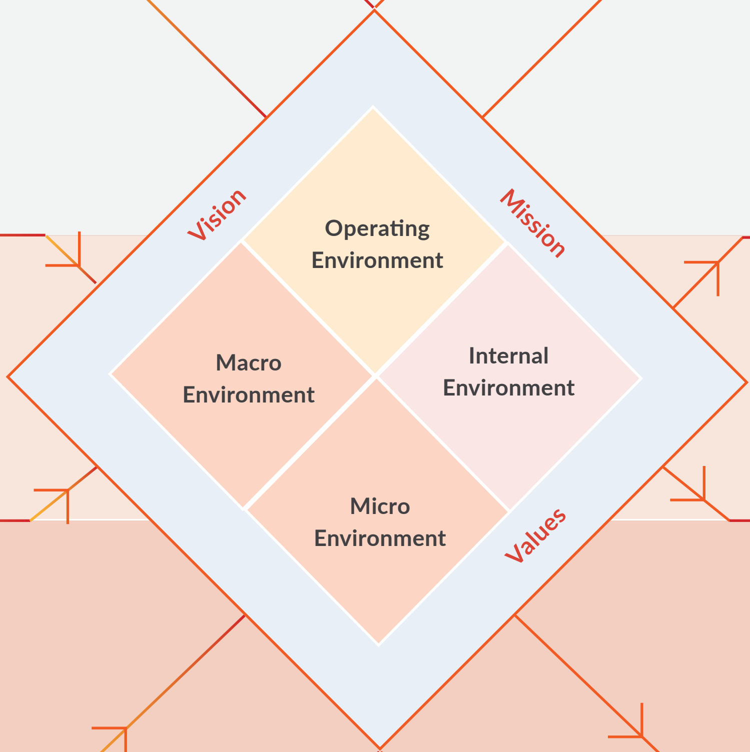
DEFINING THE INPUT

Financial Capital

- Customer deposits **Rs. 15,904 Mn**
- Borrowed funds **Rs. 5,901 Mn**
- Shareholder funds **Rs. 3,982 Mn**

Intellectual Capital

- Processes and procedures
- Technology and systems
- Knowledge



Human Capital

- Skills and competencies
- Experience

Manufactured Capital

- Properties
- Infrastructure
- Equipment

Social & Relationship Capital

- Stakeholder engagement and relationships
- Networks
- Relationships with business partners

Natural Capital

- Environmental resources
- Renewable energy

CREATING VALUE

- **Revenue Stream:**
  Fee and Commission **Rs. 161 Mn**,
  Interest income **Rs. 4,464 Mn**,
  Other operating income **Rs. 103 Mn**
- **Cost Structure Management:**
  Interest expense **Rs. 2,317 Mn**,
  Administrative resource optimization **Rs. 391 Mn**,
  Human resource optimization **Rs. 809 Mn**
- **Stakeholder Management:**
  Extended service and tailor made solutions, Customer-centric service, Reaching out to new customer segments

PRESERVING VALUE

Financial Capital:
Profit After Tax **Rs. 372 Mn**,
Return on Equity **9.80%**,
Earnings Per Share **Rs. 1.76**

Intellectual Capital:
Brand value **Rs. 236 Mn**,
Market position

Human Capital:
Salaries and benefits **Rs. 809 Mn**,
Training cost **Rs. 4.8 Mn**

Manufactured Capital:
Total branches **37**,
Investment on PPE **Rs. 612 Mn**

Social and Relationship Capital:
Total customer base **28,709+**
CSR Investments
Tax payments

Natural Capital:
Energy Consumption
Water consumption

OUTCOMES

CUSTOMERS
- Innovative offerings
- Convenience
- Service excellence
- Increased accessibility

EMPLOYEES
- Career growth
- Financial growth
- Increase in revenue per
- Employee
- Promoted employees
- Cost of living allowance

BUSINESS PARTNERS
- Business opportunities and strong partnerships

REGULATORS
- Maintaining industry standards and ethical conduct

SOCIETY
- Supporting the financially vulnerable and underprivileged
- Increased CSR spending

STAKEHOLDER ENGAGEMENT AND VALUE CREATION

At Janashakthi Finance PLC, we understand that our performance extends beyond financial outcomes to include the influence we have on the lives of those who interact with us. Stakeholder engagement is embedded within our organisational ethos, shaping how we operate and the value we strive to deliver. We are committed to nurturing long-term, productive relationships with our diverse stakeholder groups by responding to their evolving expectations with responsibility and care.

CUSTOMERS

We consider our customers to be the heart of our business. Our focus is on cultivating trust through transparent practices and consistent service excellence. By listening attentively to customer feedback and monitoring satisfaction levels, we aim to continuously refine our offerings. Through innovative financial products tailored to specific needs, we promote financial well-being and enrich the customer experience.

EMPLOYEES

Employees are the foundation of our success. We are dedicated to creating an inclusive environment that supports personal and professional development. Our efforts are directed at enhancing employee satisfaction and retention through growth opportunities, fair compensation and a balanced workplace culture. Empowering our people ensures not only their success, but also the resilience and adaptability of the organisation.

SHAREHOLDERS

In maintaining a strong relationship with our shareholders, we place a premium on transparency and strategic alignment. Shareholder confidence is earned through consistent financial performance, timely dividend distributions and open channels of communication. Our aim is to increase shareholder value while fostering sustainable business practices and sound governance.

COMMUNITIES

We are equally committed to the communities in which we operate. By supporting initiatives in education, healthcare, and environmental conservation, we aim to drive positive societal outcomes. Our community engagement activities are guided by the principles of shared value and responsibility, with regular assessments, ensuring our contributions make a measurable difference.

REGULATORS

As a licensed finance company, we uphold the highest standards of regulatory compliance. Our engagements with regulators are characterised by openness, accountability and adherence to all statutory requirements. Through ensuring compliance with prudential regulatory requirements, we maintain operational integrity and contribute to the stability of the financial system.

BUSINESS PARTNERS

Our partnerships with vendors, service providers, and other collaborators are built on mutual respect and aligned goals. By working closely with our partners, we aim to unlock synergies that enhance operational efficiency, drive innovation and expand our market presence. These relationships are strengthened through ongoing collaboration, project success and shared growth.

At Janashakthi Finance PLC, our commitment is to deliver meaningful value to our stakeholders, whether by exceeding customer expectations, enabling employee growth, fulfilling shareholder objectives, contributing to society or maintaining regulatory trust. We believe that lasting success comes from a collective effort, and we are proud to play a role in shaping a sustainable and inclusive future.

IDENTIFYING STAKEHOLDER GOALS

Our approach to stakeholder identification is grounded in a comprehensive analysis of how various groups influence and are influenced by our operations. We evaluate their interests, expectations and the extent of their involvement in the business, allowing us to understand their priorities in greater depth. This ensures that our engagement strategies are purposeful and aligned, enabling us to nurture meaningful, goal-oriented relationships with each stakeholder group. The table below illustrates the specific goals we assign to different stakeholder groups:

Key stakeholders	Goals	Level of relationship	Level of engagement
Shareholders	Receive consistent returns on investment, maintain transparency, and stay informed about company performance and progress.	●	Consult
Customers	Ensure financial well-being, provide tailored solutions, and deliver exceptional service with integrity and preserving trust	●	Services
Employees	Foster a supportive work environment, promote professional development, and empower personal growth.	●	Teamwork
Communities	Contribute positively to community development, support social initiatives, and promote sustainability.	●	Collaborate
Regulators	Ensure regulatory compliance, ensure transparency and foster a mutually respectful relationship	●	Collaborate
Business partners	Sustainable business practices	●	Collaborate

● Extreme ● High ● Medium ● Moderate ● Low

MANAGING STAKEHOLDER RELATIONSHIPS

At Janashakthi Finance PLC, building and maintaining strong stakeholder relationships is fundamental to how we operate and grow. We view these relationships not merely as touchpoints, but as strategic partnerships that are essential to delivering sustained value across our ecosystem. Recognising the importance of effective stakeholder management, we focus on fostering purposeful, inclusive and transparent dialogue that resonates with the unique interests of each group.

Our engagement practices are deeply embedded into the fabric of our decision-making and value creation frameworks. Rather than treating engagement as a one-off activity, we integrate it as a continuous process - actively listening, responding with intention and adapting our strategies to meet evolving stakeholder expectations. This responsiveness helps us remain agile, build trust and reinforce long-term collaboration.

To manage these relationships with clarity and efficiency, we differentiate between internal and external stakeholder groups. This segmentation allows us to tailor our communications and initiatives, ensuring that we address the specific priorities, challenges and aspirations of each group with the attention they deserve.

INTERNAL

	AGM	Extra Ordinary Meeting	Emails	Meetings	Social Media	Events	Reports	Phone Calls	Website	Formal Letters	Annual Reports	Site Visits
Shareholders	AN	WN	NA	NA	NA	NA	NA	NA	WN	NA	AN	NA
Board of Directors	NA	NA	WN	MO	NA	WN	MO & WN	WN	NA	WN	AN	NA
Management	NA	NA	WN	MO & WN	NA	AH	WN	WN	NA	WN	NA	NA
Employees	NA	NA	WN	WN	WN	AH	WN	WN	WN	WN	NA	NA

Annual basis - **AN** Regular basis - **RB** Monthly - **MO** Quarterly - **QU** When necessary - **WN** Ad hoc - **AH** Periodic - **PE** Not applicable - **NA**

STAKEHOLDER ENGAGEMENT AND VALUE CREATION

EXTERNAL

	AGM	Extra Ordinary Meeting	Emails	Meetings	Social Media	Events	Reports	Phone Calls	Website	Formal Letters	Annual Reports	Site Visits
Customers	NA	NA	WN	WN	RB	AH	NA	WN	RB	WN	AN	WN
Business partners	NA	NA	WN	WN	WN	AH	NA	RB	RB	WN	AN	WN
Communities	NA	NA	NA	NA	RB	AH	NA	NA	WN	NA	AN	NA
Regulators	NA	NA	WN	WN	NA	NA	PE	WN	NA	WN	AN	NA

Annual basis - **AN** Regular basis - **RB** Monthly - **MO** Quarterly - **QU** When necessary - **WN** Ad hoc - **AH** Periodic - **PE**
Not applicable - **NA**

STAKEHOLDER GROUP MODES OF ENGAGEMENT

Internal Stakeholders - Regular team meetings - Employee feedback surveys - Training and development programs

External Stakeholders - Customer focus groups - Shareholder meetings and updates - Community outreach programs - Regulatory Consultations

STAKEHOLDER ENGAGEMENT SCORECARD

At Janashakthi Finance PLC, we place a strong emphasis on active and effective stakeholder engagement, recognising it as a vital driver of sustainable business performance. To maintain this focus, we have established a dynamic scorecard mechanism that enables ongoing evaluation and refinement of our stakeholder engagement processes. This structured approach empowers us to identify emerging issues, anticipate stakeholder expectations, and respond with agility and precision.

The stakeholder engagement scorecard functions as a strategic management tool that measures how effectively we engage with each stakeholder group. It provides us with clear insights into the levels of responsiveness required and the success of our efforts in meeting stakeholder priorities. Using this data, we can make informed decisions on where improvements are needed and how best to align our engagement efforts with stakeholder interests.

Insights derived from the scorecards directly inform feed into a tailored action plan that is continuously updated to reflect changing dynamics. This plan outlines specific initiatives to enhance communication, extend engagement reach, and implement targeted interventions where gaps or challenges are identified.

By embracing stakeholder feedback as a catalyst for improvement, we ensure that our engagement strategies remain relevant, impactful and reflective of the expectations of those who matter most to our business. Through this systematic and responsive approach, Janashakthi Finance PLC remains committed to building lasting relationships, fostering trust and delivering long-term value across all stakeholder groups.

Stakeholder	Value for the stakeholder	Value for the Company	Engagement	Indicator	Value creation	2024/25	2023/24
Customers	Timely and innovative financial solutions.	Higher revenue from existing and new customers.	Communication material	Customer base growth	Providing comprehensive financial solutions and assisting in the wealth creation process	12%	23%
	Improved access to financial solutions	Enhanced customer loyalty	Website and social media platforms	Increase in the number of financial solutions		FD-02, Leasing - 03, Loans -01, GL-02	10
	Good and friendly customer service	Customer retention	call centre and branches	repeat customers		144	130
	Organizational stability	Enhanced brand reputation	24-hour call centre	No. of complaints resolved		90	100
Employees	A conducive and healthy work environment	An engaged and motivated workforce	Staff meetings	Total Training hours	Attracting and retaining industry top talent. Facilitating individual growth.	6,314	6,460
		Knowledgeable and talented workforce well-equipped to meet customer needs and contribute to company growth	Intranet and email	Staff turnover		22.24%	33.62%
	Opportunities for growth			No of employees		650	555
	Performance-driven rewards system		Training	Total headcount broken down by:			
		Employees as Brand Ambassadors for the company	Performance appraisal	Male		440	379
				Female		210	176
				Investment (Rs.)		4,805,085.50	3,176,545
Shareholders	Sustainable return on investment	Public trust in the brand	Progress updates via announcements	Return on equity (%)	Establishing a sustainable and agile business model for long-term and viable growth.	9.80%	10.13%
		Strong capital base	Periodic financial statements	Return on assets (%)		1.79%	1.84%
			AGM/EGM				
			Annual Report				
			Website announcements				

STAKEHOLDER ENGAGEMENT AND VALUE CREATION

<table>
<tr><th>Stakeholder</th><th>Value for the stakeholder</th><th>Value for the Company</th><th>Engagement</th><th>Indicator</th><th>Value creation</th><th>2024/25</th><th>2023/24</th></tr>
<tr><td rowspan="2">Regulators</td><td>Ethical engagement</td><td>Robust corporate governance, market integrity, good business practices</td><td>Meetings</td><td rowspan="2">Compliance with regulatory frameworks</td><td rowspan="2">Promote financial and economic stability, and contribute to strengthening the regulatory framework and market conditions.</td><td>5</td><td>3</td></tr>
<tr><td>Contribution to the overall financial and economic system in the country</td><td>Business sustainability</td><td>Annual Report</td><td>1</td><td>1</td></tr>
<tr><td rowspan="3">Society and Environment</td><td>Contribution to economic stability</td><td>Potential market growth</td><td>Social media and websites
CSR projects</td><td rowspan="3">Number of CSR projects

Energy efficiency and water usage (Gj)</td><td rowspan="3">Provision of access to financial solutions to all levels of society and contribute to sustainable economic growth.</td><td rowspan="3">2</td><td rowspan="3">3</td></tr>
<tr><td>Increased access to funding</td><td>Brand reputation as a reliable financial solutions provider</td><td></td></tr>
<tr><td>Financial inclusion</td><td>Financial assistance for all types of communities</td><td>News releases</td></tr>
</table>

MATERIALITY

INTRODUCTION TO MATERIALITY DETERMINATION

At Janashakthi Finance PLC, identifying and prioritising what truly matters to our business and stakeholders lies at the heart of our value creation journey. In an ever-evolving operating landscape, economic, environmental and social factors significantly influence both our performance and reputation. To address this, we undertake a deliberate, structured materiality determination process that aligns our strategic priorities with the expectations of those who rely on and support our business.

Our leadership plays an active role in identifying the most pressing topics that have a direct impact on our ability to sustain long-term value. This includes regular interactions with stakeholders through various channels, which inform our understanding of what issues hold material relevance. Each year, we reassess these topics, ensuring our strategies remain adaptive and future-ready. The insights we gather are cross-referenced with our strategic goals and integrated into decision-making, helping us remain resilient and responsive amid uncertainty.

We view materiality not as a static checklist but as a dynamic process that continuously evolves alongside stakeholder needs and market realities. Through open communication and strategic foresight, we ensure that the material topics we address today position us for continued relevance and sustainability tomorrow.

MATERIAL DETERMINATION PROCESS

Our approach to materiality determination follows a rigorous and inclusive methodology, drawing insights from across the organisation and our operating environment. This process begins with a detailed review of internal and external factors, ranging from emerging risks to shifts in stakeholder expectations. By combining inputs from our enterprise risk management framework, market intelligence and strategic planning sessions, we build a 360-degree perspective on what is most material to our operations.

In the financial year 2024/25, we strategized to introduce products that will help our customers meet their financial goals, took steps to improve customer service and improve convenience for our valued customers. At the same time, we intensified our efforts around regulatory adherence, corporate governance, strengthened internal controls and risk oversight, areas deemed critical to our long-term success. These focus areas emerged through board-level discussions, committee reviews and ongoing dialogue with our stakeholders. As we navigated a complex regulatory and economic climate, we allocated significant resources to enhance these systems and embed them more deeply across our operations.

The materiality determination process also includes stakeholder engagement initiatives such as surveys, consultations and feedback sessions, which help identify and validate core issues. These insights are then mapped against our strategic imperatives to determine their significance. Ultimately, the goal is to direct our efforts towards topics that carry the greatest potential to influence our ability to create sustained value.

Through this structured approach, Janashakthi Finance ensures that materiality is not only a compliance requirement but a strategic compass that guides us in prioritising the right issues, allocating resources effectively, and managing risks proactively in pursuit of sustainable growth.

MATERIAL IMPACT

At Janashakthi Finance PLC, addressing material issues is integral to our strategic direction and long-term value creation. Each issue we identify is carefully mapped into our capital management framework, reflecting its relevance to our financial, operational and sustainability goals. By classifying material topics based on their level of impact - high, medium or low - we ensure that each receives appropriate focus and resource allocation in line with its significance to our business and stakeholder expectations.

These material themes guide our decisions across key functions and inform our growth blueprint, outlining how we navigate challenges, capitalise on opportunities and contribute to

MATERIALITY

economic, social and environmental progress. They serve as a compass for value creation, linking stakeholder concerns with strategic priorities, while promoting resilience and future-readiness. Our ability to grow sustainably hinges on our commitment to addressing these themes, which are embedded within the business across departments and processes.

Material themes	Impact to the capital					
	Financial Capital	Manufactured Capital	Intellectual Capital	Human Capital	Social and Relationship Capital	Natural Capital
Sustainable revenue growth	High	Medium	Medium	Medium	Medium	Low
Retention and training development	Low	Medium	High	High	Low	Low
Process excellence	Medium	Medium	Medium	Medium	Low	Low
Rewards and recognition	Medium	Medium	High	High	High	Low
Risk and Capital Management	High	Medium	Medium	Medium	Low	Low
Speed of service and improved efficiency	Low	High	Low	Medium	Low	Low
Diversified portfolio and affordable solutions	Medium	Medium	Medium	Low	Medium	Low
Improved relations with business partners	Low	Medium	Medium	Medium	Medium	Low
Corporate Governance, Compliance and Internal Controls	High	High	Medium	Medium	Medium	Medium
Increased contributions to society	Low	Low	Low	Low	Low	High
Ethics and transparency	High	Medium	Medium	Medium	Medium	Low
Occupational,health,safety and wellbeing	Low	Medium	Medium	Medium	Medium	Low
Information security	High	High	Low	Low	Low	Low
Optimum use of property, plant and equipment for services	Medium	High	Low	Low	Low	Low
Innovation	Low	High	High	Medium	Medium	Low
Becoming more customer centric	Low	High	High	High	Low	Low
Technological advancements	Medium	High	High	High	Medium	Low

High Impact ●
Medium Impact ●
Low Impact ●

MANAGING INTERLINKS BETWEEN MATERIAL ISSUES

In analysing our material concerns, it has become increasingly clear that these issues are not isolated. Instead, they are interconnected, forming a complex network that influences the way we create, deliver and preserve value. Recognising and managing these interdependencies is critical to building a more cohesive and responsive business strategy.

At Janashakthi Finance PLC, we examine these relationships closely, uncovering how progress in one area can create positive ripple effects across others. For instance, strengthening governance can also enhance stakeholder trust and compliance, while improving employee engagement can contribute to better customer satisfaction and innovation. This systemic thinking encourages cross-functional collaboration and enables us to anticipate how actions in one domain may influence outcomes elsewhere.

Rather than viewing material issues in silos, we take a holistic approach that enables us to spot synergies and resolve potential trade-offs early. This integrated perspective helps us make informed decisions that align with both short-term goals and long-term ambitions.

THE WAY FORWARD

As Janashakthi Finance PLC looks to the future, our focus remains on refining and adapting our approach to material issues in alignment with the dynamic external environment and the valuable perspectives of our stakeholders. These inputs are not only central to how we operate today but are instrumental in shaping the strategies that will carry us forward. Our commitment lies in ensuring that our responses to these matters continue to support long-term value creation and operational resilience.

Over the past year, detailed analysis and stakeholder engagement have revealed a strong need to place greater emphasis on matters that directly affect our customers and other external stakeholder groups. Their influence on the sustainability of our operations has never been more pronounced. In response, we intend to intensify our engagement efforts and direct our focus toward issues that have immediate and significant impact on their experience and expectations.

Moving ahead, our materiality assessments will evolve further. We plan to adopt a more inclusive and comprehensive approach by expanding the scope of our stakeholder engagement efforts. This includes strengthening the reach and depth of our stakeholder surveys to capture a wider range of voices and concerns. These enhanced insights will allow us to deepen our understanding of how each material issue affects our ecosystem and adjust our strategies to respond with agility and purpose.

Our forward path is one of proactive stewardship. By anchoring our decisions in credible data, active engagement and a holistic view of value creation, we will continue to build a business that not only meets today's challenges but is also equipped for tomorrow's opportunities.

OPERATING ENVIRONMENT

GLOBAL ECONOMIC OVERVIEW

The global economy in 2024 demonstrated resilience in the face of persistent uncertainty. While challenges from the post-pandemic recovery, elevated inflation and geopolitical tensions continued to weigh on sentiment, growth across major economies remained modest and uneven. According to the World Bank, global Gross Domestic Product (GDP) growth eased slightly to 2.6% in 2024, down from 2.7% in 2023. The US economy remained robust, underpinned by strong consumer spending and a resilient labour market. In contrast, Europe recorded sluggish growth, with the Eurozone expanding by just 0.8%, hampered by elevated energy costs, weak industrial activity and the prolonged effects of the war in Ukraine. Asia continued to serve as the key driver of global economic momentum. China recorded growth of around 4.6%, falling short of expectations due to weak domestic demand and challenges in the property sector. India, however, stood out as the fastest-growing major economy, exceeding 6.5% growth, supported by solid performance in the services and manufacturing sectors. Geopolitical risks (including the ongoing Ukraine conflict, instability in the Middle East and persistent US-China tensions) continued to influence global trade and investment flows. These factors further accelerated the 'China Plus One' strategy, as companies increasingly diversified their supply chains by expanding into alternative markets such as India, Vietnam and Bangladesh. As the global economy moves into 2025, it does so with cautious optimism, navigating a complex landscape shaped by structural shifts, geopolitical developments, and evolving monetary policy dynamics.

SRI LANKAN ECONOMY

Sri Lanka witnessed a notable turnaround in 2024, following two years of deep economic distress. The recovery was driven by the continuation of structural reforms, prudent fiscal and monetary policy, and the stabilising influence of the International Monetary Fund's Extended Fund Facility (IMF-EFF) programme. Together, these measures helped restore macroeconomic stability and laid a solid foundation for medium-term growth.

ECONOMIC GROWTH AND OUTPUT

After two consecutive years of contraction, real GDP returned to positive growth territory in 2024. This rebound was broad-based, supported by a revival in key sectors such as agriculture, manufacturing, tourism, construction, and services. Improved investor sentiment and increased domestic demand, fuelled by declining inflation and interest rates, contributed to stronger economic activity across sectors.

Sri Lanka's external sector showed signs of resilience despite global economic uncertainties. The country recorded a current account surplus for the second consecutive year, aided by robust growth in tourism receipts and workers' remittances. Although merchandise imports rebounded with the economic recovery, the trade deficit widened moderately and was offset by stronger services exports and capital inflows.

Notably, foreign exchange liquidity improved significantly, supported by steady inflows and prudent currency management by the Central Bank. The Sri Lankan Rupee remained relatively stable, aided by improved reserves and confidence in the ongoing debt restructuring process, which moved closer to completion by year-end.

MONETARY POLICY AND INFLATION

Monetary policy in 2024 remained accommodative. The Central Bank progressively eased interest rates to support economic growth, as inflation declined sharply due to lower global commodity prices, exchange rate stability and a moderation in domestic demand pressures. These rate reductions encouraged credit growth, with a visible pickup in lending to the private sector during the second half of the year.

INVESTOR CONFIDENCE AND SOVEREIGN RATING IMPROVEMENTS

With progress in debt restructuring, better fiscal outcomes and improved macro fundamentals, Sri Lanka saw its international credit ratings upgraded by major agencies. This played a critical role in restoring investor and creditor confidence, helping to attract Foreign Direct Investment (FDI) and portfolio inflows.

OUTLOOK

The macroeconomic outlook for Sri Lanka remains cautiously optimistic. Continued policy discipline, progress on structural reforms and successful conclusion of debt negotiations are expected to sustain economic momentum. However, the country remains vulnerable to external risks, including global economic volatility, commodity price fluctuations and geopolitical tensions.

NON-BANK FINANCIAL INSTITUTIONS (NBFIS) SECTOR

The sector recorded a significant expansion in 2024, whilst exhibiting resilience by maintaining capital and liquidity well above the regulatory minimum levels. It grew in terms of loans and advances, deposits, and borrowings. Further, the asset quality of the sector improved as reflected by the reduction in NPL, denoted by Stage 3 loans.

ASSETS

The asset base of the sector increased by Rs. 235.2 Bn in 2024 and reached Rs. 1,930.7 Bn, reflecting a growth of 13.9% at end 2024, compared to a 5.7% growth at end 2023. The asset growth was mainly driven by the significant expansion of the loans and advances portfolio. Net loans and advances accounted for 74.1% of the total assets of the sector.

LOANS AND ADVANCES

During 2024, the loans and advances portfolio of the sector increased by Rs. 265.4 Bn and reached Rs. 1,430.2 Bn, indicating a growth of 22.8% at end 2024 compared to a 2.6% contraction in 2023. Finance leases and vehicle loans dominated the loans and advances portfolio of the sector and accounted for 64.0% of total loans and advances by end 2024, compared to that of 66.2% by end 2023, followed by loans secured by gold representing 19.8% of total loans and advances by end 2024, compared to that of 18.7% by end 2023. Finance leases and vehicle loans, and loans secured by gold recorded growths of 18.7% and 30.4%, respectively, in 2024.

NON-PERFORMING LOANS

Gross NPL Ratio of the sector declined to 11.3% at the end of 2024 compared to 18.0% at the end of 2023, indicating an improvement in credit quality. Meanwhile, the sector reported an Impairment Coverage Ratio of 41.9% for NPL at the end of 2024 compared to 32.6% reported at the end of 2023. Accordingly, the net NPL Ratio improved to 6.6% by the end of 2024 from 12.1% at the end of 2023.

LIQUIDITY

The sector maintained liquidity well above the minimum required level during 2024. At the end of 2024, the overall regulatory liquid assets available in the sector were Rs. 220.9 Bn, against the stipulated minimum requirement of Rs. 115.8 Bn recording a liquidity surplus of Rs. 105.1 Bn at end 2024, compared to Rs. 151.5 Bn recorded at end 2023.

DEPOSITS

Customer deposits continued to dominate the liabilities of the sector, accounting for 54.7%, followed by equity and borrowings at 24.3% and 15.8%, respectively, at end 2024. Deposits increased by Rs. 121.4 Bn, recording a growth of 13.0% during 2024, and reached Rs. 1,056.4 Bn by end 2024. Meanwhile, borrowings grew by 15.3% during 2024, which was equivalent to an increase of Rs. 40.5 Bn and reached Rs. 305.4 Bn at the end of 2024.

PROFIT AFTER TAX

Profit After Tax (PAT) increased by 20.9% from Rs. 49.4 Bn in 2023 to Rs. 59.7 Bn in 2024, mainly driven by the increase in net interest income. During 2024, the sector reported a net interest income of Rs. 191.8 Bn and mainly contributed to the increased profits, recording a notable growth of 24.3% compared to the previous year.

RETURN ON EQUITY & RETURN ON ASSETS

The increase in profitability was reflected in the rise of ROA and ROE to 6.1% and 13.5%, respectively, in 2024 compared to 5.2% and 12.7% in 2023. The efficiency of the sector improved as reflected by the decline in efficiency ratio from 52.8% in 2023 to 50.8% in 2024.

Sri Lanka's NBFI sector is poised for moderate growth in 2025/26, supported by macroeconomic stability, easing interest rates and improving credit demand.

AWARDS AND ACCOLADES

Janashakthi Finance PLC proudly shines at the TAGS Awards 2024 securing the Bronze Award in the Finance, Leasing, and Financial Institutions category (Total Group Assets up to Rs. 25BN) and Certificates of Recognition for excellence in Integrated Reporting and Corporate Governance Disclosure in Financial Services.

This achievement reflects our unwavering commitment to highlight Janashakthi Finance's ongoing commitment to excellence in financial, environmental, social, and governance (ESG) reporting in our business operations.

Merit Award at the Best Management Practices Company Awards 2025, organized by The Institute of Chartered Professional Managers of Sri Lanka

SLIBFI AWARDS 2024

IFFSA AWARDS 2024

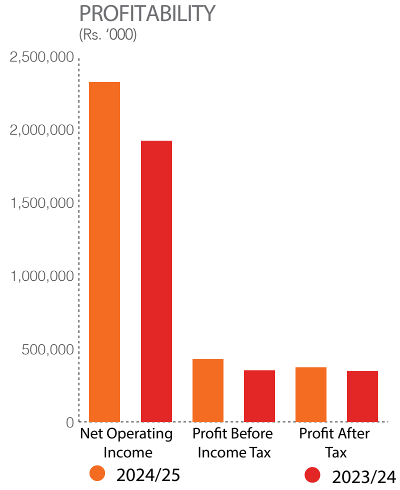
FINANCIAL CAPITAL

At Janashakthi Finance PLC, financial capital is the cornerstone of our ability to create sustainable value for stakeholders. As custodians of public funds through deposits, shareholder investments, borrowings, and reserves, we are committed to rigorous stewardship, strategic growth, and operational resilience. Despite a persistently volatile economic landscape, our disciplined approach enabled us to deliver improved results in 2024/25, supported by strategic cost management, prudent risk assessment, and agile portfolio optimisation. Janashakthi Finance PLC's financial management during the year exemplified resilience and prudence. Leveraging a strengthened risk framework and cost rationalisation strategies, we safeguarded financial capital, preserved portfolio quality, and sustained business continuity. These efforts reinforced our reputation for robust financial stewardship and stakeholder trust.

PROFITABILITY

Despite continued macroeconomic challenges, the Company recorded a profit before income tax of Rs. 428 Mn, a significant increase from the Rs. 349 Mn recorded in 2023/24. Net operating income rose to Rs. 2,319 Mn, underpinned by optimised revenue streams and efficient resource deployment.

Profit After Tax stood at Rs. 371.8 Mn, marking a 6.8% increase from the previous year.



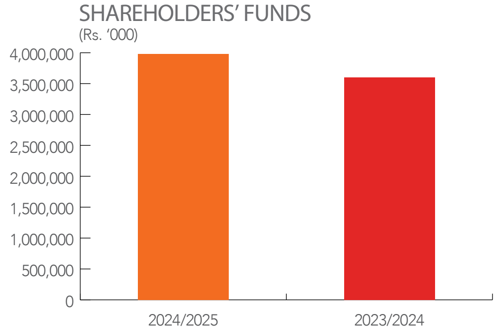
	2024/25 Rs. '000	2023/24 Rs. '000
Net Operating Income	**2,319,390**	1,920,940
Profit Before Income Tax	**428,012**	349,482
Profit After Tax	**371,796**	348,527

NET INTEREST INCOME

Net Interest Income (NII) surged by 19.6% to Rs. 2,146 Mn in 2024/25, propelled by robust credit demand and effective cost of funds management amid easing market interest rates.

SHAREHOLDERS' FUNDS

Shareholders' equity grew to Rs. 3,982 Mn by March 31, 2025, reflecting continued profitability and prudent capital management. We maintained healthy capital adequacy ratios throughout the year, demonstrating a strong and stable balance sheet position.

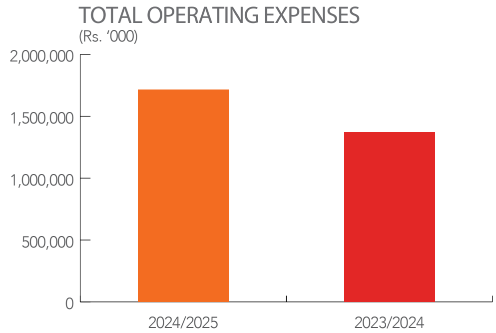


OUTLOOK

With a robust capital base and an unwavering commitment to financial discipline, Janashakthi Finance PLC is well-positioned to navigate market volatilities and capture emerging growth opportunities. Our focus remains on sustainable profitability, balanced portfolio growth, and enhanced shareholder value.

OPERATING EXPENSES

Operating expenses play a critical role in shaping Janashakthi Finance PLC's financial performance and sustainability. For the year ended March 31, 2025, total operating expenses increased to Rs. 1,715 Mn, compared to Rs. 1,371 Mn in the prior year, reflecting ongoing investments in digital infrastructure, operational excellence, and market expansion.

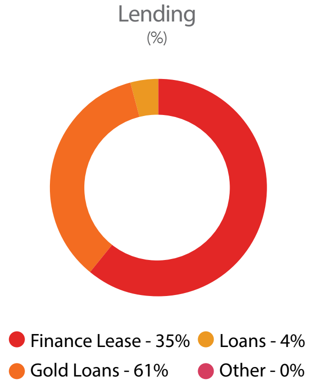


IMPAIRMENT CHARGES FOR LOANS AND RECEIVABLES

Janashakthi Finance PLC recorded impairment charges of Rs. 90.7 Mn in 2024/25, reflecting prudent risk management and aligned provisioning in line with the expanding lending portfolio. The gross non-performing loan (NPL) ratio was carefully monitored to ensure sustained portfolio quality and regulatory compliance.

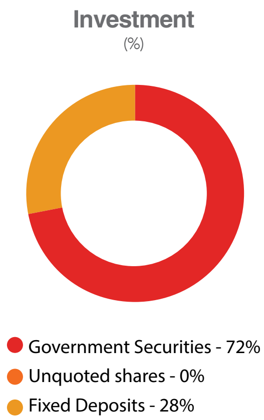
LENDING PORTFOLIO

As of March 31, 2025, Janashakthi Finance PLC's lending portfolio reflected a balanced and diversified structure, with Finance Lease receivables accounting for Rs. 13.5 Bn, Gold Loans at Rs. 7.72 Bn, and Loans at Rs. 795.4 Mn. This portfolio mix supports optimized returns and strengthened risk-adjusted growth across strategic segments.



FUNDING AND INVESTMENT MIX

Janashakthi Finance PLC maintained a prudent and balanced funding structure in 2024/25, supported by a strategic investment portfolio. Government securities represented Rs. 1,144 Mn (72% of the investment mix), while fixed deposits contributed Rs. 453 Mn (28%), underscoring the Company's focus on maintaining a liquid and stable investment base.



CAPITAL STRENGTH AND SUSTAINABILITY

The expansion in both equity and total assets reflects the company's continued focus on strengthening its financial foundation. The double-digit growth in shareholders' funds reinforces our strong capital position and provides a buffer for managing economic volatility. This solid financial base supports our long-term sustainability goals and enhances our resilience in an evolving financial services landscape.

OUTLOOK

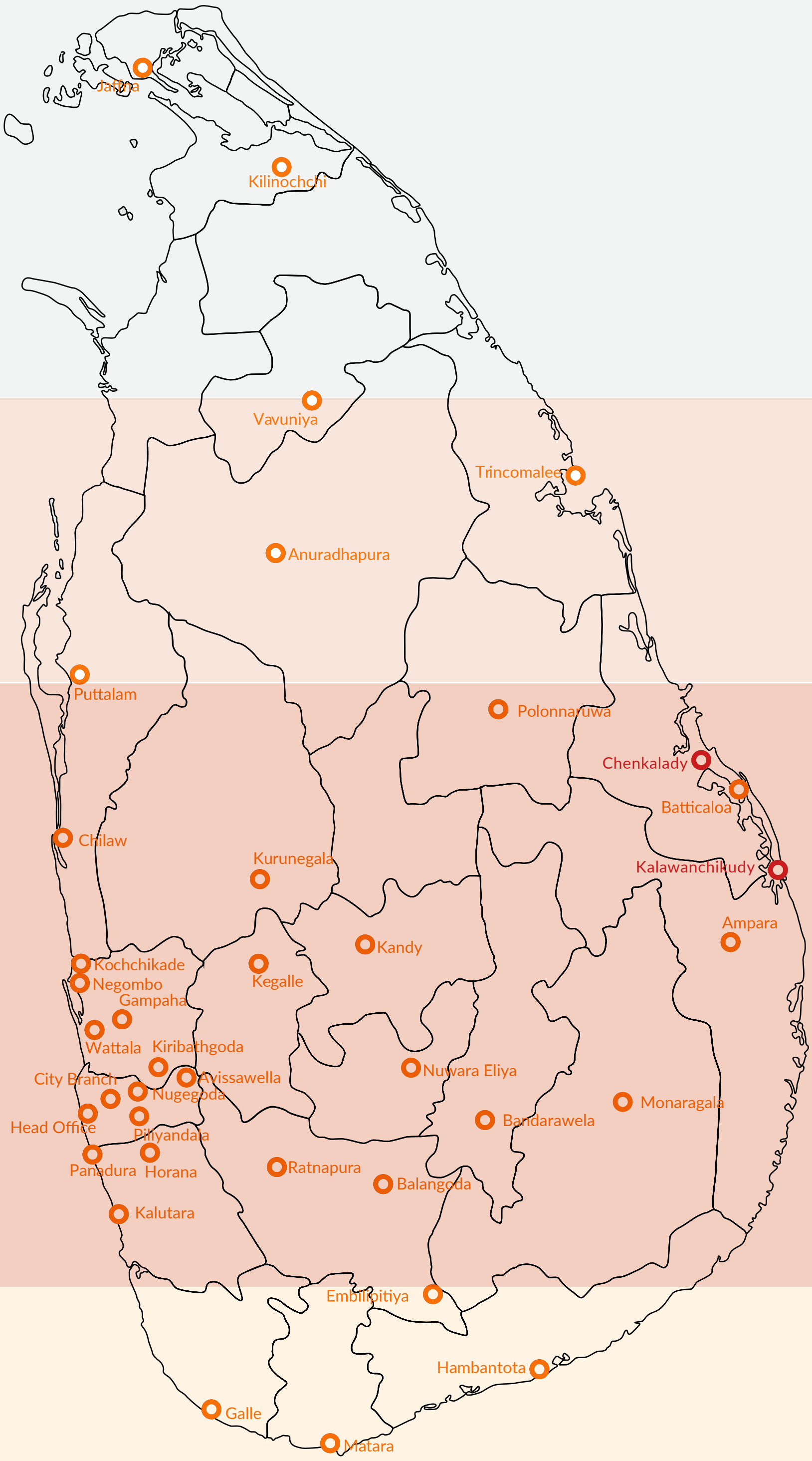
Looking ahead, Janashakthi Finance is poised to build on its strengthened financial capital to deliver higher stakeholder value. We remain committed to driving efficiency, improving return on equity, and optimising the use of financial resources. Our forward strategy focuses on prudent capital deployment, reducing funding costs, and leveraging digital platforms for enhanced operational effectiveness. As we continue to expand our financial footprint, we are guided by our core values of transparency, accountability, and sustainable value creation.

MANUFACTURED CAPITAL

Manufactured capital represents the physical and technological infrastructure that enables Janashakthi Finance PLC to deliver seamless financial solutions. This includes the Company's branch network, digital platforms and IT systems, all of which are continually upgraded to enhance efficiency, security and customer experience.

Branch network

- Head Office
- City Branch
- Ampara
- Anuradhapura
- Avissawella
- Balangoda
- Bandarawela
- Batticaloa
- Chilaw
- Embilipitiya
- Galle
- Gampaha
- Hambantota
- Horana
- Jaffna
- Kalutara
- Kandy
- Kegalle
- Kilinochchi
- Kiribathgoda
- Kochchikade
- Kurunegala
- Matara
- Monaragala
- Negombo
- Nugegoda
- Nuwara Eliya
- Panadura
- Piliyandala
- Polonnaruwa
- Puttalam
- Ratnapura
- Trincomalee
- Vavuniya
- Wattala
- Kalawanchikudy
- Chenkalady



TRANSFORMING BRANCH INFRASTRUCTURE

Janashakthi Finance PLC has significantly expanded its branch network to enhance both physical accessibility and customer service. In 2024/25, the Company opened strategically located branches in Kalawanchikudy and Chenkalady to extend its reach into underserved regions. These new locations enable the Company to offer its financial services to a broader audience, thereby reinforcing its commitment to financial inclusion and customer engagement. Simultaneously, existing branches have undergone targeted optimisation; for example, the Polonnaruwa branch was extended to better accommodate rising customer demand, while branches in Ampara and Kilinochchi were consolidated as part of a broader network efficiency strategy. In addition to expanding its physical presence, Janashakthi Finance PLC has invested heavily in modernising its physical infrastructure.

Key branches in Matara, Galle, Polonnaruwa and Chilaw underwent renovations designed to enhance customer experience. These upgrades have introduced modern layouts and improved service touchpoints, resulting in a more efficient and welcoming environment that supports faster, more effective service delivery.

STRENGTHENING DIGITAL TOUCHPOINTS

Beyond physical enhancements, the Company is also focused on strengthening its digital reach. Investments in digital transformation are being complemented by improvements in mobile and remote access capabilities, which ensure that customers can access financial services seamlessly from any location. Future initiatives include extending the Office 365 pilot project across the organisation to boost collaboration and productivity, as well as deploying advanced Artificial Intelligence (AI)-driven solutions for customer segmentation and business intelligence. These digital advancements, coupled with the upgraded physical infrastructure, not only support current operational needs but also align with the company's long-term strategic goals by enhancing efficiency, bolstering security and ensuring robust business continuity.

The Company website was recognised by 'bestweb.lk' as the Bronze winner under the Finance and Insurance category for its annual awards in 2024, highlighting the user friendly and sophisticated website.

ENHANCING TECHNOLOGICAL INFRASTRUCTURE

The Company prioritised technological advancements during the year, integrating new systems and process improvements to strengthen operational efficiency, enhance data security, and elevate customer service. Key technological enhancements included:

- Artificial Intelligence (AI) Integration – Leveraged AI-driven solutions to optimise customer segmentation and enhance sales performance.
- Business Intelligence Advancements – Implemented data-driven decision-making tools to provide deeper insights into business operations.
- Process Reengineering & Workflow Enhancements – Streamlined internal processes to improve service delivery and operational efficiency.
- IT Security Reinforcements – Strengthened cybersecurity measures through multiple layers of protection, ensuring data integrity and compliance with regulatory requirements.

These initiatives have fortified the Company's digital infrastructure, ensuring reliability and resilience in a rapidly evolving financial landscape.

FUTURE STRATEGIES

Looking ahead, the Company is committed to further enhancing its manufactured capital to remain at the forefront of the financial services industry. The Company has mapped out a comprehensive strategy focusing on three key areas: technological advancement, infrastructure optimization and digital transformation.

Under the technological advancement pillar, the Company plans to strengthen its system's High Availability (HA) framework to ensure seamless service delivery with minimal downtime. By implementing advanced load balancing techniques, real-time monitoring and failover systems, the Company aims to maintain a resilient IT infrastructure that can adapt to dynamic business demands. In addition, the Company seeks to expand its Disaster Recovery (DR) capabilities by investing in geographically dispersed, state-of-the-art data centres. These centres will be equipped with advanced redundancy measures, ensuring rapid data recovery and continuity in the event of a crisis. The focus on advanced cybersecurity measures will continue, with plans to deploy more sophisticated encryption protocols, further integrate AI-based threat detection systems, and conduct regular cybersecurity drills to assess and strengthen system defences.

For infrastructure optimisation, the Company will continue to evaluate and refine its branch network. The Company plans to open additional strategically located branches in underserved regions while optimising underperforming locations for greater efficiency. Existing branches will also undergo continuous modernization, with a focus on customer-centric designs that facilitate seamless service delivery. The Company expects to launch its own Debit Card using the common ATM switch which will provide a seamless customer interaction.

As part of its digital transformation agenda, the Company will broaden the deployment of Office 365 (O365) across all departments to promote internal collaboration and productivity. The adoption of AI-driven analytics for customer segmentation and market insights will help tailor products to specific customer needs, resulting in a more personalised and effective customer experience. The Company also plans to introduce an upgraded mobile app with enhanced features, including real-time account updates, secure transaction capabilities, and AI-powered virtual assistants for instant support.

The Company aims to adopt a hybrid cloud approach, enabling scalable, flexible, and cost-effective IT solutions that can adapt to future business needs.

In alignment with global sustainability goals, the Company intends to invest in energy-efficient infrastructure for its branches and data centres. Initiatives such as transitioning to renewable energy sources, optimising power consumption, and implementing environmentally friendly building practices will be prioritised. By focusing on these strategies, the Company seeks to drive operational efficiency, enhance digital resilience, expand customer reach, and align with its long-term vision of sustainable growth in an increasingly digital financial landscape.

HUMAN CAPITAL

At Janashakthi Finance PLC, our human capital forms the foundation of our sustained growth and operational excellence. Our approach to human capital management is designed to cultivate collaboration, creativity and continuous learning, reinforcing a culture of inclusivity and engagement. Our workforce embodies a wealth of expertise, innovation and diverse perspectives that drive our strategic objectives. Recognising that our employees are integral to our success, we are committed to fostering a workplace culture that nurtures their professional and personal development, while ensuring that every team member feels valued and motivated. By promoting open communication and investing in skill development, we create pathways for career advancement while strengthening organisational capability. Aligned with our long-term growth strategy, our human resource framework is structured to equip employees with the knowledge, tools and opportunities necessary to excel. Over the past year, we have intensified our efforts to position the Company as an employer of choice, focusing on employee satisfaction, professional growth and a dynamic work environment.

EQUAL OPPORTUNITY AND EMPLOYEE DEVELOPMENT

The Company is committed to fostering an inclusive and equitable workplace where every employee has access to opportunities for growth and career advancement. As an equal opportunity employer, we uphold a culture of fairness, meritocracy and non-discrimination, ensuring that all individuals, regardless of background, have the resources and support to thrive. We provide access to continuous professional development, enabling employees to acquire new competencies, pursue further education and take on leadership roles within the organisation. The Company maintains a zero-tolerance policy towards discrimination in all forms, reinforcing a workplace environment that respects diversity and promotes equal participation. By integrating these principles into our human resource strategies, we not only enhance employee engagement and productivity but also strengthen our long-term organisational sustainability.

PERFORMANCE MANAGEMENT AND EMPLOYEE DEVELOPMENT

Our performance management framework is designed to drive accountability, enhance productivity and support continuous professional growth. Our structured evaluation process ensures that employees are aligned with organisational goals while fostering a culture of high performance and development. At the start of each financial year, key performance indicators (KPIs) and objectives are established in alignment with business priorities. Regular progress reviews and constructive feedback mechanisms enable employees to track their performance, identify strengths and address areas for improvement. The annual appraisal process provides a comprehensive assessment of individual contributions, facilitating targeted development plans to enhance skills and career progression. Employee wellness and mental health initiatives are integrated into HR policies, demonstrating the company's commitment to holistic employee well-being. Moreover, an Automated System-Driven Performance Evaluation (PE) module was implemented, streamlining performance assessments. A dedicated Automated Probationer Performance Evaluation module ensures an objective evaluation process for new hires.

TALENT ACQUISITION & RETENTION

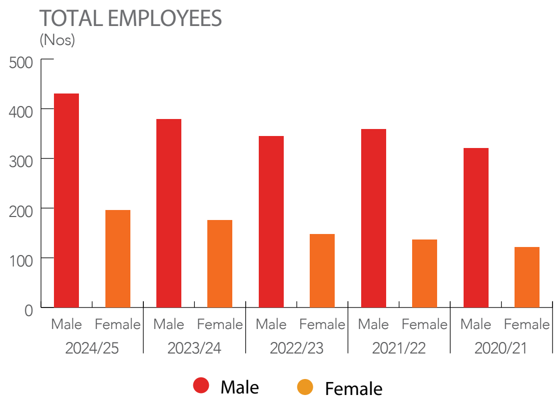
The Company implemented a series of strategic initiatives to attract and retain top talent, reinforcing its position as an employer of choice. During the year under review, the company strengthened employer branding through multiple channels to enhance visibility and appeal among potential candidates. Competitive compensation and benefits packages have been structured to attract top-tier talent while enhancing the Employee Value Proposition (EVP) to foster retention.

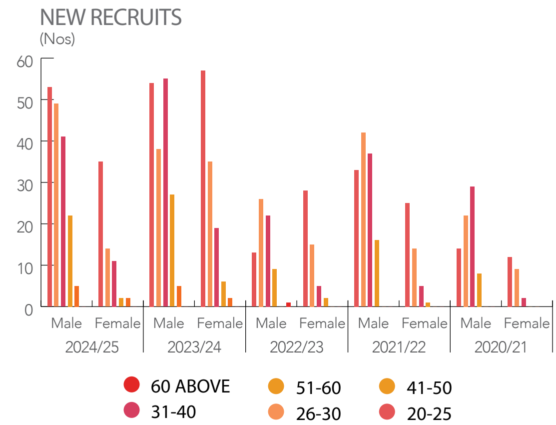
Recruitment efforts were further bolstered by active engagement with career fairs and collaboration with multiple universities to identify high-potential candidates. Regional recruitment campaigns were introduced to attract talent based on specific regional requirements by liaising with institutes and universities.

Moreover, customised recruitment advertising campaigns were conducted with the participation of existing staff members,

HUMAN CAPITAL

ensuring alignment with the Company's workforce needs. The introduction of the 'Refer a Friend' incentive scheme encouraged employees to bring in suitable candidates, further streamlining the hiring process. In keeping with emerging trends, the company also leveraged social media by publishing recruitment advertisements on TikTok, broadening its outreach to younger talent pools.





EMPLOYEE DEVELOPMENT & TRAINING

Committed to cultivating a learning-centric culture, the Company systematically captured training needs through a Training Needs Analysis (TNA) and implemented a comprehensive training plan across all business units. Continuous learning programmes were prioritised to enhance employee skills and capabilities. Leadership development initiatives were expanded, with mentorship and coaching programmes tailored specifically for regional and branch managers. Identified high-potential staff was provided with upskilling and reskilling opportunities, ensuring their readiness for future roles. An Anti-Money Laundering (AML) assessment was introduced for all staff via an e-learning platform, ensuring regulatory compliance and awareness.

A second-line pool of internal facilitators was developed and groomed to increase the pool of facilitators to strengthen the internal training programs. Also, on-the-job training sessions were conducted for customer-facing staff, equipping them with the skills required to enhance customer experience and service excellence.

	2024/25	2023/24
No. of achieved hours	6,314	6,460
Number of training programs (total)	85	53
Internal programs	40	20
External programs	45	33
Overseas programs	0	0
Investments in training	Rs. 4,805,085	Rs. 3,176,545

WORKPLACE CULTURE & EMPLOYEE EXPERIENCE

The Company fostered a strong organisational culture anchored in core values and a clear mission. Initiatives promoting work-life balance, such as flexible work arrangements and remote work options were introduced to enhance employee well-being. To encourage transparency and collaboration, open communication tools were implemented, enabling seamless engagement across teams.

Conflict resolution and grievance management mechanisms were strengthened to ensure a fair and supportive workplace. The Company's commitment to workplace excellence was reaffirmed by its certification as a Great Place to Work (GPTW), with employee satisfaction reaching an impressive 92%. Achieving this recognition involved a rigorous evaluation process, including anonymous employee surveys and culture audits. These assessments examined key aspects of workplace practices, with a strong focus on trust, fairness, respect, and camaraderie.

HR TECHNOLOGY & ANALYTICS

During the year, the Company leveraged technology to enhance HR processes and decision-making. A robust Human Resource Information System (HRIS) was deployed to automate routine HR functions, increasing efficiency and accuracy. People analytics played a crucial role in data-driven decision-making and optimising talent management strategies. AI-driven recruitment tools streamlined hiring processes, improving candidate assessment and selection. Furthermore, digital onboarding and training platforms enhanced employee engagement and development, making transitions smoother for new hires.

SUCCESSION PLANNING & LEADERSHIP DEVELOPMENT

A structured succession planning framework was implemented to identify and nurture high-potential employees. Career growth pathways were also established, ensuring employees had clear trajectories for professional advancement. Cross-functional leadership exposure programmes provided employees with diverse experiences, preparing them for senior roles. Strategic workforce planning ensured a robust leadership pipeline to support the company's long-term growth.

MEASURES TO MOTIVATE EMPLOYEES

Providing Autonomy and Trust - Janashakthi Finance PLC has cultivated a culture of accountability by minimising micromanagement and fostering trust among employees via initiatives such as flexible work arrangements, remote work options and adaptable working hours to enhance work-life balance and productivity.

Career Growth and Development - The organisation remains committed to employee development through a variety of training programmes and workshops. Structured mentorship and coaching opportunities have been introduced to guide employees in their career progression. Clear career pathways have been established to identify and nurture high-performing individuals, supported by coaching programmes designed for key staff.

Recognising and Rewarding Efforts - Janashakthi Finance PLC has reinforced a strong performance-driven culture by implementing performance-based incentives. Employees who demonstrate outstanding performance are rewarded through bonuses and salary increments. The "Power of Praise" reward and recognition framework includes product-based incentive schemes for sales teams and service excellence awards for non-sales employees.

Recognise staff through the value awards, where individuals who live by the corporate values are awarded

Encouraging Open Communication - Transparency and open communication remain at the heart of the workplace culture. Regular team meetings and one-on-one discussions provide employees with a platform to voice their concerns and ideas, fostering a culture of continuous feedback and engagement.

Creating a Positive Work Environment - To support employees' well-being, the Company has introduced work-life balance initiatives, including wellness programmes and mental health support services, ensuring a holistic approach to employee satisfaction.

Providing Meaningful Work - Janashakthi Finance PLC actively aligns job roles with employees' strengths and career aspirations. Employees are encouraged to participate in decision-making and problem-solving processes, reinforcing their sense of purpose and contribution to the Company's overall success.

Offering Competitive Compensation and Benefits - Competitive salaries aligned with market standards are a key component of the employee value proposition including health insurance, retirement plans and paid leave. Performance incentive policies have been revised to align with business strategies, and salary anomaly corrections have been made to ensure fair compensation for junior and executive-level staff. Additionally, automated incentive schemes and dedicated benefits for gold loan staff have been introduced to further enhance motivation and retention.

Promoting Leadership Development - Dedicated to identifying and nurturing future leaders, employees are encouraged to take on leadership responsibilities through structured leadership training and management development programmes, creating a strong internal talent pipeline for future growth.

HUMAN CAPITAL

PROVIDING OPPORTUNITIES TO INTERNAL STAFF THROUGH INTERNAL JOB POSTINGS

Encouraging Innovation and Creativity - Innovation is actively recognised and rewarded within the organisation. The Company fosters an environment where employees feel empowered to experiment with new ideas, and mistakes are viewed as learning opportunities that contribute to continuous improvement.

Strengthening Teamwork and Collaboration - To build a strong sense of unity and cooperation, the Company organises team-building activities and retreats. Cross-functional teamwork is encouraged to enhance synergy and productivity across various departments.

Management Trainee Programme - The Management Trainee (MT) programme serves as a pipeline for future leadership roles. Performance-based evaluations, departmental fit assessments, and company needs to determine the absorption of trainees into permanent roles. Strong mentorship and networking opportunities enhance the trainees' chances of retention, ensuring a steady inflow of capable professionals into leadership positions.

WELFARE & RECREATIONAL PROGRAMMES

Financial Assistance - The Company supports employees and their families through financial assistance programmes. The "Shilpa Yathra" initiative provides educational benefits to students excelling in Grade 5 and Ordinary Level examinations. University entrants receive cash vouchers, while employees welcoming newborns are gifted vouchers to celebrate this milestone.

Bereavement Support - Janashakthi Finance PLC offers medical aid and bereavement support to employees and their families during difficult times, reinforcing its commitment to employee welfare.

Recreational Initiatives - Employee engagement is enhanced through sports events and social activities organized by the "Fun Squad," which creates a vibrant and enjoyable work environment.

Remote Work Arrangements - To support employees working remotely, the Company has implemented hybrid work models based on operational requirements. Enhanced communication tools, such as Microsoft Teams and Zoom, have been integrated to improve connectivity and team engagement.

HRM/Labour Targets & Achievements - Janashakthi Finance PLC remains focused on talent retention, leading to a reduction in employee turnover. Training participation has increased significantly, with each employee receiving an average of 15 hours of professional development. Employee engagement scores have reached an impressive 92%, reflecting the company's commitment to a supportive and motivating work environment. Additionally, automation of HR processes has led to increased operational efficiency, streamlining various administrative functions.

Workplace Health & Safety Measures - The Company prioritises workplace safety through regular training and emergency drills, ensuring employees are well-prepared for any contingencies. Mental health support is a key focus area, with counselling services and stress management initiatives designed to foster a healthy work-life balance.

REWARDS & RECOGNITION

The Company recognises and celebrates employee achievements through Value awards & the Power of Praise reward & recognition programmes, which extends star performers with monetary or non-monetary rewards for exceptional achievements. The top performers are chosen monthly, quarterly and annually and are rewarded for their outstanding achievements. These rewards are given to branches and regions, fostering a culture of ongoing motivation and excellence.

The Company remains dedicated to creating a thriving, empowered, and engaged workforce, ensuring sustainable business growth while fostering an environment where employees can excel and achieve their professional aspirations.

INTELLECTUAL CAPITAL

TACIT KNOWLEDGE

The rapid growth of Janashakthi Finance PLC within a short period of time can be attributed to the extensive industry expertise of its team, which comprises veterans in the financial services industry with decades of experience, coupled with financial specialists, sales and marketing specialists and customer service professionals. By harnessing this dynamic talent pool, the Company is able to drive innovation and respond effectively to evolving market conditions. The senior management team is one of the best in the country, as is evident from the Board of Directors profiles on pages 56 to 58.

INTELLECTUAL PROPERTY

Our intellectual property portfolio is a key differentiator, offering a competitive edge in the market. We actively manage and protect our patents, trademarks, and proprietary technologies to safeguard our innovations. Compliance with regulatory frameworks and adherence to industry standards further strengthen our intellectual asset base. The Company adhered to stringent protocols to safeguard its intellectual property, including proprietary technologies and trademarks. Efforts were made to develop and protect new intellectual assets, reinforcing the Company's commitment to innovation and regulatory compliance. These initiatives contributed to the Company's competitive edge by securing its unique solutions and expertise.

PRODUCT DEVELOPMENT

Innovation drives the Company's strategic vision, fuelling its ability to meet evolving market demands. Over the past year, several new products and services were introduced to the market with the aim of enhancing customer experience and operational efficiency; these R&D efforts continue to focus on cutting-edge solutions that address emerging industry trends. By fostering a culture of creativity and continuous improvement, the Company ensures that its offerings remain competitive and relevant.

During the year under review, the Company introduced OD PLUS, a tailored overdraft facility designed to meet the dynamic financial needs of its clients. This product was developed based on observed market demand and customer feedback. The introduction of OD PLUS reflects the Company's commitment to continuously evolving its financial solutions in response to emerging customer requirements.

SERVICE INNOVATIONS

The Company implemented several service improvements to enhance operational efficiency and customer experience:

- A Workflow Management System was introduced to streamline internal processes, reducing delays and improving service delivery. Enhancements to the Customer Relationship Management (CRM) system enabled better lead and customer management, strengthening client engagement.
- The integration of the Common Electronic Fund Transfer Switch (CEFTS) facilitated real-time fund transfers, providing customers with greater convenience.
- A dedicated Debt Revival Unit was established to proactively manage and recover outstanding debts, reinforcing the company's financial stability. These innovations collectively contributed to faster service delivery, reduced approval times and a more efficient customer experience.

BRAND EQUITY

Janashakthi Finance PLC's brand equity is built on trust, reliability and excellence, and it continues to strengthen its market presence through targeted marketing campaigns, strategic partnerships and customer engagement initiatives. Maintaining high standards of service quality and corporate responsibility has steadily reinforced the the Company's reputation as an industry leader. Its proactive approach to brand management ensures that the Company remains a preferred choice among stakeholders while enhancing long-term value-creation.

In 2023/24, the Company made significant strides in strengthening its brand equity through branch expansion, marketing initiatives and industry recognition. New branches were opened in Nuwara-Eliya, Kaluwanchikudy and Chenkalady, extending the Company's reach and enabling it to serve a broader customer base. Several successful marketing campaigns were launched, including TV and radio commercials targeting the three-wheeler community, which enhanced brand visibility and engagement.

Committed to enhancing brand recognition and customer loyalty, the Company has invested in digital and social media engagement, producing emotionally resonant commercials in Sinhala and Tamil that significantly boosted online interactions. Above-the-Line (ATL) campaigns, including targeted radio and TV advertisements, helped connect with diverse communities. Practical gifts were distributed to the three-wheeler community, and a 'first-month rental free' offer was introduced, fostering customer loyalty.

Furthermore, the Company continued its commitment to corporate social responsibility (CSR) through initiatives such as the "Gift a Book, Gift a Future" campaign and the donation of 7,500 saplings for reforestation. These efforts reinforced the Company's image as a socially responsible financial institution.

TECHNOLOGY AND DIGITAL SOLUTIONS

Investing in technology is pivotal to enhancing operational efficiencies and delivering superior customer experiences. We have strengthened our digital infrastructure by implementing advanced cybersecurity measures, upgrading core systems, and leveraging artificial intelligence to optimise processes. Our commitment to digital transformation ensures seamless interactions with stakeholders while enhancing data security and compliance. These advancements position us for sustained growth in an increasingly digital landscape.

By modernising our digital infrastructure, we have significantly strengthened data security, optimised workflows, and improved service delivery. Our adoption of emerging technologies, including artificial intelligence (AI), cloud computing and advanced cybersecurity solutions, positions us for long-term success in an increasingly digital-first financial ecosystem.

The Company made substantial investments in technology and digital solutions to enhance efficiency, security and service delivery. A state-of-the-art Advanced Recovery System (ARS) was seamlessly integrated into our core banking platform, enabling proactive tracking of overdue loans and legal case management. Our Customer Relationship Management (CRM) system was further enhanced to provide a more robust and intuitive interface for managing customer complaints, ensuring faster resolution times and an improved user experience. To enhance the reliability and performance of our digital services, we implemented significant infrastructure upgrades with High Availability (HA) architecture, ensuring seamless failover capabilities and system redundancy. The relocation of our Disaster Recovery (DR) data centre further strengthened business continuity and disaster resilience, safeguarding critical operations against potential disruptions.

Recognising the growing sophistication of cyber threats, we deployed multiple cybersecurity enhancements to reinforce our security posture.

To further enhance security, we introduced a Mobile Device Management (MDM) solution, ensuring encrypted and secure access to corporate resources for field employees. This initiative strengthens data integrity by enforcing security policies, remote wipe capabilities, and access controls for all handheld and mobile devices.

The Company also established connectivity to the LankaPay CEFTS network, enabling seamless and real-time electronic fund transfers. Furthermore, a pilot project for Microsoft Office 365 was launched among corporate management staff to enhance collaboration and communication. Improvements to Active Directory (AD) security features and the deployment of a Secured Remote Access Solution ensured robust data protection. These technological advancements streamlined operations, reduced manual workloads, and enhanced service efficiency. By embracing digital transformation, the company strengthened its customer interactions, expedited service processes, and reinforced data security, ultimately enhancing the overall customer experience.

Automation of key workflows, coupled with AI-driven analytics, has enhanced decision-making accuracy and operational agility.

By embracing a holistic digital transformation strategy, the Company has reinforced its commitment to customer-centric innovation, enabling seamless interactions, accelerated service delivery, and fortified data security. These advancements ensure that we remain at the forefront of the financial sector, continuously evolving to meet the dynamic demands of an increasingly digital world.

INTELLECTUAL CAPITAL

INFORMATION SECURITY

The Company has implemented advanced information security solutions to strengthen its core infrastructure and enhance overall cybersecurity resilience. This includes the deployment of Endpoint Detection and Response (EDR) systems, which provide proactive threat detection, monitoring, and rapid incident response capabilities. These enhancements are part of the Company's ongoing commitment to safeguarding critical data, mitigating cyber risks, and ensuring a robust security posture in line with industry best practices.

In order to mitigate cyber risks, the Company deployed several security measures:

- NextGen Endpoint Detection and Response (EDR) to protect against sophisticated cyber threats.
- Mobile Device Management (MDM) to secure company-issued mobile devices used by field staff.
- Active Directory (AD) Enhancement for stronger access control and data security.
- Secured Remote Access Solution to safeguard sensitive information and ensure secure remote working.
- Disaster Recovery (DR) Data Centre Relocation to enhance physical and network security for critical systems.

NPL MANAGEMENT EXPERTISE

A critical aspect of the Company's intellectual capital lies in its expertise in managing Non-Performing Loans (NPLs). The Company employs data-driven strategies and sophisticated recovery frameworks to identify, segment, and proactively manage NPLs. Through advanced analytics, NPLs are categorized based on various risk profiles, allowing for customized recovery strategies, such as loan restructuring, renegotiation, and legal interventions. By effectively managing the NPL portfolio and balancing high-risk and low-risk loans, the Company ensures efficient resource allocation to maximize recovery ratios. Furthermore, the use of key performance indicators (KPIs) like NPL ratios, Collection ratios, and impairment coverage helps track performance and refine strategies for continual improvement. This expertise enhances the Company's ability to minimize financial risks and maintain financial stability, reinforcing its position as a leader in the industry.

BUSINESS CONTINUITY MANAGEMENT

Business Continuity Management (BCM) forms a key component of the Company's intellectual capital, designed to ensure resilience and agility during unforeseen disruptions. Aligned with the Operational Risk Management Framework, the BCM structure incorporates both the Business Continuity Plan (BCP) and the Disaster Recovery Plan (DRP), providing a comprehensive safeguard for critical business functions.

The Company has enhanced and updated its Disaster Recovery (DR) processes and systems to ensure greater resilience, efficiency and reliability. These updates are aimed at strengthening business continuity, minimising downtime, and improving the organisation's ability to respond to potential disruptions effectively. The enhancements include system optimisations, process refinements, and the implementation of best practices to align with industry standards.

CONTINUOUS IMPROVEMENT PROGRAMMES

We recognise the importance of intellectual capital in driving sustainable growth. Our focus on knowledge management ensures that critical expertise is retained and shared across the organisation. Continuous training and development programmes empower our workforce with the latest industry insights and best practices. The culture of continuous improvement was fostered through regular training sessions and workshops designed to enhance operational excellence. Mechanisms for knowledge sharing were strengthened, with dedicated platforms and forums enabling employees to exchange insights, best practices, and innovative ideas. Systems were put in place to document and disseminate critical knowledge, ensuring that valuable information remains accessible and leveraged across the organisation.

STRATEGIC PARTNERSHIPS

Collaborations with industry leaders, academic institutions, and technology partners play a crucial role in enhancing our intellectual capital. We actively seek strategic alliances that drive innovation, expand market reach, and improve service offerings. These partnerships enable us to leverage external expertise while fostering a culture of co-creation and shared success. By aligning with key stakeholders, we enhance our ability to navigate complex industry dynamics and capitalise on emerging opportunities.

The Company continued to strengthen its strategic partnerships to enhance intellectual capital and expand its market presence. Ongoing collaborations with Janashakthi Insurance provided life insurance cover for lessees, while partnerships with Singer Solar, Fuji Technologies, and Singhagiri facilitated the introduction of solar panel solutions. These alliances enabled the Company to offer innovative products, reach new customer segments, and drive business growth. By leveraging its intellectual capital across product development, service innovation, brand building, technology, continuous improvement, and strategic partnerships, the Company reaffirmed its position as a forward-thinking financial services provider committed to delivering sustainable value to its stakeholders.

REWARDS & RECOGNITION

Janashakthi Finance PLC was recognised for its excellence in Islamic finance and digital marketing, securing six accolades at the Sri Lanka Islamic Banking and Financial Industry (SLIBFI) 2024 awards and six at the Islamic Finance Forum of South Asia (IFFSA) Awards 2024, which are detailed in the Social Capital section on pages 50 to 52.

The Company was also honoured with a Certificate of Recognition by the ISACA Sri Lanka Chapter for its efforts in promoting ethical principles and values in the digital world. The recognition was awarded for the Company's impactful initiatives, which integrate practical projects and tools to foster a sustainable future.

The Company was recognised with a Merit Award at the Best Management Practices Company Awards 2025, organised by the Institute of Chartered Professional Managers of Sri Lanka. This prestigious accolade was awarded for the paper presented by the Company, which showcased the development and implementation of the Risk and Control Self-Assessments (RCSA) during 2024. The recognition reflects the Company's continued commitment to strengthening its risk management practices and embedding a robust risk culture across all operations. The RCSA framework has been instrumental in proactively identifying, assessing, and managing key risks while enhancing internal controls, thereby reinforcing the Company's resilience and governance standards.

The Company has been honored with the Bronze Award at the prestigious TAG Awards 2024 by CA Sri Lanka, in the category of Total Group Assets up to Rs. 25 Bn. In addition to this remarkable achievement, we were also awarded the Certificate of Recognition for Integrated Reporting and Corporate Governance Disclosure - Financial Services for the very first time. These awards reflect our unwavering commitment to transparency, corporate governance, and the highest standards of financial reporting.

SOCIAL AND RELATIONSHIP CAPITAL

Social & Relationship capital represents the network of relationships and trust that an organisation builds with its stakeholders, including customers, employees, suppliers and the wider community. By nurturing strong social capital, Janashakthi Finance PLC is improving customer satisfaction and driving sustainable growth in an increasingly interconnected and competitive business environment. The Company has made rapid strides in enhancing customer service, community engagement and overall brand recognition through a series of innovative initiatives and award-winning achievements to strengthen its relationship with customers, suppliers and the wider community. During the year under review, the company introduced several customer service innovations that have fundamentally transformed its operations and elevated the customer experience.

CUSTOMERS

Customers are fundamental stakeholders because they directly influence an organisation's success and sustainability. Their feedback drives continuous improvements, shaping products and services to better meet market demands. Satisfied customers not only provide a steady revenue stream but also serve as brand advocates, enhancing reputation and trust through positive word-of-mouth. Ultimately, by actively engaging with customers, organisations can foster loyalty, drive innovation, and secure long-term growth.

Segment-wise customers	2020/21	2021/22	2022/23	2023/24	2024/25
Lease/Loans	13,627	9,372	7,216	8,090	8,654
Gold Loans	8,584	12,233	13,052	13,731	16,049
Fixed Deposits	2,892	2,465	3,940	3,849	4,006

SERVICE INNOVATIONS

By implementing a workflow management system, the Company streamlined internal processes, which markedly reduced turnaround times for file approvals and overall processing. In tandem with these efforts, enhancements to the Customer Relationship Management (CRM) system have enabled more effective tracking of customer interactions and lead management, ensuring that client needs are addressed promptly and accurately.

The adoption of a CEFT transferring solution has further improved service delivery by facilitating seamless electronic fund transfers, while the launch of a dedicated Debt Revival Unit has empowered the company to proactively manage and recover overdue accounts. Collectively, these measures have led to faster service, reduced delays, and a more responsive banking experience that has substantially increased customer satisfaction.

CUSTOMER RELATIONSHIP MANAGEMENT

The Company places significant emphasis on enhancing its Customer Relationship Management (CRM) to foster stronger client connections and improve service delivery. To spearhead this initiative, the company has appointed a CRM specialist responsible for overseeing and optimising CRM processes, ensuring a more personalised and efficient customer experience.

Recognizing the importance of integrating CRM with other critical systems, the Company has embarked on a comprehensive upgrade of its CRM infrastructure. This enhancement involves seamless integration with core banking platforms, credit risk management tools, call centre software, and complaint management systems, thereby streamlining operations and facilitating a unified view of customer interactions.

Striving to align its services with customer expectations, the Company conducts regular surveys and research to assess client needs and satisfaction levels. Insights gained from these studies inform continuous improvements in products and services, reinforcing the Company's dedication to maintaining high customer satisfaction and loyalty.

CUSTOMER ENGAGEMENT

The Company also focused on fostering customer engagement through participation in major events and targeted initiatives. The Company actively participated in the Motor Show 2024, where its dedicated stall showcased an array of financial solutions including regular leasing, solar leasing and fixed deposits. This three-day event provided a platform to connect with a diverse audience, further reinforcing the Company's market presence. Moreover, the introduction of the 'Penmani' initiative underscored the Company's commitment to empowering women in the North and East by offering scooter leasing facilities that promote independence and mobility, while simultaneously supporting their personal and professional aspirations.

Two new products were introduced during the year under review: OD Plus and Penmani scooter leasing to cater to the specific needs of customers. Penmani is a dedicated financial solution designed to empower women in the North & East by offering scooter leasing facilities to enable women to achieve greater independence and mobility while supporting their personal and professional aspirations. Expanding access for customers further, the Company opened two new branches in Chenkalady & Kaluwanchikudy, thereby increasing its branch network to 37 by the end of the 2023/24 financial year.

CUSTOMER ONBOARDING

Enhancing the customer onboarding experience has been a key focus area for the Company throughout the year. By leveraging digital transformation and operational improvements, the Company has streamlined the onboarding journey to provide a seamless and customer-friendly experience. To attract quality leads, the Company executed targeted digital campaigns across multiple platforms, including social media, Google Ads, and programmatic advertising. These campaigns featured direct call-to-action messages and were localized in Sinhala, Tamil, and English to cater to a diverse audience, ensuring maximum outreach and engagement.

The onboarding process was further refined with enhancements to the Company's website, which now features an intuitive interface and a fully digital lead form. This digital transformation has simplified customer access to financial services, reducing manual processes and expediting service initiation.

At the branch level, the Company implemented town-storming campaigns aimed at increasing local awareness and attracting potential customers. Additionally, frontline staff underwent rigorous training to enhance their service capabilities, ensuring they could effectively assist customers during the onboarding process. The establishment of an improved customer support hotline further strengthened service accessibility, offering timely assistance to both new and existing clients.

Through these comprehensive initiatives, the Company has successfully transformed the customer onboarding experience, making it more efficient, engaging, and aligned with modern customer expectations. The Company remains committed to continuous improvement, ensuring that its financial services remain accessible, reliable, and customer-centric.

ENHANCING CUSTOMER RELATIONSHIP MANAGEMENT

In line with its continued commitment to improving customer service and operational efficiency, the Company has undertaken several initiatives to enhance its Customer Relationship Management (CRM) strategy during the 2024/25 financial year.

Strengthening CRM Capabilities

A significant decision was made to recruit a professional with expertise in CRM to oversee and manage the CRM functions of the Company. This strategic move has been complemented by the successful implementation of a comprehensive CRM system within the organisation, ensuring more structured and effective customer interactions.

CRM System Enhancements

To further strengthen its CRM framework, the Company initiated crucial system upgrades aimed at boosting efficiency and integration across departments. These integrations are designed to enhance data accuracy, streamline processes, and improve responsiveness to customer needs.

Understanding Customer Needs

While formal surveys or research studies are not detailed for this period, the Company recognises the importance of understanding customer expectations and satisfaction levels. This remains an area of focus for ongoing and future CRM development.

Customer Complaint Management

The Company maintained a proactive approach in handling customer grievances. Between April 2024 and February 2025, a total of 81 complaints were received, 26 through the Central Bank of Sri Lanka's Financial Consumer Relations Department (FCRD) and 55 directly to JFP. Of these, approximately 90% were successfully resolved, reflecting the Company's commitment to addressing customer concerns effectively.

Call Centre Performance

The call centre, primarily focused on recovery outbound calls, maintained an average response time of 1 to 3 minutes. However, the abandoned call rate stood at 20%, indicating potential areas for improvement in customer engagement and resource allocation.

MARKETING COMMUNICATIONS

The Company has demonstrated a robust and innovative approach to digital engagement, contributing to its Social and Relationship Capital. Dynamic social media campaigns encompassing product promotions, financial education and engaging static posts were executed along with targeted lead and call generation initiatives. These digital endeavours not only deepened customer engagement but also drove higher sales volumes and expanded brand visibility. The Company undertook a series of strategic initiatives that included large-scale above-the-line advertising and targeted digital marketing campaigns. A mega advertising campaign for Three-wheel Leasing, featuring

SOCIAL AND RELATIONSHIP CAPITAL

emotionally compelling television commercials on major channels and supportive radio jingles, was instrumental in increasing brand awareness. The Company's commitment to customer engagement extended beyond traditional advertising through regular street promotions, community outreach, and participation in significant events such as the Motor Show 2024.

In addition to its digital efforts, the Company launched an impactful mass communication campaign aimed at promoting its Three-wheeler product. By leveraging the emotional power of storytelling through television and radio, the Company reached a wide audience. The television commercial was broadcast on major channels such as Derana TV, Sirasa TV, and Shakthi TV, while the radio spots resonated with listeners across Shaa FM, Y FM, and Sooriyan FM. This high-profile campaign successfully captured the attention of audiences across the island, thereby strengthening the brand's presence and creating a lasting positive impression among potential customers.

At the branch level, a proactive approach was taken to enhance brand and product awareness through regular street promotions. The Company's branches conducted monthly town-storming campaigns that included visits to key dealers, engagement with the three-wheeler community and direct interactions with both businesses and individual customers. By strategically targeting previously untapped locations, these initiatives succeeded in reaching new customer segments, significantly bolstering customer engagement and expanding the brand's footprint in local communities.

The Company has successfully reached all our target customer groups in all three main languages, which is in line with FCPR standards. We have effectively leveraged our social media channels and digital presence to engage and inform customers about our product propositions and solutions throughout the period. Moving forward, we aim to expand our community through a digital-first approach in the coming years. The cumulative effect of these marketing communications and brand-building activities has significantly enhanced the Company's market positioning. The Company's innovative and multifaceted approach has not only strengthened customer relationships and engagement but has also established the firm as a leading, trusted player in the financial services sector, recognised both locally and internationally for its excellence in digital and mass communications.

RECOVERY AND COLLECTION STRATEGY

As part of our commitment to improving service delivery and operational excellence, the Company has placed a strong emphasis on enhancing its collections process. The Company has introduced several measures aimed at reducing non-performing loans (NPLs), and increasing collection ratios. These initiatives are vital to ensuring the long-term sustainability of the business and safeguarding stakeholder interests.

To further strengthen the recovery process, the Company established a dedicated Debt Revival Unit, which proactively engages with clients who are struggling to meet their financial obligations. The unit focuses on negotiating more flexible repayment plans, offering restructuring options, and enhancing customer communication to avoid the escalation of overdue accounts into NPLs. This personalized approach has helped reduce NPL ratios and facilitated smoother customer relationships, fostering a sense of trust and collaboration.

CUSTOMER-CENTRIC RECOVERY APPROACH

By aligning its recovery efforts with a customer-centric philosophy, the Company has ensured that even during challenging financial situations, clients receive the support they need to manage their obligations. This approach strengthens customer relationships, prevents reputational damage, and ultimately contributes to the company's bottom line by improving recovery ratios.

PERFORMANCE METRICS

Janashakthi Finance PLC regularly monitors its collection performance and NPL levels to ensure that its recovery strategies are effective. The collection ratio has seen a steady increase year over year, reflecting the positive impact of these measures. Furthermore, the Company continuously analyses NPL trends to identify areas for improvement and refine recovery strategies, ensuring that both the business and its clients continue to thrive.

AWARDS & ACCOLADES

The Company's robust marketing communications strategy has also been recognised through numerous prestigious awards, further solidifying its standing as a leader in the financial sector. Janashakthi Finance PLC Alternative Finance Business Unit was recognised highly at the Islamic Finance Forum of South Asia (IFFSA) and at the Sri Lanka Islamic Banking and Finance Industry (SLIBFI) Awards 2024. The Company garnered twelve distinguished accolades in total in both awards ceremonies.

At the IFFSA Awards 2024, the Company achieved multiple accolades, including:

- Gold Award for Islamic Finance Entity of the Year 2023/2024
- Gold Award for Islamic NBFI Window/Unit of the Year 2023/2024
- Gold Award for Digital Marketing Campaign of the Year 2023/2024
- Silver Award for Marketing Campaign of the Year 2023/2024
- Ifath Zuhry Special Recognition Award for Outstanding Service to the Industry

- Bronze Award for Nazick Hassan - Rising Star of the Year 2023/2024
- At the SLIBFI Awards 2024, the company was honoured with:
- Islamic Finance NBFI of the Year 2023/2024
- Islamic Finance Window/Unit of the Year 2023/2024
- Banker/Employee of the Year – Ifath Zuhry 2023/2024
- Breakthrough Performance of the Year 2023/2024
- Marketing Campaign of the Year 2023/2024
- Digital Marketing Campaign of the Year 2023/2024

These honours reflect the dedication of its team and the trust of its valued clients. In addition, the Company received the Bronze Award for Best Website in the Insurance and Finance category at the BestWeb.lk Awards, which attests to its commitment to delivering an exceptional digital experience.

Reinforcing its internal culture, the Company has been certified as a Great Place to Work® for the third consecutive time, further demonstrating its commitment to cultivating a positive, inclusive, and empowering workplace culture. These awards are a testament to the Company's relentless pursuit of excellence and innovation, and they further reinforce its reputation as a trusted leader in the financial services industry.

SUPPLIERS

Janashakthi Finance PLC recognises the vital role our suppliers play in delivering seamless financial services. Its supplier network encompasses a diverse range of partners, including technology providers, operational service vendors, and business support entities, all of whom contribute to its efficiency and service excellence. The Company is committed to fostering strong, transparent, and ethical relationships with suppliers, ensuring mutual growth and sustainability. Procurement practices prioritise fairness, quality, and compliance with regulatory standards, while also promoting local suppliers wherever possible. By maintaining open communication and aligning with reputable vendors, the Company enhances operational resilience, drives innovation and ensures the delivery of superior financial solutions to its customers. Looking ahead, the Company aims to continue to strengthen these partnerships, focusing on sustainability, efficiency and value creation.

COMMUNITY

In the realm of community engagement, Janashakthi Finance has demonstrated its commitment to social responsibility and sustainable development. Janashakthi Finance PLC launched several impactful corporate social responsibility initiatives that underscored its commitment to community development and environmental sustainability:

FOSTERING EDUCATION

On World Book Day 2024, Janashakthi Finance PLC launched the "Gift a Book, Gift a Future" initiative, donating over 100 gifts and library books to the enthusiastic young learners at Millewa Primary College. This programme highlights the company's commitment to fostering education and nurturing a lifelong love of reading among future generations.

EMPOWERING WOMEN

Janashakthi Finance PLC has launched a dedicated financial solution to empower women in the North and East regions by offering scooter leasing facilities. This initiative not only provides women with affordable and reliable mobility but also enhances their ability to access educational and employment opportunities, thereby fostering greater independence. By overcoming transportation barriers, women can engage more fully in their communities and pursue personal and professional growth with confidence. This empowerment not only boosts individual self-reliance but also contributes to broader societal progress toward gender equality and economic development.

NATURAL CAPITAL

NATURAL CAPITAL

Janashakthi Finance PLC holds a steadfast commitment to preserving natural capital as a core element of its sustainability strategy. The Company recognizes that a healthy environment is integral to long-term business resilience and community well-being. By embedding principles of environmental stewardship into every facet of its operations, the Company aims to minimize its ecological footprint while enhancing the quality of natural resources. This commitment involves integrating sustainable practices into resource management, energy efficiency, and waste reduction, ensuring that operations not only meet current environmental standards but also contribute to a healthier ecosystem. In doing so, the Company not only fosters a balanced relationship with the environment but also strengthens its reputation as a forward-thinking, responsible corporate citizen dedicated to sustainable growth and long-term value creation.

ENERGY CONSUMPTION

Deeply committed to reducing energy consumption as a critical component of its sustainability strategy, The Company continuously reviews its operational processes and infrastructure to identify opportunities for enhanced energy efficiency, ensuring that every facet of its operations contributes to a lower environmental impact. By integrating energy-saving practices into its daily activities, from optimized facility management to the adoption of energy-efficient technologies, the Company not only aims to reduce operational costs but also reinforces its role as a responsible corporate citizen.

WATER CONSERVATION

Janashakthi Finance PLC is deeply committed to water conservation as an integral aspect of its environmental sustainability strategy. The Company continuously strives to optimize water usage across its operations by integrating efficient management practices and advanced technologies that minimize waste. This proactive approach not only reduces the environmental footprint of its facilities but also plays a crucial role in safeguarding local water resources for the benefit of communities and future generations. By embedding water conservation into everyday operational practices and decision-making processes, the Company reinforces its commitment to responsible corporate citizenship and sustainable development, ensuring that essential water supplies are preserved while supporting broader ecological and social well-being.

WASTE MANAGEMENT

Waste management forms a core pillar of the Company's sustainability strategy, guided by the principles of reducing, reusing, and recycling. Recognizing the critical role paper plays in our industry, we have proactively sought to minimize our reliance on it by adopting innovative digital solutions. By integrating comprehensive e-learning platforms and state-of-the-art digital engagement systems, we have substantially decreased our use of paper-based communication and training materials. This shift not only reduces waste generation but also streamlines our operations, enhancing efficiency and ultimately improving the customer experience.

ENVIRONMENTAL CONSERVATION

Nurturing Hope, Cultivating Change! In celebration of its 43rd anniversary, the Company embarked on a reforestation project in the Kalutara district, planting 7,500 saplings as part of the 'Nurturing Hope, Cultivating Change!' initiative. This effort underscores the firm's dedication to environmental sustainability and its vision for a greener future.

FUTURE OUTLOOK

Janashakthi Finance PLC is steadfast in its commitment to environmental sustainability, proactively integrating eco-friendly practices into its operations to foster a greener future. The Company emphasizes energy efficiency, implementing measures to reduce consumption and minimize its carbon footprint. Water conservation is also a priority, with initiatives designed to optimize usage and preserve this vital resource. Innovative waste management strategies are employed to reduce, reuse, and recycle materials, thereby decreasing environmental impact. Furthermore, the Company is dedicated to climate change mitigation, actively pursuing strategies that lower greenhouse gas emissions and promote environmental stewardship. By embedding these sustainable practices into its business model, the company complies with environmental regulations and also aspires to lead by example within the finance industry, contributing to a more resilient and sustainable world for future generations.

BOARD OF DIRECTORS

Left to right

K.M.M. Jabir, Rajendra Thegarajah, Sandamali Chandrasekara, Prakash Anand Schaffter, Daniel Alphonsus

Left to right

Darshana Ratnayake, Manohari Abeysekera, Nalin Karunaratne, Sriyan Cooray

BOARD OF DIRECTORS PROFILES

RAJENDRA THEAGARAJAH

CHAIRMAN/NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Theagarajah is a Fellow Member of the Chartered Institute of Management Accountants, UK, a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and holds a Master of Business Administration from Cranfield School of Business, UK.

A veteran banker, Rajendra Theagarajah had a highly successful career in banking both in the United Kingdom and Sri Lanka.

During his 37 year career, he spent the last 16 years as the CEO of three licensed commercial banks in Sri Lanka and made significant contributions towards policy advocacy issues such as the Corporate Governance Framework for Banks, Basel III adoption and Fair Value Accounting by Banks, Financial Inclusion and more recently development of Fintec Sand Box-framework for Banks. During this period he chaired the Sri Lanka Banks Association, the Asian Banks Association and Lanka Financial Services Bureau.

He also served on the boards of Lanka Clear and Colombo Stock Exchange and as Chairman of Ceylon Chamber of Commerce (2017-19).

He currently serves on the Boards of Siam City, Sri Lanka (Pvt) Ltd as an Independent Director of Professional Insurance Corporation of Zambia and as the Chairman and an Independent Non-Executive Director of First Capital Holdings PLC.

In 2022, he received the title "Chairman Emeritus" of The Asian Banks Association for his outstanding contribution.

Theagarajah is also a Senior Visiting Fellow of the Pathfinder Foundation, a leading think tank in Sri Lanka. Rajendra Theagarajah was appointed as the chairman of the Company with effect from 27th April 2022.

SRIYAN COORAY

SENIOR DIRECTOR/INDEPENDENT NON-EXECUTIVE DIRECTOR

Sriyan Cooray currently serves as an Independent Non- Executive Director on the Board of the National Development Bank PLC and was appointed as the Chair Board of Directors from 1st June 2022. He is a Fellow Member of the Chartered Institute of Management Accountants of the UK. An accomplished banker with 28 years of experience at HSBC. Cooray has served in a wide range of areas ranging from Finance, Operations, Compliance, Administration and Retail Banking at HSBC and retired from HSBC – Sri Lanka and Maldives as the Chief Operating Officer in May 2018. Whilst at HSBC, Cooray has also served on its Executive Committee for 25 years, a member of the Board of Trustees of the HSBC Provident and Pension Fund and served on many internal committees of HSBC including the Assets and Liabilities Committee, Human Resource Policy Review Committee, HSBC's IT Steering Committee and Chaired the Management Committee which comprised the Bank's second tier management.

Cooray acted as the Bank's CEO on numerous occasions in the last 15 years of his banking career with HSBC. He has gained a wealth of expertise from the widespread executive development programs offered by the HSBC Group. From an industry perspective, he Chaired the industry-level Banking Technical Advisory Committee in 2015/2016 as a Sub-Committee of the Sri Lanka Bankers Association.

Prior to joining HSBC, Cooray has also been a part of Speville M & W Ltd., in the capacity of Financial Controller from 1987 – 1990 and prior to that he was engaged with KPMG Ford Rhodes Thornton & Company, Chartered Accountants. Cooray has represented Sri Lanka in rugby.

PRAKASH SCHAFFTER

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Prakash Schaffter currently serves as the Executive Deputy Chairman of Janashakthi Insurance PLC and Deputy Chairman of Janashakthi Group. In 2006, he assumed the role of Managing Director at Janashakthi Insurance and played a pivotal role in the acquisition of the non-life segment of AIA Insurance Sri Lanka in 2015. This strategic move propelled Janashakthi Insurance to consolidate its position as the third-largest insurer in Sri Lanka. In 2018, he led the divestment project of Janashakthi's non-life segment and was appointed as Chairman the same year.

Prakash is an alumnus of the University of Cambridge in the UK and also the University of London. He has previously served as President of the Insurance Association of Sri Lanka and has made significant contributions to the business sector as a former member of the Council of the Sri Lanka Institute of Directors (SLID). He currently serves on the boards of several listed and unlisted entities. He is also one of the youngest ever to qualify as a Fellow Member of the Chartered Insurance Institute. Additionally, he has held the position of President of the Young Presidents Organization of Sri Lanka.

A former first-class cricketer, Prakash represented both the University of Cambridge and the University of London during his cricketing career. He has also served as President and Secretary of the Tamil Union Cricket and Athletic Club. Furthermore, Prakash has extensive experience in sports administration, having served as a member of the Executive Committee of Sri Lanka Cricket on multiple occasions, including the role of Secretary as part of Interim Committees appointed by the Government.

DARSHANA RATNAYAKE

INDEPENDENT NON-EXECUTIVE DIRECTOR

Darshana Ratnayake possesses over 31 years of experience as a Banker of which the last 7 years was as a member of the Corporate Management of two banks namely, NDB Bank and Cargills Bank. His immediate past appointment had been as the Chief Commercial Officer of Cargills Bank where he headed the SME and Retail Banking portfolios as well as the marketing aspects of the Bank.

Prior to that, he had been at Senior Management level for 3 years. Ratnayake possesses a Certificate in Finance from the Institute of Financial Services - UK, MBA from the University of Wales – UK and a Certificate in SME Lending from Omega Institute, IFC. He is well versed in all areas of Banking especially Retail, Agri Micro finance, Corporate and SME credit. He has been an integral part of critical committees of Banks including ALCO and Strategic Committees. Credit Committees and HR Committees.

He has a proven track record in private and priority banking, sales team management and setting up and managing credit facilities. He has also been at the forefront of technology and payment strategies at several banks. He has extensive experience in bank branch network management. He also possesses international qualifications in SME credit evaluation and credit risk management. He counts Human Resources Management as a core competency. Ratnayake served as Director of NDB Wealth Management (Pvt) Ltd. He is also the Director of Corporate Affairs at Kings Hospital Colombo Pvt Ltd.

NALIN B. KARUNARATNE

INDEPENDENT NON-EXECUTIVE DIRECTOR

Nalin B. Karunaratne is the Director/CEO of Ceylon Biscuits Limited and CBL Exports (Pvt) Limited. Furthermore, he represents the Director Board of Plenty Foods India LLP, CBL Foods International (Pvt) Limited, Ceylon Biscuits Bangladesh (Pvt) Limited and the Export Development Board – Sri Lanka.

He is a Fellow of The Chartered Institute of Marketing (CIM, UK) & a Fellow & CGMA member of The Chartered Institute of Management Accountants (CIMA, UK). He is also a council member of the Employees' Federation of Ceylon. He received his executive education from IMD Business School, Switzerland, Asian Institute of Management, Manila.

Before taking up his current position, he has previously held the positions as Commercial Director and EXCO member of– Lafarge Holcim (Lanka) Limited, General Manager of Sales of Akzo Nobel Paints (Lanka) Limited, Head of Marketing at Reckitt Benckiser and Marketing positions at ICL and Darley Butler.

MANOHARI PRASADINI ABEYESEKERA

INDEPENDENT NON-EXECUTIVE DIRECTOR

An Alumna of KPMG, Manohari is a Fellow of Chartered Institute of Management Accountants UK (CIMA-UK) and the Institute of Chartered Accountants of Sri Lanka with 25+ years post qualifying experience serving in leadership C- Suite Executive positions in both private and state sector.

She read for a B.Sc. degree in Biological Sciences from University of Colombo with First Class Honours and a MBA degree from University of Colombo topping the batch winning three gold medals. A Prizewinner at CIMA Finals - Strategic Financial Management, Manohari was adjudged as CIMA Young Star (Silver) by CIMA Sri Lanka Janashakthi Pinnacle Awards held in 2004.

Abeyesekera serves as an Independent Non-Executive Director in the Boards of The Lighthouse Hotel PLC, HNB Stockbrokers (Pvt.) Ltd and as a Council Member of the Sri Lanka Institute of Directors (SLID).

She served a three year term as a Global Council Member of CIMA UK (June 2021- June 2024) and a Board Member of Sri Lanka Accounting and Auditing Standards Monitoring Board (SLASSMB) from March 2022- March 2024.

Abeyesekera completed a three-year Board Stint in January 2023 as an Independent Non-Executive Director/ Chairperson of the Audit Committee of the National Savings Bank (NSB), which is Sri Lanka's largest State-Owned Savings Bank and its fully owned subsidiary NSB Fund Management.

Previously, Abeyesekera served the Hayleys Group, in multiple leadership roles in her 18-year stint (Year 2002-2020). She served Hayleys PLC as the Head – Strategic Business Development carrying out acquisitions for the Group. In May 2019, she was seconded as the Director – Strategy & Business Development at Fentons Limited, the engineering arm of Hayleys Group.

She also served as a Director Hayleys Group Services (Pvt.) Ltd, the Group's Company Secretarial arm from year 2012- 2020. Abeyesekera joined the Board of Janashakthi Finance PLC with effect from 26th March 2024.

BOARD OF DIRECTORS PROFILES

SANDAMALI CHANDRASEKERA

INDEPENDENT NON-EXECUTIVE DIRECTOR

Sandamali Chandrasekera is an Attorney-at-Law with over 17 years' experience in the Legal Profession. As a Counsel, she has specialized in Appellate Court work, primarily focusing on Fundamental Rights, Writs and Appeals before the Supreme Court and Court of Appeal of Sri Lanka.

Upon joining the corporate sector, she has specialized in handling commercial and investment law, regulatory compliance, ethical governance, and implementing processes to increase operational efficiency. Chandrasekera through her experience and expertise, has honed a keen ability in international contract negotiations, navigation of business challenges both local and international and investment structuring.

Chandrasekera holds a Masters degree in Public Law from the University of Colombo and is a registered Notary Public and Company Secretary. As a passionate advocate of disability access, environmental protection, and animal welfare, Chandrasekera has been involved in several public interest litigation matters advocating disability access and the enactment of the Animal Welfare Bill. As an active member of the Legal Profession, Chandrasekera has held numerous positions in the Bar Association of Sri Lanka and the Colombo Law Society.

Chandrasekera is presently holding the posts of Chairperson, Lanka Sugar Company (Pvt) Ltd, Director Corporate Affairs and Legal of the Capital Maharaja Group and is a member of the Board of Directors of Ceylon Printers PLC.

DANIEL NIRANJAN ALPHONSUS

INDEPENDENT NON-EXECUTIVE DIRECTOR

Daniel Alphonsus led Daraz's payments, financial services, and digital goods verticals across South Asia. He also served on a number of Sri Lankan government economic reform committees. Previously, he was an economic adviser to Sri Lanka's finance ministry, and also worked at Sri Lanka's foreign ministry and Verité Research. He has a degree in philosophy, politics, and economics from Balliol College, Oxford, and public policy from the Harvard Kennedy School, where he was a Fulbright Scholar.

K.M.M. JABIR

EXECUTIVE DIRECTOR/CHIEF EXECUTIVE OFFICER

K.M.M. Jabir was appointed as the Executive Director and Chief Executive Officer of Janashakthi Finance PLC on 1st November 2019.

He is a Finalist of the Chartered Institute of Management Accountants (CIMA), UK, and a Fellow Member of the Institute of Bankers of Sri Lanka. Jabir has held several senior-level positions across various financial institutions, showcasing a distinguished career in the banking and finance sector.

With over 39 years of experience, his expertise spans commercial banking, merchant banking, and the non-banking financial institutions (NBFI) sector. Prior to joining Janashakthi Finance PLC, he served as the Founder CEO and Executive Director of Richard Pieris Finance Ltd. He also held the position of Deputy General Manager – Operations at People's Leasing and Finance PLC for eight years and was a founding Director of People's Leasing Fleet Management Company.

In addition to his corporate responsibilities, Jabir is a visiting lecturer at the Institute of Bankers of Sri Lanka and was recognized as the longest-serving panel lecturer at the Institute.

In 2022/2023, Jabir was honored as "Asia's Islamic Finance Personality of the Year." He also presented a research paper on the future of Islamic finance in Sri Lanka at the Dubai Islamic Banking Conference in 2007.

CORPORATE MANAGEMENT

K.M.M. Jabir
Executive Director /
Chief Executive Officer

S. Sri Ganendran
Chief Operating Officer

Saminda Ratnayake
Assistant General Manager
Channels

Prabath De Silva
Assistant General Manager
Credit Administration & Operations

Gayani Godellawatte
Assistant General Manager
Compliance

Nuwan Nilantha
Assistant General Manager
Treasury & Corporate Planning

Chatura Kulatilaka
Assistant General Manager
Information Technology

Dhanuka Tharanga Perera
Assistant General Manager
Gold Loan

CORPORATE MANAGEMENT

Duminda Wijewardana
Assistant General Manager Recoveries

M.A.M. Arshath
Head of Finance

Wajira Senanayake
Head of HR

Priyan Jayakody
Chief Internal Auditor

Saman Dharmapala
Head of Legal

Mario Fonseka
Senior Manager Administration

Isuru Viraj Kumarage
Chief Risk Officer

Rukshan Ferdinando
Head of Marketing

COMPANY SECRETARY

Ayesha Jeewanti Kodikara
Company Secretary

SENIOR MANAGEMENT

Ajith Edirisinghe
Senior Manager
Loan Review

Hashani Tennakoon
Senior Manager
Fund Mobilization

Niroshan Wijayawardhane
Senior Manager
Gold Loan

M.A. Ifath
Head of Islamic Finance and Products

Bharatha Pathirana
Senior Manager
FMO

REGIONAL MANAGEMENT


Naleen Jayasekara
Southern


Thushara Silva
Metro 1


D.R.S. Perera
Central 1


S. Nantharasan
Northern 1


Suranga Rajapaksha
Uva


Manoj Denipitiya
Metro 2


D.A. Sanath
Central 2


M.A.M. Masoordeen
Northern 2


M.B.M. Zakee
Eastern


G.R.I. Mahindapala
North Western

CORPORATE GOVERNANCE

OVERVIEW

Corporate governance is paramount for finance companies, serving as the foundational framework that ensures transparency, accountability and ethical conduct in their operations. Considering the fiduciary responsibilities inherent in financial services, robust corporate governance structures are essential to maintain public trust and confidence. By implementing effective governance practices, finance companies can mitigate risks, ensure proper internal controls are in place and promote long-term sustainability. Moreover, strong corporate governance enhances a company's reputation, potentially leading to improved access to capital and favourable financing conditions. In an industry where credibility is crucial, adherence to sound governance principles not only ensures compliance with regulatory requirements but also fosters a culture of integrity and responsibility, ultimately contributing to the overall stability and efficiency of the financial system.

At Janashakthi Finance PLC, we recognise that robust corporate governance is fundamental to our enduring success and the cultivation of trust among our stakeholders. Corporate governance is pivotal to all activities undertaken by the Company. Our governance framework, which has been approved by the Board of Directors, is meticulously designed to ensure transparency, accountability and ethical conduct across all facets of our operations, meeting the regulatory requirements and encompassing best practices in the financial sector.

The Board of Directors plays a key role in this structure, steering the company towards strategic objectives while upholding the highest standards of integrity. By diligently adhering to statutory requirements and embracing best practices, we not only comply with regulatory mandates but also demonstrate our unwavering commitment to fostering a culture of excellence and responsibility. This dedication positions Janashakthi Finance PLC as a trusted and resilient entity in the financial landscape. The Board sets strategic direction, establishing corporate values and defining the company's risk appetite. Their stewardship ensures that the organisation operates within the ambit of applicable laws and regulatory frameworks, notably the Companies Act No. 07 of 2007 and the Finance Business Act No. 42 of 2011. This adherence is further reinforced by compliance with directives such as the Finance Companies (Corporate Governance) Direction No. 05 of 2021 issued by the Central Bank of Sri Lanka and the Listing Rules on Corporate Governance promulgated by the Colombo Stock Exchange.

Janashakthi Finance PLC's commitment to exemplary governance is manifested through a comprehensive suite of Board-approved policies that permeate all operational facets. These internal controls are meticulously designed to ensure compliance with statutory mandates and to uphold the highest standards of corporate conduct. By integrating these governance practices into its operational ethos, Janashakthi Finance PLC not only aligns with legal requirements but also exemplifies best practices, thereby contributing to the cultivation of a sustainable and resilient corporate environment.

The company ensures compliance with the mandatory governance requirements enumerated in the Finance Business Act Direction No 05 on Corporate Governance and CSE Rules on Corporate Governance (Section 9).

In addition, Janashakthi Finance PLC voluntarily aligns its governance practices with the Code of Best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka. This proactive approach underscores the company's dedication to exceeding standard compliance, reflecting a commitment to leadership in corporate governance within the financial sector.

Furthermore, the Board has established various sub-committees that have been delegated relevant functions, including the sub-committees required under the regulation. They include the Audit, Human Resource & Remuneration, Integrated Risk Management, Nomination & Governance, and Related Party Transactions Review Committees. These committees report to the Board of Directors and operate under clearly defined charters, ensuring focused oversight and reinforcing the Board's effectiveness in maintaining rigorous governance standards.

ENVIROMENTAL AND SOCIAL GOVERNANCE

SLFRS S1 and S2 Transition

As part of our ongoing commitment to responsible governance and sustainable value creation, Janashakthi Finance PLC is actively transitioning to align with the Sri Lanka Sustainability Disclosure Standards SLFRS S1 and S2. These standards, developed in accordance with global IFRS Sustainability Disclosure Standards, provide a comprehensive framework for disclosing sustainability-related financial information and risks.

ESG Risk Management Strategy

The Company is in the process of integrating Sustainability risk management into the Company's overall risk framework. This enables the identification, evaluation and mitigation of environmental, social, and governance (ESG) risks that could materially affect our operations and stakeholders. Materiality assessments are conducted on a periodic basis to identify key ESG risks, while continuous monitoring of regulatory developments, including CBSL guidelines and international standards, ensures that our practices remain up to date.

CORPORATE GOVERNANCE

Stakeholder engagement remains central to our approach, with feedback from investors, customers, regulators, and communities shaping our sustainability risk profile. Risk evaluation focuses on understanding the financial and operational impact of ESG concerns, including climate change, resource scarcity, and evolving social dynamics. In response, the Company has taken deliberate steps to mitigate such risks. These include the implementation of ESG screening criteria in credit and investment decisions to promote responsible financing, as well as operational initiatives aimed at reducing our carbon footprint through energy efficiency, waste management, and environmentally friendly practices. Governance policies have also been enhanced to reinforce ethical conduct, transparency, and accountability across the organisation.

GOVERNANCE FRAMEWORK

To support these efforts, we have established a governance framework that enables effective monitoring, reporting, and review of sustainability risks. This framework is aligned with our broader risk management strategy and embeds sustainability as a core consideration in business decisions and processes. It also reflects our alignment with the United Nations Sustainable Development Goals (SDGs), reinforcing our long-term commitment to sustainable development.

In September 2024, the Company formalised its approach through the introduction of a comprehensive Sustainability Policy. This policy sets out the procedures and controls required to ensure the accuracy and consistency of our sustainability-related disclosures. As we continue to develop the internal systems and structures necessary to meet the requirements of SLFRS S1 and S2, we remain focused on transparency, accountability, and the delivery of long-term value to our shareholders and stakeholders.

SUSTAINABILITY-RELATED OPPORTUNITIES

Janashakthi Finance PLC views sustainability as a key driver of long-term value creation and strategic growth. In line with this, the Company is expanding its footprint in green finance and sustainable lending. This includes the introduction of green loan products to finance renewable energy projects, electric and hybrid vehicles, and environmentally conscious businesses. These initiatives support Sri Lanka's transition to a low-carbon economy. Additionally, sustainability-linked credit facilities are being offered to incentivise businesses to adopt sustainable practices through preferential financing terms. The Company also sees strong potential in enhancing social impact and promoting financial inclusion. It continues to expand access to financial services for underserved communities, micro-entrepreneurs, and SMEs, thereby driving inclusive growth and entrepreneurship. Tailored loan schemes and financial literacy programmes for women and youth-led enterprises are also in place. Internally, employee development programmes focused on ESG principles help foster a sustainability-oriented workforce culture. Janashakthi Finance remains committed to its broader social responsibility through various CSR activities such as tree planting drives, which contribute to carbon offsetting, and initiatives that support underprivileged communities.

Sustainability-related risks and opportunities influence every facet of the Company's business, from daily operations to long-term strategic planning and financial performance. Operational risks, such as those arising from climate change and extreme weather, may disrupt branch operations and also affect customer repayment capacity. To mitigate these risks, the Company continues to strengthen its disaster recovery and business continuity frameworks. At the same time, opportunities arising from digitalisation and green innovation have led to operational efficiencies, improved market positioning, and enhanced employee engagement. From a strategic standpoint, the transition away from fossil fuel-linked assets has accelerated investments in renewable energy, green finance products, and social impact ventures. This allows the Company to align more closely with global ESG trends and deepen customer relationships.

Financially, climate-related risks, such as natural disasters or energy price volatility, necessitate robust risk modelling and credit assessments. On the other hand, ESG-aligned products such as green bonds, sustainability-linked loans, and impact-focused investment opportunities are creating new revenue streams. Enhanced ESG compliance also attracts institutional investors and development finance institutions (DFIs), giving the Company access to more competitive capital. Furthermore, initiatives such as digital banking, paperless operations, and energy efficiency reduce long-term operational costs.

CLIMATE-RELATED TARGETS

To address climate-related risks and unlock sustainability-driven opportunities, the Company has established several operational and strategic targets. These include transitioning branch operations to energy-efficient infrastructure with LED lighting, increasing use of digital methods to minimise paper use and reduce physical visits, and launching green financing products tailored for renewable energy, electric vehicles, and eco-conscious businesses. The Company is also reducing business travel through the adoption of virtual platforms and flexible work models. ESG screening is now being applied to all corporate and SME lending, ensuring responsible lending is aligned with environmental and social standards. Enhanced risk assessment tools are being developed to evaluate climate-related financial risks, while awareness campaigns are being rolled out to educate stakeholders on sustainable finance and responsible consumption.

REPORTING FRAMEWORKS AND STANDARDS

Janashakthi Finance PLC adheres to globally aligned standards for its sustainability and climate-related disclosures. These include SLFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information and SLFRS S2 Climate-related Disclosures. These frameworks ensure comprehensive, accurate, and transparent reporting of sustainability performance and climate risk exposure.

LONG-TERM SUSTAINABILITY OBJECTIVES AND STRATEGIC INTEGRATION

The Company's long-term sustainability strategy is built on a four-pillar framework that integrates environmental stewardship, social responsibility, good governance, and economic sustainability. These pillars are embedded into the corporate strategic plan and cascaded into the annual operating plans, enabling consistent implementation across all levels of the business.

The Company follows a four-pillar approach to sustainability. The Company will assess its sustainability performance using recognised global standards, including the Global Reporting Initiative (GRI). The Company is aligning its operations with the United Nations Sustainable Development Goals (SDGs) and adopting SLFRS S1 and S2 for climate-related disclosures. In addition, the Company incorporates guidance from the Sustainability Accounting Standards Board (SASB) and complies with the Task Force on Climate-related Financial Disclosures (TCFD) to ensure transparency in reporting the financial impact of climate risks.

OVERSIGHT AND GOVERNANCE OF SUSTAINABILITY INITIATIVES

Oversight of sustainability is embedded at the highest levels of governance. The Board of Directors reviews progress toward the Company's sustainability goals periodically. These goals are incorporated into the corporate strategic plan and reflected in the annual operating plan. Responsibility for implementation is delegated to divisional heads to ensure ownership and accountability. To further strengthen governance, the Company will undergo independent external assurance on its sustainability reporting, ensuring credibility and alignment with recognised global standards.

The following tables demonstrate Janashakthi Finance's compliance with the Corporate Governance requirements

1. FINANCE BUSINESS ACT DIRECTION NO. 5 OF 2021 ON CORPORATE GOVERNANCE

Reference to CBSL Direction	Direction requirement	Status of Compliance	Extent of Compliance as at 31.03.2025
1. OVERALL RESPONSIBILITIES OF THE BOARD			
1.1	Overall responsibility	Complied	As the apex governing authority for the Company, the Board assumed overall responsibility and accountability for the operations of the Company by setting up the strategic direction, Governance Framework, establishing corporate culture, driving corporate values and ensuring compliance with all regulatory requirements to drive the organization into a sustainable future. The Board drives the governance framework for the Company as outlined in the Corporate Governance Framework of the Company, which has been approved by the Board of Directors.
1.2	BUSINESS STRATEGY AND GOVERNANCE FRAMEWORK		
a)	Approving and overseeing the implementation of strategic objectives and overall business strategy for next three years	Complied	The Board provides leadership, in approving and overseeing the implementation of strategic objectives and overall business strategy of the Company. The Board also ensures that the necessary financial and human resources are in place for the Company to meet its objectives. The Company's Vision and Mission have served as the foundation for developing Board-approved strategic objectives and corporate values, which have been effectively communicated across the organization. The Board is committed to ensuring that the Company fulfills its responsibilities to shareholders and other stakeholders by ensuring their expectations are comprehended and fulfilled. The Company has established a strategic plan covering 2024/25 through 2026/27, which outlines the strategy and direction of the Company for the period, which has been approved by the Board. The Strategic plan has been communicated to all Directors, Senior Management and staff, as relevant, across the Company and adherence of milestones as per strategy is monitored by the Management and updated to the Board.
b)	Approving and implementing Governance Framework	Complied	The Board approved Governance Framework is in place which is in line with the applicable regulatory requirements, Company's size, complexity and business strategy
c)	Periodic assessment of the effectiveness of Governance Framework	Complied	The effectiveness of the Governance Framework is periodically assessed.
d)	Appointing the Chairperson and the CEO and define the roles and responsibilities	Complied	The Board has appointed the Chairperson and the CEO. These positions are distinct and held by different individuals Board approved roles and responsibilities are available for the Chairman and the CEO.

Reference to CBSL Direction	Direction requirement	Status of Compliance	Extent of Compliance as at 31.03.2025
1.3	CORPORATE CULTURE AND VALUES		
a)	Ensuring that there is a sound corporate culture within the company which reinforce ethical, prudent and professional behavior	Complied	The Company has a sound corporate culture which encourages ethical, prudent and professional behavior of all staff of the Company. The corporate culture is enforced by various policies, procedures and processes such as HR Policy, Code of Conduct, Whistleblower Policy, Stakeholder Communication Policy, Customer Complaints Handling Policy, etc., just to name a few, that are in place to strengthen the corporate culture which encourages ethical, prudent and professional conduct.
b)	Establishing the corporate culture and values, code of conduct and managing conflicts of interest	Complied	A Board approved Code of Conduct is in place for employees of the Company and for the Board of Directors. Conflicts of interest are managed through these Codes of Conduct.
c)	Promoting sustainable finance	Complied	Environmental, Social and Governance (ESG) factors are integrated into the Company's overall strategy, decision-making processes, and risk management. Importantly Board ensures that the Company's actions contribute to sustainable growth and long-term value creation.
d)	Approving the policy of communication with all stakeholders	Complied	A Board approved Stakeholder Communication Policy for communicating with all stakeholder including shareholders, depositors, borrowers and other creditors is in place.
1.5	BOARD COMMITMENT AND COMPETENCY		
a)	Devoting sufficient time on matters relating to affairs of the Company	Complied	The Board of Directors devote sufficient time on dealing with the matters relating to affairs of the Company. The Board meets on monthly intervals and as necessary. Board Sub Committees meet at quarterly intervals or more frequently, as required.
b)	Qualifications, skills, knowledge, and experience of Board of Directors	Complied	Appointments to the Board are recommended by the Board Nomination and Governance Committee. The Directors possess necessary qualifications, adequate skills, knowledge and experience in various areas relating to business and finance, contributing to the performance of the Company. Please refer the detailed profiles of the Board of Directors and their skills and knowledge on pages 56 to 58.
c)	Training and development needs of the Board of Directors shall be reviewed by Board	Complied	The Board reviews its training and development needs regularly
d)	Board shall adopt a scheme of self-assessment of the individual Directors, the Board as a whole, its Sub Committees and maintain a record of such assessments.	Complied	Annual self-assessments are performed at the end of each financial year which cover individual performance of each Director, performance of Board as a whole and of Board Sub Committees. Records of such assessments are maintained.

CORPORATE GOVERNANCE

Reference to CBSL Direction	Direction requirement	Status of Compliance	Extent of Compliance as at 31.03.2025
e)	Board shall resolve to obtain external independent professional advice to the Board to discharge duties to the Company.	Complied	A Board approved procedure is in place for Directors to obtain independent professional advice where necessary at the Company's expenses to discharge their duties.
1.6	OVERSIGHT OF SENIOR MANAGEMENT		
a)	Identifying and designating Senior Management	Complied	The staff that can significantly influence the Company's policies, direct activities, exercise control over business operations and risk management, are identified by the Board and designated as Senior Management of the Company in line with the Direction on Corporate Governance
b)	Areas of authority and key responsibilities for the Senior Management	Complied	Accountability and responsibility are delegated to Senior Management officers through their respective Job Descriptions (JD), Board approved policies and procedures.
c)	Qualifications, skills, experience and knowledge of Senior Management	Complied	The Company adopts a stringent procedure in recruiting all Senior Management position as described in the HR Policy. Predefined qualifications, skills, knowledge and experience are stipulated for each job role. Independent roles related recruitments are referred to the respective Sub-Committee for their inputs. The approval for relevant senior management as Key Responsible Persons are obtained from CBSL in line with relevant regulations. All the Senior Management personnel possess necessary qualifications, skill, experience and knowledge to perform their functions and contribute to the overall company strategy.
d)	Oversight of the affairs of the Company by Senior Management	Complied	Oversight over the affairs of the Company is exercised by the Chief Executive Officer along with the Senior Management team.
e)	Ensuring the Company has a succession plan for Senior Management	Complied	A succession plan is available for Senior Management and Key positions within the Company, which is reviewed regularly.
f)	Regular meetings with Senior Management to review policies and monitor the progress	Complied	Senior Management personnel make regular presentations to the Board and Board Sub-Committees on matters under their purview and the Board of Directors provide advice/guidance on same.
1.7	ADHERENCE TO THE EXISTING LEGAL FRAMEWORK		
a)	Ensuring that the Company does not act in a manner that is detrimental or prejudicial to the interests and obligations to stakeholders	Complied	Well-established systems and controls are in place for the Board to ensure that the Company carries out its activities to the best interest of and obligations to depositors, shareholders and other stakeholders. The Board affirms that the Company has not acted in a manner that is detrimental to the interest of and obligations to any stakeholder.

Reference to CBSL Direction	Direction requirement	Status of Compliance	Extent of Compliance as at 31.03.2025
B)	Compliance with relevant laws, regulations, directions and ethical standards.	Complied	A fully fledged Compliance department has been established to ensure that the company carries out its activities in adherence to the relevant laws, regulations, Directions and ethical standards. The Compliance Division acts as the second line of defense in ensuring that the regulatory requirements are disseminated to the operational units for compliance. Procedures are in place to obtain periodic assurance by the Board and the Board affirms that the Company adheres to relevant laws, regulations, Directions and ethical standards in its operations.
C)	Acting with due care and prudence, and with integrity and avoid potential civil and criminal liabilities that may arise from Board's failure to discharge the duties diligently	Complied	The Board of Directors act with due care, prudence and with integrity to drive the company for a sustainable growth.
2. GOVERNANCE FRAMEWORK			
2.1	Development of a Governance Framework in line with the Direction.	Complied	The Board has developed and implemented a comprehensive Governance Framework which is in line with the CBSL Direction on Corporate Governance and the CSE Rules on Corporate Governance..
3. COMPOSITION OF THE BOARD			
3.1	Ensuring the Board composition ensures a balance of skills and experience as appropriate for the size, complexity and risk profile of the company	Complied	Appointments to the Board are recommended by the Bord Nomination and Governance Committee. The nominations to the Board are evaluated with due reference to the size, complexity, current risk profile and the strategic direction of the Company. The Directors including Non-Executive Directors are eminent persons with necessary qualifications, adequate skills and knowledge, expertise and experience to bring an independent judgment and their detailed profiles are on pages 56 to 58.
3.2	Number of Directors on the Board shall not be less than 07 and not more than 13	Complied	As at 31 March 2025, the Board of Directors comprised of nine (09) members which is within the statutory limit required by the Direction. The Company maintained a healthy balance between Executive, Non-Executive and Independent Directors.
3.3	Service Period of Non-Executive Directors other than CEO/ Executive Director shall not exceed 09 years	Complied	The Service period any of the Non-Executive Directors did not exceed 9 years and was within the requirement of this Direction. The Director representing the major shareholder has received regulatory approval to continue as a non- executive director, in line with the Direction.
3.4	Service period of Non-Executive Directors who holds 10% direct or indirect holding of the Company	Complied	Regulatory approval has been obtained for the Non-Executive Director representing the major shareholder to continue as a Non-Executive Director.

CORPORATE GOVERNANCE

Reference to CBSL Direction	Direction requirement	Status of Compliance	Extent of Compliance as at 31.03.2025
3.5	EXECUTIVE DIRECTORS		
a)	Only an employee of the Company shall be appointed, elected or nominated as an Executive Director, provided that number of Executive Director shall not exceed 1/3 of the number of directors of the Board	Complied	One Director has been appointed as an Executive Director and he is an employee of the Company. The ratio of Executive Directors is well within the ratio provided.
b)	Shareholders who directly or indirectly hold more than 10% of the voting rights of Company, shall not be appointed as the Executive Director or as senior management	Complied	The Executive Director or Senior Management does not hold any voting rights of the Company, thus fulfilling the requirements of the Direction.
c)	One of the Executive Directors shall be appointed as MD/CEO	Complied	The Executive Director is the Chief Executive Officer of the Company.
d)	Availability of Functional reporting lines of Executive Directors	Complied	The Chief Executive Officer is the only Executive Director and he reports to the Board of Directors.
e)	Executive Directors are required to report to the Board of Directors	Complied	Executive Director/Chief Executive Officer reports to the Board of Directors
f)	Executive Directors shall refrain from holding Executive Directorships and Senior Management positions of another entity.	Complied	The Executive Director does not hold any Executive Directorships or Senior Management positions in any other entity.
3.6	NON-EXECUTIVE DIRECTORS		
a)	Non-Executive Directors shall have skills, experience and credible track records	Complied	All appointments to the Board are evaluated by the Board Nomination and Governance Committee, which ensures a balance in skills, experience and credible track record. Directors, including Non-Executive Directors are eminent persons who possess credible track records and have the necessary knowledge, skills, expertise and experience to bring an independent judgment on the issues of strategy, performance, resources and standards of business conducts. Please refer detailed profiles of the Board on pages 56 to 58.
b)	A Non-Executive Director cannot be appointed as the CEO/ Executive Director	Complied	The Executive Director functions as the CEO of the Company. No Non-Executive Director has been appointed or functioned as CEO or Executive Director of the Company.

Reference to CBSL Direction	Direction requirement	Status of Compliance	Extent of Compliance as at 31.03.2025
3.7	INDEPENDENT DIRECTORS		
a)	Minimum number of Independent Directors of Board shall be at least 03 or 1/3 of the total numbers of directors, whichever is higher	Complied	Seven (07) out of Nine (09) Directors are Independent Directors which is well within the requirement of this direction
b)	Independent Directors shall have sufficient qualifications and experience	Complied	The Independent Non-Executive Directors of the Company has a diverse range of skills & experience which enables them to provide valuable insights, independent judgment, and constructively guide the executive management. The Non-Executive Directors' extensive professional backgrounds and experience in different sectors strengthen the Board's ability to navigate complex challenges, anticipate emerging trends, and drive the Company's long-term success while upholding the highest standards of Corporate Governance. The Board Members' detailed profiles are on pages 56 to 58.
c)	As outlined in the Direction, criteria of Independent of Directors shall be considered	Complied	The independence of the Directors is evaluated annually based on the Directors' self-declarations. The criteria defined in this direction are taken into consideration when evaluating the independence of each Non-Executive Director.
d)	Determining any other factors affecting to the independence of the Directors	Complied	The Nomination and Governance Committee and the Board assess whether there are any circumstances or relationships, beyond those specified in the direction, that could potentially influence the independence of a director. However, no such circumstances were determined during the year
E)	Immediate disclosure of circumstances that affect the independence of the Directors	Complied	A process is in place to disclose immediately to the Board on any change in circumstance that may affect the independence of an Independent Non-Executive Director. No such changes were reported to the Board during the year
3.8	Alternate Directors	N/A	No alternate directors have been appointed
3.9	COOLING OFF PERIODS		
a)	Cooling off period for Directors: There shall be a cooling off period of 06 months prior to appointment of any person as a director who was previously employed as a CEO/Director of another LFC. If any variation, LFC shall have a prior approval of Monetary Board	Complied	Board Nomination and Governance Committee monitors the requirement of cooling off period as per this direction. The directors who were appointed to the Board during the year were not employed as a Director/ CEO of another LFC prior to their appointment.

CORPORATE GOVERNANCE

Reference to CBSL Direction	Direction requirement	Status of Compliance	Extent of Compliance as at 31.03.2025
b)	Cooling off period for Independent Directors: A director who fulfills the criteria to become an independent director shall only be considered for such appointment after a cooling off period of 01 year if such director has been previously considered as non independent under the provision of this Direction.	Complied	Board Nomination Committee and the Board monitor the requirement of cooling off period as per this direction. No Independent Directors were appointed during the year.
3.10	Common Directorships - Appointment of a Director or a KRP of the Company as a Director of another LFC is prohibited except in the circumstances given	Complied	No Director or KRP of the Company has been appointed as a Director of another LFC.
3.11	Limit on holding Directorships by a Director of the Company	Complied	No Director holds Directorships or any equivalent positions in more than 20 companies/ societies, bodies including subsidiaries of the Company
4	ASSESSMENT OF FIT AND PROPER CRITERIA		
4.1	No person shall be nominated, elected or appointed as a director of LFC or continue as a director unless approved as a KRP as per the Direction on Assessment of fitness and propriety	Complied	Approval for all Directors have been obtained in terms of the Direction on Assessment of Fitness and Propriety of Directors and are also assessed annually in terms of the requirements of the Finance Business Act Direction No. 06 of 2021, Assessment of Fitness and Propriety of Key Responsible Persons.
4.2	Person over the age of 70 years shall not serve as a director of LFC	Complied	There are no Directors over the age of 70years on the Board. As per the Company's Framework of Corporate Governance, a non-executive director shall retire upon reaching 70 years of age.
5	APPOINTMENT AND RESIGNATION OF DIRECTORS AND SENIOR MANAGEMENT		
5.1	The appointments, resignations or removals of Directors and Senior Management shall be made in accordance with Finance Business Act Direction on Fitness and Propriety of Key Responsible Persons	Complied	All the appointments and resignations to the Board and Senior Management are made in accordance with the applicable regulations on Fitness and Propriety of Key Responsible Persons

Reference to CBSL Direction	Direction requirement	Status of Compliance	Extent of Compliance as at 31.03.2025
6	THE CHAIRPERSON AND THE CHIEF EXECUTIVE OFFICER		
6.1	Clear division of responsibilities between the Chairperson and CEO which is to be set out in writing	Complied	The positions of Chairperson of the Board and the Chief Executive Officer (CEO) are held by different individuals. Board approved Governance Framework provide clear division of responsibilities between the Chairperson and the CEO and each has been issued a job description in line with the respective role and duties assigned.
6.2	Chairperson shall be an independent director subject to the requirement to stipulated in the Direction, subject to section 6.3	Complied	The Chairperson of Board is a Non-Independent Non-Executive Director, in terms of criteria stipulated in the Direction.
6.3	Appointment of a Senior Director when the chairperson is not independent	Complied	Sriyan Cooray, Independent Director has been appointed as the Senior Director, since the Chairperson is a Non- Independent Director
6.4	Responsibilities of the Chairperson	Complied	The Chairman is responsible to provide leadership, guidance, and oversight to the Board, ensuring that it operates effectively and fulfilling the responsibilities assigned to Board as outlined in this Direction. Board approved Governance Framework includes the Responsibilities of the Chairman and the TOR for the Chairman also covers his duties and responsibilities.
6.5	Responsibilities of the CEO	Complied	In terms of duties and responsibilities of the CEO, he is the apex executive who is in charge of the day-to-day management of the Company with the assistance of members of the Senior Management and is accountable to the Board on day-to-day operations of the Company and to recommend the Company's strategic decisions, ensure appropriate procedure are in place to assess supervisory concerns and non-compliance with regulatory requirements. Board approved Governance framework includes the Responsibilities of the CEO and the job description issued to him also covers the duties and responsibilities.
7	MEETINGS OF THE BOARD		
7.1	Regular Board meetings: Board shall meet at least 12 times a financial year at approximately monthly intervals. Obtaining the Board's consent through the circulation of papers should be avoided as much as possible.	Complied	The Board meets regularly at monthly intervals and in addition, as and when required. The Board met on twelve (12) occasions during the year 2024/25. All Board decisions are made subsequent to discussion at meetings, as much as possible. Any papers approved by circulation are tabled at regular Board Meetings for ratification.

CORPORATE GOVERNANCE

Reference to CBSL Direction	Direction requirement	Status of Compliance	Extent of Compliance as at 31.03.2025
7.2	Directors to include matters and proposals in the agenda	Complied	A process is in place which enable equal opportunities for all the Directors to include matters and proposals in the agenda for regular Board meetings. Monthly meetings are scheduled and informed to the Board at the beginning of each calendar year to enable submission of proposals to the agenda.
7.3	A notice of at least 03 days shall be given for a regular Board meeting.	Complied	Board meeting dates are agreed by the Board members in advance for the calendar year. Agenda and all Board papers are uploaded for the reference of Directors to access seven (7) days prior to the Board meetings, as far as possible.
7.4	Directors to devote sufficient time to prepare and attend to Board meetings	Complied	All the Directors actively contribute at the Board meetings by providing views and suggestions in the best interest of the Company.
7.5	Board meetings shall not be duly constituted, although number of directors required to constitute quorum at such meeting is present unless at least 1/4 of directors that constitute quorum at meeting are independent directors	Complied	All Board meetings held during the financial year were duly constituted with one half (1/2) of the number of Directors present and one fourth (1/4) of the number of Directors constituting the quorum being Independent Directors.
7.6	Chairperson shall hold meetings with Non Executive Directors only, without the executive directors being present as necessary and at least twice a year	Complied	A necessary number of meetings were held by the Chairperson without the presence of the Executive Director to facilitate effective communication, engagement, and collaboration within the Board. This process supports the smooth functioning of the Board and enhances the overall Governance and decision-making processes.
7.7	Directors shall abstain from voting relating to matters of relating to him	Complied	Board members declare any interest in relation to a matter to be discussed, prior to the discussion of the papers and refrain from the deliberations and voting on the matter. This aspect is covered in the Code of Conduct for Directors.
7.8	A Director who has not attended at least 2/3 of Board meeting in past 12 months immediately preceding or has not attended 03 consecutive meetings held, shall cease to be a director. Participation to Board through an alternate director shall be acceptable as attendance subject to applicable directions for alternate directors	Complied	All Directors have attended at least two-third of the meetings held during the year and no Director has been absent from three consecutive regular Board meetings during the financial year 2024/25. Please refer page 122 for details of individual Directors' attendance at Board meetings.

Reference to CBSL Direction	Direction requirement	Status of Compliance	Extent of Compliance as at 31.03.2025
8.	COMPANY SECRETARY		
a)	Appointment of a Company Secretary considered to be a senior management whose primary responsibilities shall be to handle the secretarial services to the Board and of share holder meetings.	Complied	A company secretary has been appointed in line with the requirements of the Direction.
b)	Qualifications of Company Secretary	Complied	The company secretary possesses the stipulated qualifications and has received the regulatory approval for the appointment.
8.2	Access to advice and services of the Company Secretary	Complied	The Board-approved Governance Framework enables all Directors to access the Company Secretary with a view to ensuring that Board procedures and all applicable laws, directions, rules and regulations are followed.
8.3	Delegating responsibilities to the Company Secretary	Complied	Preparation of the agenda of the meetings of Board and its sub-committees (except meeting agendas of BIRMC and BAC) are delegated to the Company Secretary and is approved by the Chairman.
8.4	Company Secretary should maintain Board minutes with all submission to Board voice/video recording for 06 years	Complied	The Company Secretary maintains meeting minutes and circulates them to all Board members which shall be open for inspection at any reasonable time to any Director. Additionally, the Directors have access to past Board papers and minutes through a web based format. The Company Secretary maintains records of all Board meeting minutes and all submissions for the stipulated retention period.
8.5	Maintenance of Board minutes in an orderly manner	Complied	The Company Secretary maintains meeting minutes in an orderly manner and follows the procedures laid down in the Articles of Association of the Company.
8.6	Recording minutes of Board meetings with sufficient details	Complied	Company Secretary maintains Board minutes with sufficient details as outlined in this Direction
8.7	Minutes shall be open for inspection of Directors	Complied	As per the Board approved Governance Framework, Board minutes are open for inspection of Directors at any time. The Minutes are maintained in electronic format and is accessible to the Directors at all times.
9.	DELEGATION OF FUNCTIONS BY THE BOARD		
9.1	Board shall review and approve delegation of authority and give clear direction to KRPs	Complied	Board approved Delegation of Authority is in place to give clear directions to the Senior Management.
9.2	Board should ensure to have stipulated functions of such committees in the absence of Board Sub Committees	Complied	All the required Sub Committees are in place with approved TOR as required by the Direction.
9.3	Board may establish appropriate senior management level sub committees	Complied	The Board has established management level committees such as the Executive Committee (EXCO), Assets and Liability Committee (ALCO), Management Credit Committee (MCC) and Procurement Committee to assist the Board in effective decision making.

CORPORATE GOVERNANCE

Reference to CBSL Direction	Direction requirement	Status of Compliance	Extent of Compliance as at 31.03.2025
9.4	Board shall not delegate any matters to a board committee, CEO , executive directors or senior managers, to an extent that such delegation would reduce the ability of Board as a whole to discharge its functions	Complied	Board approved Governance Framework includes key areas assigned for the Board and they cannot be delegated to Board Sub Committees.
9.5	Board shall review the delegation process on a periodic basis	Complied	Delegation arrangements are reviewed periodically.
10.	**BOARD SUB-COMMITTEES**		
10.1	Board Sub-Committees based on asset base		
	Finance Companies with asset base of more than Rs. 20 billion		
a)	Establishment of Board Sub Committees	Complied	The Following Board Sub-Committees have been established by the Board in line with the regulatory requirement and each such committee reports to the Board 1. The Board Audit Committee - Details of the Board Audit Committees is given on page 147. 2. The Board Integrated Risk Management Committee (BIRMC) - Details of the Board Integrated Risk management committee is given on page 151. 3. Nomination and Governance Committee - Details of the Board Nomination and Governance committee is given on page 156. 4. Human Resource and Remuneration Committee - Details of the Human resource and Remuneration committee is given on page 154. 5. Related Party Transactions Review Committee - Details of the Related party transactions review committee is given on page 149. Meetings are held as defined in the respective TOR of each Sub-Committee. Recommendations of these committees are addressed directly to the Board and minutes of meetings are submitted and discussed at the Board meetings.
b)	Each Sub Committee shall have Board approved Terms of reference	Complied	Board Approved TOR is available for each Board Sub Committee.
c)	Report on performance of duties and functions of Sub Committees shall be presented by Board at the AGM	Complied	The Company has presented reports on the performance, duties and functions of each Committee in the Annual report for the financial year 2024/25, for the information of shareholders. Please refer respective Board Sub-Committee reports for more details, as above.

Reference to CBSL Direction	Direction requirement	Status of Compliance	Extent of Compliance as at 31.03.2025
d)	Appointment of a Secretary to Sub Committees	Complied	Company Secretary functions as the Secretary for the Board Sub Committees except the Board Audit Committee and the BIRMC. Secretary for these sub-committees have been appointed in line with the requirements of the Direction.
e)	Each Board Sub committee shall consist of at least 03 members of Board who have skills , knowledge and experience relevant to duties of the Committee.	Complied	Each Committee comprises at least three (03) Board members who possess skills, knowledge and experience required for the responsibilities of the Board Sub Committees and the composition meets the requirements stipulated in the regulations. Composition of the Board Sub Committees are disclosed in the pages 147 to 156 of the annual report.
f)	BOD may consider the occasional rotation of members and Chairperson of Board Sub-Committees	Complied	Occasional rotation of members and Chairpersons of the Board Sub Committees are considered by the Board as and when required
10.2	BOARD AUDIT COMMITTEE		
a)	Chairperson of BAC shall be an Independent Director who possesses qualifications and experience in accountancy and audit.	Complied	Chairperson of the Audit Committee is an Independent Director with qualifications and ample expertise in the field of finance and accounting.
B)	Board members appointed to the BAC shall be Non Executive Directors and majority shall be independent	Complied	All members of the Committee are Non-Executive Directors while the majority is independent directors.
C)	Secretary of the BAC shall preferably be the Chief Internal Auditor or the Company Secretary	Complied	The Chief Internal Auditor has been appointed as the Secretary to the Committee.
D)	EXTERNAL AUDIT FUNCTION		
i)	BAC shall make recommendation on matters regarding appointment of external auditors in compliance with relevant statutes, service period, audit fee and resignation or dismissal of auditors.	Complied	M/S BDO Partners, Chartered Accountants acts as External Auditor for the financial year 2024/25. Since the external auditors have completed the maximum period allowed under the Direction, a resolution for the appointment of M/S KPMG, Chartered Accountants as external auditors for the FY 2025/26 is being tabled at the AGM. The relevant requirements with regard to the External Auditors are contained in the TOR of the Board Audit Committee and overseen by the Committee.
ii)	Engagement of an audit partner shall not exceed 5 years.	Complied	Engagement period of current audit partner does not exceed the stipulated period.
iii)	The External Audit Partner shall not be a shareholder, Director, Senior Management or employee of any LFC.	Complied	The Audit Partner is not a Director or employee and does not hold any Senior Management position of the Company. A declaration has been obtained confirming that the audit partner does not hold any shares of the Company.

CORPORATE GOVERNANCE

Reference to CBSL Direction	Direction requirement	Status of Compliance	Extent of Compliance as at 31.03.2025
Iv)	BAC shall review the independence and objectivity of the External Auditor and effectiveness of the audit process.	Complied	In order to safeguard the objectivity and independence of the External Auditor, the Board Audit Committee reviewed the nature and scope of the audit process, taking in to account the regulations and guidelines.
v)	BAC shall develop and implement a policy with approval of Board on engagement of an external auditor to provide permitted non-audit services (NAS)	Complied	Board of Directors developed and implemented a policy for engagement of auditors to provide non-audit services with the approval of BAC, in order to ensure that the non-audit services do not impair the independence and objectivity of the External Auditor. The policy addresses the skills and experience of the auditor, requirements to ensure independence, objectivity and fee for the non-audit services.
vi)	BAC shall determine the nature and scope of the audit	Complied	The External Auditors make a presentation at the BAC including following; Details of the proposed audit plan and scope Assessment of company's compliance with regulatory requirements Internal controls over financial reporting Preparation of financial statements in conformity with relevant accounting principles Members of the BAC shall obtain clarifications in respect of the contents of the presentation.
vii)	Review of financial information of the company by the Board Audit committee	Complied	Annual and interim financial statements are submitted to the BAC prior to the submission to CSE / Stakeholders. Following are focused by BAC before being recommended for Board approval • A detailed discussion focused on major judgment areas • Changes in accounting policies, significant audit judgment in the financial statements • Going concern assumptions and compliance with accounting standards and other legal requirements. • Contingent liabilities requiring disclosure.
viii)	Discussion of issues, problems and reservations arising from the interim and final audits	Complied	BAC had a meeting with the External Auditors without the presence of the Executive Directors and Senior Management during the financial year 2024/25.
ix)	BAC shall review of external Auditor's management letter and management response	Complied	The BAC has reviewed the management letter of the external auditor and management responses there to at next BAC meeting, and subsequently reported to the Board.

Reference to CBSL Direction	Direction requirement	Status of Compliance	Extent of Compliance as at 31.03.2025
E)	BAC shall review the effectiveness of the system of internal controls	Complied	Internal Audit Department reviews the compliance and effectiveness of the Internal control system of the Company and reports are submitted to BAC periodically and in line with the internal audit plan.
F)	BAC to ensure that senior management takes necessary corrective actions on findings made on internal auditor by the auditors and supervisory bodies	Complied	BAC follows up that senior management is taking necessary actions in a timely manner to address Internal control weaknesses, non-compliance with policies, laws and regulations, and other discrepancies identified by the External Auditor, supervisory bodies and the Internal Audit function.
G)	INTERNAL AUDIT FUNCTION:		
i)	Establishment of an independent Internal Audit function	Complied	An Internal Audit Department (IAD) is in place to provide independent assurance to the BAC on the quality and effectiveness of the existing internal control systems of the Company, risk management, governance practices and internal controls.
ii)	Internal Audit function shall have a clear mandate, independence and reporting line	Complied	The Chief Internal Auditor directly reports to the BAC. Internal Audit function carries out its functions within the Company in accordance with the Internal Audit Charter and the Internal Audit Plan.
iii)	Review of internal audit function shall be carried out by BAC	Complied	The BAC has reviewed the information provided in the risk- based audit plan and assessed the scope, functions, skills and resources of the Internal Audit Department (IAD) are sufficient to carry out its functions. The Committee ensured that the internal audit function is independent of the activities it audits and provided necessary authority to perform it duties effectively and objectively. The BAC has reviewed and approved the Internal Audit Plan for the Financial Year. BAC has evaluated the performance of Chief Internal Auditor. Whenever a need arises, The BAC and Senior Management assigns special internal investigations on certain matters to the Internal Audit Department and reviews major findings with the management responses thereto and ensures that the recommendations are implemented.
iv)	Review of statutory examination reports of CBSL	Complied	The progress of implementing the time-bound action plan (TBAP) on supervisory concerns report issued by CBSL on-site examination report has been reviewed at BAC meetings and ensured that corrective actions are taken in a timely and effective manner
I)	MEETINGS OF THE COMMITTEE		
i)	Meetings of the Board Audit Committee shall be held once in two months	Complied	The BAC meeting dates were agreed to by Committee members in advance for the calendar year. The Committee meets 02 times per quarter and the agenda, minutes and all other Committee papers are uploaded through a web based platform for the review of Committee members prior to the BAC meetings.

CORPORATE GOVERNANCE

Reference to CBSL Direction	Direction requirement	Status of Compliance	Extent of Compliance as at 31.03.2025
ii)	Other Board members, senior management or any other employee may attend BAC meeting upon the invitation of the BAC	Complied	Members of the BAC and the Chief Internal Auditor attend the meetings of BAC. CEO and other Senior Management personnel attended the meeting by invitation
iii)	BAC shall meet at least twice a year with external auditors without any other Directors/ senior management/ employee being present	Complied	One (01) meeting was held with the External Auditors during the year without the presence of any other Directors, Senior Management or employees.
10.3	BOARD INTEGRATED RISK MANAGEMENT COMMITTEE (BIRMC)		
A)	BIRMC shall be chaired by an Independent Director. Board members appointed to BIRMC shall be Non Executive Directors with experience and knowledge in banking, finance , Risk Management issues and practices. CEO and Chief Risk Officer may attend the meetings upon invitation. BIRMC shall work with senior management closely and make decisions on behalf of Board within the authority and responsibilities assigned to BIRMC	Complied	The Chairman of the Committee is an Independent Non-Executive director. The Committee members are Non-Executive Director and they have sufficient knowledge and experience in banking, finance, risk management issue and practices. The Committee members including the Chairman are Independent Non-Executive Directors. The CEO, the Chief Risk Officer and relevant Senior Management personnel attended the meetings by invitation for discussion of risk related reports and matters. The Committee makes decisions on behalf of the Board within the Board approved Terms of Reference of the Committee.
B)	Secretary of the Board Integrated Risk Management Committee shall be the Chief Risk Officer	Complied	The Chief Risk Officer functions as the Secretary to the Committee.
C)	BIRMC shall assess the Risk Assessment Process and make recommendation on risk strategies and risk appetite to the Board	Complied	The Committee has a Board approved policy and framework on Enterprise Risk Management which provide a guidance for management on assessment of risks. Accordingly, monthly and quarterly reports on quantitative and qualitative risks are presented to BIRMC including appropriate risk indicators, management information and make recommendations on strategies. Subsequently, recommendation of BIRMC are submitted to the Board for its recommendations. Please refer the BIRMC report on pages 151 for more details.
D)	Development of a Risk Appetite Statement	Complied	Board approved RAS is in place which provide a guidance to identify the risk tolerance limits of the Company. RAS includes quantitative measures in relation to the various KPIs.

Reference to CBSL Direction	Direction requirement	Status of Compliance	Extent of Compliance as at 31.03.2025
E)	BIRMC shall assess review of Risk policies and Risk Appetite statement	Complied	Risk policies and RAS will be reviewed by the BIRMC on an annual basis.
F)	BIRMC shall review the adequacy and effectiveness of Senior Management level Committees	Complied	The Committee reviews the adequacy and effectiveness of Senior Management level Committees to address specific risks and manage those risks within quantitative and qualitative risk limits as specified by the Committee
G)	BIRMC shall assess of all aspects of risk management including business continuity and disaster recovery plans	Complied	Business Continuity Plan and disaster recovery plan are reviewed by the BIRMC.
H)	Assessment of performance of Compliance Officer and Chief Risk Officer	Complied	The Committee assess the performance of the Head of Compliance and the Chief Risk Officer.
I)	**COMPLIANCE FUNCTION**		
i)	BIRMC shall establish an independent compliance function	Complied	An Independent Compliance function is in place to assess the Compliance with laws, regulations, rules, directions, guidelines and Board approved policies.
ii)	Appointment of a dedicated Compliance Officer	Complied	A dedicated compliance officer has been appointed who is a Senior Management Officer with appropriate seniority. To avoid conflict of interest, Head of Compliance reports directly to the BIRMC and does not engage in any operational activities, or income-generating functions.
iv)	BIRMC shall ensure that responsibilities of the Compliance Officer broadly encompass the responsibilities stipulated in the Direction	Complied	The Job Description of the Compliance Officer has been reviewed by the BIRMC in Compliance with in this direction and best practices. The Compliance Officer's JD and Compliance Management Policy cover the following; • Minimizing the risk of non-compliance by developing and implementing policies and procedures. • Establishing Compliance culture through proper communication • Regular reviews on regulatory rules and compliance with internal policies • Implementation of new legal and regulatory developments applicable to the Company • Early involvement in ensuring conformity with regulatory, internal Compliance and ethical standard requirements when designing new products or systems. • Addressing serious or persistent compliance issues within acceptable timelines, in concurrence with the management • Maintaining cordial working relationship with the regulators.

CORPORATE GOVERNANCE

Reference to CBSL Direction	Direction requirement	Status of Compliance	Extent of Compliance as at 31.03.2025
J)	RISK MANAGEMENT FUNCTION		
i)	Establishment of an independent risk management function	Complied	The BIRMC has established an independent risk management function for managing the risk of the Company. The Chief Risk Officer and staff of the risk management department do not perform any operational roles and report directly to the BIRMC, ensuring independence of the risk management function.
iii)	Implementing the risk management policies and processes including RAS	Complied	Chief Risk Officer has taken measures to implement the Risk management policies and monitor the Risk Appetite based on the Board approved RAS.
iv)	Developing and implementing a Board approved integrated risk management framework shall be the primary responsibility of CRO	Complied	Board approved policies exist on enterprise risk management which provide a framework for assessment and management of risks. Accordingly, regular reports on quantitative as well as qualitative risks are being reviewed by the Committee in discharging its responsibilities as per the terms of reference. The risk management framework covers: potential risks and frauds, possible sources of such risks and frauds, process of identifying, assessing, monitoring and reporting risks, controls and mitigating factors and accountabilities. The BIRMC reviews and updates the framework at least on an annual basis.
V)	CRO participates in decision making related to capital and liquidity planning and new product/ service development	Complied	The Risk Officer participates in Management Committee meetings where developing and implementing strategy, is planned relating to capital and liquidity. Importantly, any new products and services are referred for review by the Risk Management Division in order to identify and mitigate the risks.
Vi)	CRO shall maintain an updated risk register and it shall be submitted to BIRMC on quarterly basis	Complied	The updated risk register/summary is submitted to the BIRMC on quarterly basis.
Vii)	Submission of risk assessment report by BIRMC to the Board meeting	Complied	Board was informed by BIRMC of their risk assessment of the Company by forwarding the risk report and recommendation made by BIRMC for upcoming Board meeting seeking Board's views.
10.4	BOARD NOMINATION AND GOVERNANCE COMMITTEE		
a)	The Nomination and Governance Committee shall be constituted with Non-Executive Directors and preferably majority may be independent directors. An independent director shall chair the committee. CEO may be present at meeting by invitation of committee	Complied	The Committee comprised of Non-Executive Directors out of whom majority are independent. An Independent Non-Executive Director has been appointed as the Chairman of the Committee.

Reference to CBSL Direction	Direction requirement	Status of Compliance	Extent of Compliance as at 31.03.2025
b)	Secretary of the Board Nomination Committee	Complied	Company Secretary functions as the Secretary to the Committee.
c)	BN&GC shall implement a formal and transparent procedure to select/ appoint new Directors and Senior Management	Complied	A formal and transparent procedure to select/appoint new Directors and Senior Management is adopted. The Senior Management are appointed with the recommendation of Chief Executive Officer except CIA and Head of Compliance and Chief Risk Officer.
d)	Fitness and propriety of Directors and Senior Management	Complied	Fitness and propriety of Board of Directors and Senior Management are evaluated at the time of appointment and on an on-going basis as required under the Direction.
e)	The selection process of Directors shall include reviewing whether proposed directors have knowledge, skills, experience, good integrity and reputation, sufficient time to fully carry on their responsibilities	Complied	The criteria set out in this direction are considered at the selection and recommendation process of Directors by the Committee and the Board
f)	The Committee shall strive to ensure that the Board composition is not dominated by any individual or a small group of individuals	Complied	The Committee ensured that the composition of the Board is not dominated by any individual or a group of individuals in a manner that is detrimental to the interest of the stakeholders of the Company.
G)	Criteria on qualification, experience and key attributes required to be appointed to the post of CEO and Senior Management	Complied	Qualifications, experience and key attributes required for eligibility for the appointment to the post of CEO and Senior Management positions has been documented. The Committee ensured the availability of adequate qualifications, experience, skills and eligibility to discharge duties as CEO, Directors and Senior Management personnel
H)	Disclosures to shareholder upon the appointment of a new Director	Complied	Details of new Directors are disclosed to the shareholders at the time of their appointment by way of announcements made to the Colombo Stock Exchange (CSE). Prior approval for appointment of new Directors is obtained from the Director of Department of Supervision of Non-Bank Financial Institutions of Central Bank of Sri Lanka and notification is sent to CSE.

CORPORATE GOVERNANCE

Reference to CBSL Direction	Direction requirement	Status of Compliance	Extent of Compliance as at 31.03.2025
i)	The Nominations and Governance Committee shall consider the re-election of current Directors, taking into account the combined knowledge, performance towards strategic demand faced by the Company and the contribution made by the director towards the discharge of the Board's overall responsibility.	Complied	Nominations and Governance Committee makes recommendations to the Board considering the combined knowledge of the Board, performance towards strategic demands faced by the Company and contribution made by each Director towards discharge of Board's overall responsibilities. The Committee takes into account the self-assessment carried out by each director in this regard.
J)	The Nomination and Governance Committee shall consider additional/ new expertise and the succession arrangements for retiring Directors and Senior Management	Complied	The Committee considers the succession arrangements for retiring Directors and Senior Management and makes arrangements to name suitable successors.
K)	Members of nomination committee shall not participate in decision making relating to own appointment/reappointment	Complied	The members of the Committee do not participate in decision making relating to own appointments or reappointments. Further, Chairman of the Board abstains from the meeting when matters related to his successor is discussed.
10.5	BOARD HUMAN RESOURCES AND REMUNERATION COMMITTEE:		
A)	BHRRC shall be chaired by a Non Executive Director and majority of members shall be Non Executive Directors	Complied	All members of the Committee are Non-Executive Directors, and all Members are Independent Directors. The Committee is chaired by an Independent Non-Executive Director.
B)	Secretary of the BHRRC may preferably be the company secretaries	Complied	The Company Secretary functions as the Secretary to the Committee.
C)	BHRRC shall determine the remuneration policy for Directors and Senior Management	Complied	Salaries and allowances of Executive Directors, Senior Management and Non-Executive Directors are decided by the BHRRC. Please refer BHRRC Report on page 154 for more details on the remuneration policy of the Company
D)	There shall be a formal and transparent procedure in developing the remuneration policy.	Complied	The policy was recommended by the Human resource and remuneration committee and approved by the Board of Directors. Please refer Board Human Resources and Remuneration Committee Report on page 154 for more details
E)	BHRRC shall recommend the remuneration policy for employees of the Company	Complied	The Remuneration Policy is reviewed periodically and recommended by the Committee for the approval of the Board on paying salaries, allowances and other financial incentives for employees of the Company.

Reference to CBSL Direction	Direction requirement	Status of Compliance	Extent of Compliance as at 31.03.2025
F)	Remuneration structure to be in line with the business strategy, objectives, values, long-term interests and cost structure of the Company	Complied	The remuneration structure is in line with the business strategy, objectives, values. Long-term interests and cost structure of the Company and it also incorporated measures to avoid conflicts of interest.
G)	BHRRC shall review the performance of Senior Management	Complied	The performance of the Senior Management (excluding CIA and Chief Risk Officer & the Head of Compliance) against the set targets and goals will be reviewed by the BHRRC. Basis for revising remuneration and other performance-based benefits for the Senior Management will be done as per the annual evaluation process.
H)	Senior Management abstain from attending meetings when matters related to them are being discussed	Complied	Respective Senior Management Personnel shall abstain from attending meetings, when matters related to them are discussed. BHRRC reviewed and ensured the Compliance of such requirement.
11.	**INTERNAL CONTROLS**		
11.1	LFC shall adopt a well-established internal control system including organization structure, segregation of duties, clear management reporting lines & adequate operating procedures to mitigate operational risks	Complied	Company has a well-established internal control system which includes organization structure and segregation of duties, clear reporting lines for management and operational procedures in order to mitigate the operational risks.
11.2	Expected outcomes of an internal control system	Complied	The Board has established an internal control system which ensured the promoting effective and efficient operation, providing reliable financial information, safeguarding the Company's assets, minimizing the operational risks, ensuring effective risk management system and compliance with laws, regulations, directions and internal procedures.
11.3	Responsibilities of employees on internal control	Complied	All employees were made accountable and responsible for internal controls as part of their routine functions through the various policies and procedures of the Company. Adherence to the internal controls are reviewed by the IAD. Action is taken on breaches of internal controls by employees, in line with the HR policy of the company.
12.	**RELATED PARTY TRANSACTIONS**		
12.1	Board shall establish a policy and procedures for Related Party Transactions	Complied	A Board approved procedure for Related Party Transactions is available for monitoring the related party transactions.

CORPORATE GOVERNANCE

Reference to CBSL Direction	Direction requirement	Status of Compliance	Extent of Compliance as at 31.03.2025
A)	LFC shall establish a RPT Review Committee and the chairperson shall be an independent director and members shall consist of Non Executive Directors	Complied	The Committee comprised of three (03) Non-Executive Directors all of whom are Independent Directors. The Committee is chaired by an Independent Non-Executive Director
B)	All related party transactions shall be prior reviewed and recommended by RPTRC	Complied	The Board approved procedure is in place for governing the Related Party Transactions. All RPTs are reviewed and recommended by RPTRC.
C)	Types of related party transactions	Complied	Board approved RPT Procedure provides a guidance for the transactions that can be carried out by the company to avoid any non-compliance and conflicts of interest.
12.2	Avoiding conflicts of interest from List of identified related parties	Complied	The Board appointed RPTRC ensures that the transactions with RPs are in accordance with best practices. The RRPT Review Policy is in place which describes the related parties, types of related party transactions and disclosure and reporting requirements. Importantly, no Director shall participate in any discussion of a proposed related party transaction for which he or she is a related party, provided however he or she may participate in discussion to express, propose and providing information concerning to RPTRC. No favourable transaction has been entered in to with RPs during the period in the ordinary course of business (Recurrent transactions) and they are disclosed in the Financial Statements on 'Related Party Disclosures' under Note 38 on page 219 in Financial Statements The RPTRC has identified a list of related parties and periodic reviews are conducted as and when need arises.
12.3	Avoiding more favorable treatments at the time of engaging in business transactions with related parties	Complied	The Board-approved Related Party Transactions Review Procedure contains guidelines to ensure compliance with regulatory requirements and the RPTRC ensures that all the transactions with RPs are conducted on arm's length basis. RPTRC reviews all related party transactions and ensured that they are not entered into on more favorable terms than those offered to others, and where applicable relevant approvals of the RPTRC/Board are obtained
13.	GROUP GOVERNANCE		
13.1	Responsibilities of the FC as a Holding Company	NA	Janashakthi Finance PLC does not have any subsidiary/associate companies and hence this section is not applicable

Reference to CBSL Direction	Direction requirement	Status of Compliance	Extent of Compliance as at 31.03.2025
14.	CORPORATE CULTURE		
14.1	Code of Conduct	Complied	Board approved Code of Conduct is in place issuing guidelines on appropriate conduct on confidentiality, conflict of interest, integrity of reporting, protection and proper use of Company assets and fair treatment of customers. These policies are monitored by the Human Resources Division.
14.2	Records of breaches of code of conduct	Complied	If a breach of the Code of Conduct is reported, the Human Resources Division maintains records on such breaches of Code of Conduct. There were no breaches of the Code of Conduct for Directors.
14.3	Whistleblower Policy	Complied	The Company has a Board-approved Whistleblower Policy whereby employees of the Company are entitled and encouraged to raise concerns about any misconduct/misappropriation or other such irregularity observed in the Company. With the recommendation of BAC, Whistleblower Policy has been approved by the Board and ensures that a proper process is in place in line for a fair and independent investigation on such matters.
15.	CONFLICTS OF INTEREST		
15.1			
a)	Avoiding conflicts of interest by Directors	Complied	Conflicts of interest are avoided by Board members in line with the code of conduct for directors which covers the stipulated requirements. The Company Secretary noted the disclosure of interest from Directors at Board meetings and conflict of interest (if any). Directors abstain from deliberating on and voting in such a situation and they are not counted in the quorum.

BDO

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Sri Lanka

AGREED-UPON PROCEDURES REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED 31ST MARCH 2025 OF JANASHAKTHI FINANCE PLC (FORMERLY KNOWN AS ORIENT FINANCE PLC)

The Board of Directors
Janashakthi Finance PLC,
No. 19, Railway Avenue,
Nugegoda.

Dear Sirs,

Purpose of this Agreed-Upon Procedures Report and Restriction on Use and Distribution

Our report is solely for the purpose of assisting Janashakthi Finance PLC (Formerly known as Orient Finance PLC) ("the Company") in examine whether the Company complied with the "Section 1" of the Finance Business Act (Corporate Governance) Direction, No. 05 of 2021 issued by the Central Bank of Sri Lanka. This report is intended solely for the Company, and should not be used by, or distributed to, any other parties.

Responsibilities of the Engaging Party and the Responsible Party

The Company has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

The Company is responsible for the subject matter on which the agreed-upon procedures are performed.

Practitioner's Responsibilities

We have conducted the agreed-upon procedures engagement in accordance with the Sri Lanka Standard on Related Services (SLSRS) 4400 (Revised), Agreed-Upon Procedures Engagements. An agreed-upon procedures engagement involves our performing the procedures that have been agreed with the Company, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

Had we performed additional procedures, other matters might have come to our attention that would have been reported.

Professional Ethics and Quality Control

We have complied with ethical requirements in the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka Code) and the independence requirements in accordance with Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka Code).

Our firm applies Sri Lanka Standard on Quality Management (SLSQM) 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly, maintains a comprehensive system of quality control including, we documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Procedures and Findings

We report our findings in the Annexure.

BDO Partners

CHARTERED ACCOUNTANTS

27th May 2025
HSR/cc

ANNEXURE

NOTE: The below mentioned numbering is used to coincide with the "section 1" of the Finance Business Act (Corporate Governance) Direction, No. 05 of 2021 issued by the Central Bank of Sri Lanka.

			Findings
1.	BOARD'S OVERALL RESPONSIBILITIES		
1.2	BUSINESS STRATEGY AND GOVERNANCE FRAMEWORK		
	a.	Check the Board's approval of the overall business strategy with measurable goals for next three years and update it annually in view of the developments in the business environment.	Complied
	b.	Check that the board approval of governance framework commensurate with the FC's size, complexity, business strategy and regulatory requirements.	Complied
	c.	Check that the Board has assessing the effectiveness of its governance framework periodically.	Complied
	d.	Check that the appointing the Chairperson and the Chief Executive Officer (CEO) and define the roles and responsibilities.	Complied
1.3	CORPORATE CULTURE AND VALUES		
	a	Check that the FC ensures that there is a sound corporate culture within the FC, which reinforces ethical, prudent and professional behavior.	Complied
	b.	Check that the FC playing a lead role in establishing the FC's corporate culture and values, including developing a code of conduct and managing conflicts of interest.	Complied
	c.	Check that the FC promoting sustainable finance through appropriate environment, social and governance considerations in the FC's business strategies.	Complied
	d.	Check that the Board approving the policy of communication with all stakeholders including depositors, shareholders, borrowers and other creditors in the view of projecting a balanced view of the FC's performance, position and prospects in public and regulators.	Complied
1.4	RISK APPETITE, RISK MANAGEMENT AND INTERNAL CONTROLS		
	a.	Check that establishing and reviewing the Risk Appetite Statement (RAS) in line with FC's business strategy and governance framework.	Complied
	b.	Check that the ensuring the implementation of appropriate system and controls to identify, mitigate and manage risks prudently.	Complied
	C.	Check that the adopting and reviewing the adequacy and the effectiveness of the FC's internal control systems and management information systems periodically.	Complied
	d.	Check that the approving and overseeing business continuity and disaster recovery plan for the FC to ensure stability, financial strength, and preserve critical operations and services under unforeseen circumstances.	Complied
1.5	BOARD COMMITMENT AND COMPETENCY		
	a.	Check that all members of the board shall devote sufficient time on dealing with the matters relating to affairs of the FC.	Complied
	b.	Check that all members of the board shall possess necessary qualifications, adequate skills, knowledge and experience.	Complied
	c.	Check that the board shall regularly review and agree the training and development needs of all the members.	Complied
	d.	Check that the board shall adopt a scheme of self-assessment to be undertaken by each director annually on individual performance, of its board as a whole and that of its committees and maintain records of such assessments.	Complied
	e.	Check that the board shall resolve to obtain external independent professional advice to the board to discharge duties to the FC.	Complied

CORPORATE GOVERNANCE

		Findings
1.6	OVERSIGHT OF SENIOR MANAGEMENT	
	a. Check that identifying and designating senior management, who are in a position to significantly influence policy, direct activities and exercise control over business operations and risk management.	Complied
	b. Check that defining the areas of authority and key responsibilities for the senior management.	Complied
	c. Check that ensuring the senior management possess the necessary qualifications, skills, experience and knowledge to achieve the FC's strategic objectives.	Complied
	d. Check that ensuring there is an appropriate oversight of the affairs of the FC by senior management.	Complied
	e. Check that ensuring the FC has an appropriate succession plan for senior management.	Complied
	f. Check that meeting regularly with the senior management to review policies, establish lines of communication and monitor progress towards strategic objectives.	Complied
1.7	ADHERENCE TO THE EXISTING LEGAL FRAMEWORK	
	a. Check that ensuring that the FC does not act in a manner that is detrimental to the interest of and obligations to, depositors, shareholders and other stakeholders.	Complied
	b. Check that adherence to the regulatory environment and ensuring compliance with relevant laws, regulations, directions and ethical standards.	Complied
	c. Acting with due care and prudence, and with integrity and be aware of potential civil and criminal liabilities that may arise from their failure to discharge the duties diligently.	Complied
2	GOVERNANCE FRAMEWORK	
2.1	Check that the board shall develop and implement a governance framework in line with followings, a) role and responsibilities of the Board b) matters assigned for the Board. c) delegation of authority. d) composition of the Board. e) the Board's independence. f) the nomination, election and appointment of directors and appointment of senior management. g) the management of conflicts of interests h) access to information and obtaining independent advice. i) capacity building of Board members. j) the Board's performance evaluation. k) role and responsibilities of the chairperson and the CEO. l) role of the company secretary. m) Board sub committees and their role; and n) limits on related party transactions.	Complied
3.	COMPOSITION OF THE BOARD	
3.1	Check that the board's composition shall ensure a balance of skills and experience as may be deemed appropriate and desirable for the requirement of the size, complexity and risk profile the FC.	Complied
3.2	Check that the number of directors on the Board shall not be less than seven (07) and not more than thirteen (13)	Complied
3.3	Check that the total period of service of a director other than a director who holds the position of CEO/ executive director shall not exceed nine years, subject to direction 3.4	Complied

			Findings
3.4	Check that non- executive directors, who directly or indirectly holds more than 10% of the voting rights or who appointed to represent a shareholder who directly or indirectly holds more than 10% of voting rights by producing sufficient evidence are eligible to hold office exceeding 9 years of service with prior approval of Director, Department of supervision of non-Bank financial Institutions subject to provisions contained in direction 4.2 and 4.3 provided, however number of non-executive directors eligible to exceed 9 years are limited to one-fourth (1/4) of the total number of directors of the board.		Complied
3.5	EXECUTIVE DIRECTORS		
	a.	Check that only an employee of a FC shall be nominated, elected and appointed, as an executive director of the FC, provided that the number of executive directors shall not exceed one-third (1/3) of the total number of directors of the board.	Complied
	b.	Check that a shareholder, who directly or indirectly holds more than 10% of the voting rights of the FC, shall not be appointed as an executive director or as senior management. Provided, however existing executive directors with a contract of employment and functional reporting line and exiting senior management are allowed to continue as an executive director/senior management until the retirement age of the FC and may reappointed as a non-executive director subject to provisions contained in direction 4.2 and 4.3	Complied
	c.	Check that in the event of presence of the executive directors, CEO shall be one of the executive directors and may be designated as the managing director of the FC.	Complied
	d.	Check that all executive directors shall have a functional reporting line in the organization structure of the FC.	Complied
	e.	Check that the executive directors are required to report to the board through CEO.	Complied
	f.	Check that executive directors shall refrain from holding executive directorships or senior management positions in any other entity.	Complied
3.6.	NON – EXECUTIVE DIRECTORS		
	a.	Check that non –executive directors shall possess credible track records, and have necessary skills, competency and experience to bring independent judgment on the issues of strategy, performance, resources and standards of business conduct.	Complied
	b.	Check that a non-executive director cannot be appointed or function as the CEO/executive director of the FC.	Complied
3.7.	INDEPENDENT DIRECTORS		
	a.	Check that the number of independent directors of the board shall be at least three (03) or one-third (1/3) of the total number of directors whichever is higher.	Complied
	b.	Check that independent directors appointed shall be of highest caliber, with professional qualifications, proven track record and sufficient experience.	Complied

		Findings
	c. Check that a non- executive director shall not be considered independent if such: i. Director has a direct or indirect shareholding exceeding 5% of the voting rights of any FC. ii. Director or relative has or had during the period of one year immediately preceding the appointment as director, material business transaction with the FC, as described in direction 12.1(c) hereof, aggregate value outstanding of which at any particular time exceeds 10% of the stated capital of the FC has shown in its last audited statement of financial position. iii. Director has been employed by the FC or its affiliates or is or has been a director of any of its affiliates during the one year, immediately preceding the appointment as director. iv. Director has been an advisor or consultant or principal consultant/advisor in the case of a firm providing consultancy to the FC or its affiliates during the one year preceding the appointment as director. v. Director has a relative, who is a director or senior management of the FC or has been a director or senior management of the FC during the one year, immediately preceding the appointment as director or hold shares exceeding 10% of the voting rights of the FC or exceeding 20% of the voting rights of another FC. vi. Director represents a shareholder, debtor, creditor or such other similar stakeholder of the FC. vii. Director is an employee or a director or has direct or indirect shareholding of 10% or more of the voting rights in a company, in which any of the other directors of the FC is employed or is a director. viii. Director is an employee or a director or has direct or indirect shareholding of 10% or more of the voting rights in a company, which has a transaction with the FC as defined in direction 12.1(c), or in which any of the other directors of the FC has a transaction as defined in direction 12.1(c) , aggregate value outstanding of which at any particular time exceeds10% of the stated capital as shown in its last audited statement of financial position of the FC.	Complied
	d. Check that the nomination committee and board should determine whether there is any circumstance or relationship, which is not listed at direction 3.7, which might impact a director's independence, or the perception of the independence.	Complied
	e. Check that an independent director shall immediately disclose to the Board any change in circumstances that may affect that status as an independent director. In such a case, the board shall review such director's designation as an independent director and notify the Director, Department of Supervision of Non-Bank Financial Institutions in writing of its decision to affirm or change the designation.	Complied
3.8	Alternate Directors	Not Applicable
	a. Check that representation through an alternate director is allowed only; With prior approval of the Director, Department of Supervision of Non-Bank Financial Institutions under Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) or as amended; and If the current director is unable to perform the duties as a director due to prolonged illness or unable to attend more than three consecutive meetings due to been abroad.	
	b. The existing directors of the FC cannot be appointed as an alternate director to another existing director of the FC.	
	c. A person appointed as an alternate director to one of the directors cannot extend the role as an alternate director to another director in the same board.	
	d. An alternate director cannot be appointed to represent an executive director.	

		Findings
	e. In the event an alternate director is appointed to represent an independent director, the person so appointed shall also meet the criteria that apply to an independent director.	
3.9	COOLING OFF PERIOD	
	a. Check that there shall be a cooling off period of six months prior to an appointment of any person as a director, CEO of the FC, who was previously employed as a CEO or director, of another FC. Any variation thereto in exceptional circumstances where expertise of such persons requires reconstitute a Board of a FC which needs restructuring, shall be made with prior approval of the Monetary Board.	Complied
	b. Check that a director, who fulfills the criteria to become an independent director, shall only be considered for such appointment after a cooling off period of one year if such director has been previously considered as non-independent under the provisions of this Direction.	Complied
3.10	Common Directorships Check that director or a senior management of a FC shall not be nominated, elected or appointed as a director of another FC except where such FC is parent company, subsidiary company or an associate company or has a joint arrangement with the first mentioned FC subject to conditions stipulated in Direction 3.5(f)	Complied
3.11	Check that the board shall determine the appropriate limits for directorships that can be held by directors. However, a director of a FC shall not hold office as a director or any other equivalent position (shall include alternate directors) in more than 20 companies/societies/bodies, including subsidiaries and associates of the FC.	Complied
4.	ASSESSMENT OF FITNESS AND PROPRIETY CRITERIA	
4.1	Check that no person shall be nominated, elected or appointed as a director of the FC or continue as a director of such FC unless that person is a fit and proper person to hold office as a director of such FC in accordance with the Finance Business Act (Assessment of fitness and propriety of Key Responsible Persons) Direction or as amended.	Complied
4.2	Check that a person over the age of 70 years shall not serve as a director of FC.	Complied
4.3	Check that notwithstanding provisions contained in 4.2 above, a director who is already holding office at the effective date of this direction and who attains the age of 70 years on or before 31.03.2025, is permitted to continue in office as a director, exceeding 70 years of age up to maximum of 75 years of age subject to the following, a) assessment by the Director/ Department of Supervision of Non-Bank Financial Institutions on the fitness and propriety based on the criteria specified in the Finance Business Act (Assessment of fitness and propriety of Key Responsible Persons) Direction. b) Prior approval of the Monetary Board base on the assessment of the Director/ Department of Supervision of Non-Bank Financial Institutions in 4.3(a) c) Maximum number of directors exceeding 70 years of age is limited to one-fifth (1/5) of the total number of directors. d) The director concerned shall have completed a minimum period of 3 continuous years in office, as at the date of the first approval.	Not Applicable
5.	APPOINTMENT AND RESIGNATION OF DIRECTORS AND SENIOR MANAGEMENT	
5.1	Check that the appointments, resignations or removals shall be made in accordance with the provisions of the Finance Business Act (Assessment of fitness and propriety of Key Responsible Persons) Direction.	Complied
6.	THE CHAIRPERSON AND THE CEO	
6.1	Check that there shall be a clear division of responsibilities between the chairperson and CEO and responsibilities of each person shall be set out in writing.	Complied
6.2	Check that the chairperson shall be an independent director, subject to 6.3 below.	Complied

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6.3	Check that in case where the chairperson is not independent, the board shall appoint one of the independent directors as a senior director, with suitably documented terms of reference to ensure a greater independent element. Senior director will serve as the intermediary for other directors and shareholders. Non-executive directors including senior director shall assess the chairperson's performance at least annually.	Complied
6.4	RESPONSIBILITIES OF THE CHAIRPERSON	
	Check that the responsibilities of the chairperson shall at least include the following: a. Provide leadership to the Board. b. Maintain and ensure a balance of power between executive and non-executive directors. c. Secure effective participation of both executive and non-executive directors. d. Ensure the Board works effectively and discharges its responsibilities. e. Ensure all key issues are discussed by the Board in a timely manner. f. Implement decisions/directions of the regulator. g. Prepare the agenda for each Board Meeting and may delegate the function of preparing the agenda and to maintaining minutes in an orderly manner to the company secretary. h. Not engage in activities involving direct supervision of senior management or any other day to day operational activities. i. Ensure appropriate steps are taken to maintain effective communication with shareholders and that the views of shareholders are communicated to the Board. j. Annual assessment on the Performance and the contribution during the past 12 months of the Board and the CEO.	Complied
7.7	Check that a director shall abstain from voting on any Board resolution in relation to a matter in which such director or relative or a concern in which he has substantial interest, is interested and he shall not be counted in the quorum for the relevant agenda item in the Board meeting.	Complied
7.8	Check that a director who has not attended at least two –thirds (2/3) of the meetings in the period of 12 months immediately preceding or has not attended three consecutive meetings held, shall cease to be a director. Provided that participation at the directors' meetings through an alternate director shall be acceptable as attendance, subject to applicable directions for alternate directors.	Complied
7.9	SCHEDULED BOARD MEETINGS AND AD HOC BOARD MEETINGS Check that for the scheduled meetings, participation in person is encouraged and for ad hoc meetings where director cannot attend on a short notice, participation through electronic means is acceptable.	Complied
8	COMPANY SECRETARY	
8.1	a) Check that the Board shall appoint a company secretary considered to be a senior management whose primary responsibilities shall be to handle the secretarial services to the board and of shareholder meetings, and to carry out other functions specified in the statutes and other regulations. b) Check that the Board shall appoint its company secretary, subject to transitional provision stated in 19.2below, a person who possesses such qualifications as may be prescribed for a secretary of a company under section 222 of the Companies Act, No.07 of 2007, on being appointed the company secretary, such person shall become an employee of FC and shall not become an employee of any other institution.	Complied
8.2	Check that all directors shall have access to advice and services of the company secretary with a view to ensuring the Board procedures laws, directions, rules and regulation are followed.	Complied
8.3	Check that the company secretary shall be responsible for preparing the agenda in the event chairperson has delegated carrying out such function.	Complied

		Findings
8.4	Check that the company secretary shall maintain minutes of the board meetings with all submissions to the board and/or voice recordings/video recordings for a minimum period of 6 years.	Complied
8.5	Check that the company secretary is responsible for maintaining minutes in an orderly manner and shall follow the proper procedure laid down in the Articles of Association of the FC.	Complied
8.6	Check those minutes of the board meetings shall be recorded in sufficient detail so that it is possible to ascertain whether the Board acted with due care and prudence in performing its duties. The minutes of a board meeting shall clearly include the following: (a) a summary of data and information used by the Board in its deliberations; (b) the matters considered by the Board; (c) the fact-finding discussions and the issues of contention or dissent, including contribution of each individual director; (d) the explanations and confirmations of relevant parties, which indicate compliance with the Board's strategies and policies and adherence to relevant laws, regulations, directions; (e) the Board's knowledge and understanding of the risks to which the FC is exposed and an overview of the risk management measures adopted; and (f) the decisions and Board resolutions.	Complied
9.	DELEGATION OF FUNCTIONS BY THE BOARD	
9.1	Check that the Board shall approve a Delegation of Authority (DA) and give clear directions to the senior management, as to the matters that shall be approved by the Board before decisions are made by senior management, on behalf of the FC.	Complied
9.2	Check that in the absence of any of the sub-committees mentioned in Direction 10 below, the Board shall ensure the functions stipulated under such committees shall be carried out by the Board itself.	Complied
9.3	Check that the Board may establish appropriate senior management level sub-committees with appropriate DA to assist in Board decisions.	Complied
9.4	Check that the Board shall not delegate any matters to a board sub-committee, executive directors or senior management, to an extent that such delegation would significantly hinder or reduce the ability of the Board as a whole to discharge its functions.	Complied
9.5	Check that the Board shall review the delegation processes in place on a periodic basis to ensure that they remain relevant to the needs of the FC.	Complied
10.	BOARD SUB COMMITTEES	
10.1	a. Check that for the purpose of specifying the requirements for board committees, FCs are divided into two categories based on the asset base as per the latest audited statement of financial position as FCs with asset base of more than Rs.20 Bn and FCs with asset base of less than Rs.20 Bn, subject to transitional provisions stated in direction 19.3	Complied
	Board Sub Committees shall establish a Board Audit Committee (BAC), Board Integrated Risk Management Committee (BIRMC), Nomination Committee, Human Resource and Remuneration committee and Related Party Transactions Review Committee	Complied
	Meetings shall be held at least once in two months for BAC and BIRMC. Other committees shall meet at least annually.	
	b. Check that each Board sub-committee shall have a board approved written terms of reference specifying clearly its authority and duties.	Complied
	c. Check that the Board shall present a report on the performance of duties and functions of each Board sub-committee, at the annual general meeting of the FC.	Complied
	d. Check that each sub-committee shall appoint a secretary to arrange its meetings, maintain minutes, voice or video recordings, maintenance of records and carry out such other secretarial functions under the supervision of the chairperson of the committee.	Complied
	e. Check that each Board sub-committee shall consist of at least three board members and shall only consist of members of the Board, who have skills, knowledge and experience relevant to the responsibilities of the committee.	Complied

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	f. Check that the Board may consider occasional rotation of members and of the chairperson of Board sub-committees, as to avoid undue concentration of power and promote new perspectives.	Complied
10.2	BOARD AUDIT COMMITTEE (BAC) The following in relation to the BAC	
	a. Check that the chairperson of BAC shall be an independent director who possesses qualifications and experience in accountancy and/or audit	Complied
	b. Check that the Board members appointed to the BAC shall be non-executive directors and majority shall be independent directors with necessary qualifications and experience relevant to the scope of the BAC.	Complied
	c. Check that the secretary to the BAC shall preferably be the Chief Internal Auditor. (CIA)	Complied
	d. Check that external Audit Function	
	i. The BAC shall make recommendations on matters in connection with the appointment of the external auditor for audit services to be provided in compliance with the relevant statutes, the service period, audit fee and any resignation or dismissal of the auditor.	Complied
	ii. Engagement of an audit partner shall not exceed five years, and that the particular audit partner is not re-engaged for the audit before the expiry of three years from the date of the completion of the previous term. Further, FC shall not use the service of the same external audit firm for not more than ten years consecutively.	Complied
	iii. Audit partner of an FC shall not be a substantial shareholder, director, senior management or employee of any FC.	Complied
	iv. The committee shall review and monitor the external auditor's independence and objectivity and the effectiveness of the audit processes in accordance with applicable standards and best practices.	Complied
	v. Audit partner shall not be assigned to any non-audit services with the FC during the same financial year in which the audit is being carried out. The BAC shall develop and implement a policy with the approval of the board on engagement of an external audit firm to provide non-audit services that are permitted under the relevant regulatory framework. In doing so, the BAC shall ensure that the provision of service by an external audit firm of non-audit services does not impair the external auditor's independence or objectivity.	Complied
	vi. The BAC shall, before the audit commences, discuss and finalize with the external auditors the nature and the scope of the audit, including, (i)an assessment of the FC's compliance with Directions issued under the Act and the management's internal controls over financial reporting; (ii) the preparation of financial statements in accordance with relevant accounting principles and reporting obligations; and (iii) the co-ordination between auditors where more than one auditor is involved.	Complied
	vii. The BAC shall review the financial information of the FC, in order to monitor the integrity of the financial statements of the FC in its annual report, accounts and periodical reports prepared for disclosure, and the significant financial reporting judgments contained therein. In reviewing the FC's annual report and accounts and periodical reports before submission to the Board, the committee shall focus particularly on: (i) major judgmental areas; (ii) any changes in accounting policies and practices; (iii) significant adjustments arising from the audit; (iv) the going concern assumption; and (v) the compliance with relevant accounting standards and other legal requirements.	Complied
	viii. The BAC shall discuss issues, problems and reservations arising from the interim and final audits, and any matters the auditor may wish to discuss including those matters that may need to be discussed in the absence of senior management, if necessary.	Complied
	ix. The BAC shall review the external auditor's management letter and the management's response thereto within 3 months of submission of such, and report to the Board.	Complied

		Findings
	e. Check that the BAC shall at least annually conduct a review of the effectiveness of the system of internal controls.	Complied
	f. Check that the BAC shall ensure that the senior management are taking necessary corrective actions in a timely manner to address internal control weaknesses, non-compliance with policies, laws and regulations and other problems identified by auditors and supervisory with respect to internal audit function of the FC.	Complied
	g. Check that internal Audit Function i. The committee shall establish and independent internal audit function (either in house or outsourced as stipulated in the finance business act (Outsourcing of Business Operations) Direction or as amended that provides an objective assurance to the committee on the quality and effectiveness of the FC's internal control, risk management, governance systems and processes.	 Complied
	ii. The internal audit function shall have a clear mandate, be accountable to the BAC, be independent and shall have sufficient expertise and authority within the FC to carry out their assignments effectively and objectively.	Complied
	iii. The BAC shall take the following steps with regard to the internal audit function of the FC: (i) Review of the adequacy of the scope, functions and skills and resources of the internal audit department and ensure the internal audit department has the necessary authority to carry out its work. (ii) Review the internal audit program and results of the internal audit process and, where necessary, ensure appropriate actions are taken on the recommendations of the internal audit. (iii) Assess the performance of the head and senior staff members of the internal audit department. (iv) Ensure the internal audit function is independent and activities are performed with impartiality, proficiency and due professional care. (v) Ensure internal audit function carry out periodic review of compliance function and regulatory reporting to regulatory bodies. (vi) Examine the major findings of internal investigations and management's responses thereto.	Complied
	h. Check that the BAC shall review the statutory examination reports of the Central Bank of Sri Lanka (CBSL) and ensure necessary corrective actions are taken in a timely manner and monitor the progress of implementing the time bound action plan quarterly.	Complied
	i. Check that meetings of the committee i. The BAC shall meets as specified in 10.1 above, with due notice of issues to be discussed and shall record its conclusions in discharging its duties and responsibilities. ii. Other Board members, senior management or any other employee may attend meetings upon the invitation of the committee when discussing matters under their purview. iii. BAC shall meet at least twice a year with the external auditors without any other directors/senior management/employees being present.	Complied
10.3	BOARD INTEGRATED RISK MANAGEMENT COMMITTEE (BIRMC) Check that the following shall apply in relation to the BIRMC:	
	a. Check that the BIRMC shall be chaired by an independent director. The Board members appointed to BIRMC shall be non-executive directors with knowledge and experience in banking, finance, risk management issues and practices. The CEO and Chief Risk Officer (CRO) may attend the meetings upon invitation. The BIRMC shall work with senior management closely and make decisions on behalf of the Board within the framework of the authority and responsibility assigned to the committee.	Complied

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	b.	Check that the secretary to the committee may preferably be the CRO.	Complied
	c.	Check that the committee shall assess the impact of risks, including credit, market, liquidity, operational, strategic, compliance and technology, to the FC at least on once in two months basis through appropriate risk indicators and management information and make recommendations on the risk strategies and the risk appetite to the Board.	Complied
	d.	Check that developing FC's risk appetite through a Risk Appetite Statement (RAS), which articulates the individual and aggregate level and types of risk that a FC will accept, or avoid, in order to achieve its strategic business objectives. The RAS should include quantitative measures expressed relative to earnings, capital, liquidity, etc., and qualitative measures to address reputation and compliance risks as well as money laundering and unethical practices. The RAS should also define the boundaries and business considerations in accordance with which the FC is expected to operate when pursuing business strategy and communicate the risk appetite linking it to daily operational decision making and establishing the means to raise risk issues and strategic concerns throughout the FC.	Complied
	e.	Check that the BIRMC shall review the FC's risk policies including RAS, at least annually.	Complied
	f.	Check that the BIRMC shall review the adequacy and effectiveness of senior management level committees (such as credit, market, liquidity investment, technology and operational) to address specific risks and to manage those risks within quantitative and qualitative risk limits as specified by the committee.	Complied
	g.	Check that the committee shall assess all aspects of risk management, including updated business continuity and disaster recovery plans.	Complied
	h.	Check that BIRMC shall annually assess the performance of the compliance officer and the CRO.	Complied
	I.	COMPLIANCE FUNCTION	
		i. Check that BIRMC shall establish an independent compliance function to assess the FC's compliance with Laws, regulations, directions, rules, regulatory guidelines and approved policies on the business operations.	Complied
		ii. Check that for FCs with an asset base of more than Rs. 20 Bn, a dedicated compliance officer considered to the senior management with sufficient seniority, who is independent from day-to-day management, shall carry out the compliance function and report to the BIRMC directly. The compliance officer shall not have management or financial responsibility related to any operational business lines or income-generating functions, and there shall not be 'dual hatting',i.e. the chief operating officer, chief financial officer, chief internal auditor, chief risk officer or any other senior management shall not serve as the compliance officer.	Complied
		iii. Check that for FCs with an assets base of less than Rs. 20 Bn, an officer with adequate seniority considered to be senior management shall be appointed as compliance officer, avoiding any conflict of interest.	Not Applicable
		iv. Check that the BIRMC shall ensure responsibilities of a compliance officer would broadly encompass the following: (i) develop and implement policies and procedures designed to eliminate or minimize the risk of breach of regulatory requirements; (ii) ensure compliance policies and procedures are clearly communicated to all levels of the FC to enhance the compliance culture;(iii) ensure reviews are undertaken at appropriate frequencies to assess compliance with regulatory rules and internal compliance standards; (iv) understand and apply new legal and regulatory developments relevant to the business of FC; (V) secure early involvement in the design and structuring of new products and systems, to ensure conformity with the regulatory requirements, internal compliance and ethical standards; (vi) highlight serious or persistent compliance issues and where appropriate, work with the management to ensure that they are rectified within an acceptable time ; and (vii) maintain regular contact and good working relationship with regulators based upon clear and timely communication and a mutual understanding of the regulators' objectives with highest integrity.	Complied

		Findings
	J. RISK MANAGEMENT FUNCTION	
	i. Check that BIRMC shall establish an independent risk management function responsible for managing risk-taking activities across the FC.	Complied
	ii. Check that for FCs with asset base of more than Rs.20 Bn, it is expected to have a separate risk management department and a dedicated CRO considered to be senior management shall carry out the risk management function and report to the BIRMC periodically.	Complied
	iii. Check that the CRO has the primary responsibility for implementing the Board approved risk management policies and processes including RAS in order to ensure the FC's risk management function is robust and effective to support its strategic objectives and to fulfill broader responsibilities to various stakeholders.	Complied
	iv. Check that the BIRMC shall ensure that the CRO is responsible for developing and implementing a Board approved integrated risk management framework that covers: (i) various potential risks and frauds; (ii) possible sources of such risks and frauds; (iii) mechanism of identifying, assessing, monitoring and reporting of such risks which includes quantitative and qualitative analysis covering stress testing;	Complied
	(iv) effective measures to control and mitigate risks at prudent levels; and (v) relevant officers and committees responsible for such control and mitigation. The framework shall be reviewed and updated at least annually.	Complied
	v. Check that the CRO shall also participate in key decision-making processes such as capital and liquidity planning, new product or service development, etc., and make recommendations on risk management.	Complied
	vi. Check that the CRO shall maintain an updated risk register, which shall be submitted to the BIR.MC on a quarterly basis.	Complied
	vii. Check that the BIRMC shall submit a risk assessment report for the upcoming Board meeting seeking the Board's views, concurrence and/or specific directions.	Complied
10.4	**Nomination Committee** Check that the following shall apply in relation to the Nomination Committee	
	a. Check that the committee shall be constituted with non-executive directors and preferably the majority may be independent directors. An independent director shall chair the committee. The CEO may be present at meetings by invitation of the committee.	Complied
	b. Check that secretary to the nomination committee may preferably be the company secretary.	Complied
	c. Check that the committee shall implement a formal and transparent procedure to select/appoint new directors and senior management. Senior management is to be appointed with the recommendation of the CEO, excluding the CIA, CRO and compliance officer.	Complied
	d. Check that the committee shall ensure that directors and senior management are fit and proper persons to perform their functions as per the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Direction.	Complied
	e. Check that the selection process shall include reviewing whether the proposed directors (i) possess the knowledge, skills, experience, independence and objectivity to fulfill their responsibilities on the board; (ii) have a record of integrity and good repute; and (iii) have sufficient time to fully carry out their responsibilities.	Complied
	f. Check that the committee shall strive to ensure that the Board composition is not dominated by any individual or a small group of individuals in a manner that is detrimental to the interests of the stakeholders and the FC as a whole.	Complied

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	g.	Check that the committee shall set the criteria, such as qualifications, experience and key attributes required for eligibility, to be considered for appointment to the post of CEO and senior management.	Complied
	h.	Check that upon the appointment of a new director to the Board, the committee shall assign the responsibility to the company secretary to disclose to shareholders: (i) a brief resume of the director; (ii) the nature of the expertise in relevant functional areas; (iii) the names of companies in which the director holds directorships or memberships in Board committees; and (iv) whether such director can be considered as independent.	Complied
	i.	Check that the committee shall consider and recommend (or not recommend) the re election of current directors, taking into account the combined knowledge, performance towards strategic demands faced by the FC and contribution made by the director concerned towards the discharge of the Board's overall responsibilities.	Complied
	j.	Check that the committee shall consider and recommend from time to time, the requirements of additional/new expertise and the succession arrangements for retiring directors and senior management	Complied
	k.	Check that a member of the nomination committee shall not participate in decision making relating to own appointment/ reappointment and the Chairperson of the board should not chair the committee when it is dealing with the appointment of the successor.	Complied
10.5	**Human Resource and Remuneration Committee** Check that the following shall apply in relation to the Human Resources and Remuneration Committee:		
	a.	Check that the committee shall be chaired by a non-executive director and the majority of the members shall consist of non-executive directors.	Complied
	b.	Check that the secretary to the human resource and remuneration committee may preferably be the company secretary.	Complied
	c.	Check that the committee shall determine the remuneration policy (salaries, allowances, and other financial payments) relating to executive directors and senior management of the FC and fees and allowances structure for non-executive directors.	Complied
	d.	Check that there shall be a formal and transparent procedure in developing the remuneration policy.	Complied
	e.	Check that the committee shall recommend the remuneration policy for approval of the Board on paying salaries, allowances and other financial incentives for all employees of the FC. The policy shall be subject to periodic review of the Board, including when material changes are made.	Complied
	f.	Check that the remuneration structure shall be in line with the business strategy, objectives, values, long-term interests and cost structure of the FC. It shall also incorporate measures to prevent conflicts of interest. In particular, incentives embedded within remuneration structures shall not incentivize employees to take excessive risk or to act in self-interest.	Complied
	g.	Check that the committee shall review the performance of the senior management (excluding chief internal auditor, compliance officer, chief risk officer) against the set targets and goals, which have been approved by the Board at least annually, and determine the basis for revising remuneration, benefits and other payments of performance-based incentives.	Complied
	h.	Check that the committee shall ensure that the senior management shall abstain from attending committee meetings, when matters relating to them are being discussed.	Complied
11.	INTERNAL CONTROLS		
11.1	Check that FCs shall adopt well-established internal control systems, which include the organizational structure, segregation of duties, clear management reporting lines and adequate operating procedures in order to mitigate operational risks.		Complied

		Findings
11.2	Check that proper internal control system shall: (a) promote effective and efficient operations; (b) provide reliable financial information; (c) safeguard assets; (d) minimize the operating risk of losses from irregularities, fraud and errors; (e) ensure effective risk management systems; and (f) ensure compliance with relevant laws, regulations, directions and internal policies.	Complied
11.3	Check that all employees shall be given the responsibility for internal controls as part of their accountability for achieving objectives.	Complied
12.	RELATED PARTY TRANSACTION	
12.1	Check that Board shall establish a policy and procedures for related party transactions, which covers the following. a) All FCs shall establish a Related Party Transactions Review Committee {RPTRC) and the chairperson shall be an independent director and the members shall consist of non-executive directors. b) All related party transactions shall be prior reviewed and recommended by the RPTRC. c) The business transactions with a related party that are covered in this Direction shall be the following: i. Granting accommodation. ii. Creating liabilities to the FC in the form of deposits, borrowings and any other payable. iii. Providing financial or non-financial services to the FC or obtaining those services from the FC. iv. Creating or maintaining reporting lines and information flows between the FC and any related party which may lead to share proprietary, confidential or information not available in the public domain or otherwise sensitive information that may give benefits to such related party.	Complied
12.2	Check that the committee shall take the necessary steps to avoid any conflicts of interest that may arise from any transaction of the FC with any person, and particularly with the following categories of persons who shall be considered as "related parties" for the purposes of this Direction. In this regard, there shall be a named list of natural persons/institutions identified as related parties, which is subject to periodic review as and when the need arises. a) Directors and senior management. b) Shareholders who directly or indirectly holds more than 10% of the voting rights of the FC. c) Subsidiaries, associates, affiliates, holding company, ultimate parent company and any party (including their subsidiaries, associates and affiliates) that the FC exert control over or vice versa. d) Directors and senior management of legal persons in paragraph (b) or (c). e) Relatives of a natural person described in paragraph (a), (b) or (d). Any concern in which any of the FC's directors, senior management or a relative of any of the PC's directors or senior management or any of its shareholders who has a shareholding directly or indirectly of more than 10% of the voting rights has a substantial interest.	Complied

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12.3	Check that the committee shall ensure that the FC does not engage in business transactions with a related party in a manner that would grant such party "more favorable treatment" than that is accorded to other similar constituents of the FC. For the purpose of this paragraph, "more favorable treatment" shall mean: a) Granting of "total accommodation" to a related party, exceeding a prudent percentage of the FC's regulatory capital, as determined by the committee. b) Charging of a lower rate of interest or paying a rate of interest exceeding the rate paid for a comparable transaction with an unrelated comparable counterparty. c) Providing preferential treatment, such as favorable terms, that extends beyond the terms granted in the normal course of business with unrelated parties. d) Providing or obtaining services to or from a related party without a proper evaluation procedure; or e) Maintaining reporting lines and information flows between the FC and any related party which may lead to share proprietary, confidential or otherwise sensitive information that may give benefits to such related party, except as required for the performance of legitimate duties and functions.	
13.	GROUP GOVERNANCE	
13.1	Check that responsibilities of the FC as a Holding Company	Not Applicable
	a. Check the FC is responsible for exercising adequate oversight over its subsidiaries and associates while complying with the independent legal, regulatory and governance responsibilities that apply to them.	
	b. b) Check that the Board of the FC shall: i) Ensure that the group governance framework clearly defines the roles and responsibilities for the oversight and implementation of group wide policies. ii) Ensure that the differences in the operating environment, including the legal and regulatory requirements for each company, are properly understood and reflected in the group governance framework. iii) Have in place reporting arrangements that promote the understanding and management of material risks and developments that may affect the holding FC and its subsidiaries. iv) Assess whether the internal control framework of the group adequately addresses risks across the group, including those arising from intra-group transactions; and v) Ensure that there are adequate resources to effectively monitor compliance of the FC and its subsidiaries with all applicable legal and regulatory requirements.	
	c. Check that the FC, as the apex entity, shall ensure that the group structure does not undermine its ability to exercise effective oversight. The Board shall establish a clearly defined process of approving the creation of new legal entities under its management and identifying and managing all material group-wide risks through adequate and effective policies and controls.	
	d. Check that the Board and senior management of the FC shall validate that the objectives, strategies, policies and governance framework set at the group level are fully consistent with the regulatory obligations of the FC and ensure that company-specific risks are adequately addressed.	
	e. Check that the FC shall avoid setting up complicated structures that lack economic substance or business purpose that can considerably increase the complexity of the operations.	
13.2	CHECK THAT RESPONSIBILITIES AS A SUBSIDIARY If the FC is a subsidiary of another financial institution subject to prudential regulation, FC shall discharge its own legal and governance responsibilities.	Not applicable

		Findings
14.	**CORPORATE CULTURE**	
14.1	Check that a FC shall adopt a Code of Conduct which includes the guidelines on appropriate conduct and addresses issues of confidentiality, conflicts of interest, integrity of reporting, protection and proper use of company assets and fair treatment of customers.	Complied
14.2	Check that the FC shall maintain records of breaches of the code of conduct and address such breaches in a manner that upholds high standards of integrity.	Complied
14.3	Check that FC shall establish a Whistleblowing policy that sets out avenues for legitimate concerns to be objectively investigated and addressed. Employees shall be able to raise concerns about illegal, unethical or questionable practices in a confidential manner and without the risk of reprisal. The BAC shall review the policy periodically.	Complied
15.	Conflict of Interest	
15.1	a) Check that relationships between the directors shall not exercise undue influence or coercion. A director shall abstain from voting on any Board resolution in relation to a matter in which such director or any of the relatives or a concern in which such director has a substantial interest is interested, and such director shall not be counted in the quorum for the relevant agenda item in the Board meeting.	Complied
	b) Check that the Board shall have a formal written policy and an objective compliance process for implementing the policy to address potential conflicts of interest with related parties. The policy for managing conflicts of interest shall, i. Identify circumstances which constitute or may give rise to conflicts of interest. ii. Express the responsibility of directors and senior management to avoid, to the extent possible, activities that could create conflicts of interest. iii. Define the process for directors and senior management to keep the Board informed on any change in circumstances that may give rise to a conflict of interest. iv. Implement a rigorous review and approval process for directors and senior management to follow before they engage in certain activities that could create conflicts of interest. v. Identify those responsible for maintaining updated records on conflicts of interest with related parties, and vi. Articulate how any non-compliance with the policy to be addressed.	Complied
16.1	**DISCLOSURES**	
	Check that the Board shall ensure that: (a) annual audited financial statements and periodical financial statements are prepared and published in accordance with the formats prescribed by the regulatory and supervisory authorities and applicable accounting standards, and that (b) such statements are published in the newspapers in Sinhala, Tamil and English. The Board shall ensure that at least following disclosures are made in the Annual Report of the FC. i. Financial statements In addition to the set of financial statements as per LKAS 1 or applicable standard annual report shall include, • A statement to the effect that the annual audited financial statements have been prepared in line with applicable accounting standards and regulatory requirements, inclusive of specific disclosures. • A statement of responsibility of the Board in preparation and presentation of financial statements. ii. Chairperson, CEO and Board related disclosures • Name, qualification and a brief profile.	Complied

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		Findings
	• Whether executive, non-executive and/or independent director. • Details of the director who is serving as the senior director, if any. • The nature of expertise in relevant functional areas. • Relatives and/or any business transaction relationships with other directors of the company. • Names of other companies in which the director/CEO concerned serves as a director and whether in an executive or non-executive capacity. • Number/percentage of board meetings of the FC attended during the year; and • Names of board committees in which the director serves as the Chairperson or a member. iii. Appraisal of board performance • An overview of how the performance evaluations of the Board and its committees have been conducted iv. Remuneration • A statement on remuneration policy, which includes Board fee structure and breakdown of remuneration of senior management, level and mix of remuneration (financial and non-financial, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation) • The aggregate values of remuneration paid by the FC to its directors and senior management. v. Related party transactions • The nature of any relationship [including financial, business, family or other material/relevant relationship(s)], if any, between the Chairperson and the CEO and the relationships among members of the Board. • Total net accommodation granted in respect of each category of related parties and the net accommodation outstanding in respect of each category of related parties as a percentage of the FC's core capital. • The aggregate values of the transactions of the FC with its senior management during the financial year, set out by broad categories such as accommodation granted, and deposits or investments made in the FC. vi. Board appointed committees • The details of the chairperson and members of the board committees and attendance at such meetings. vii. Group Structure • The group structure of the FC within which it operates. • The group governance framework. viii. Director's report A report, which shall contain the following declarations by the Board: • The FC has not engaged in any activity, which contravenes laws and regulations. • The directors have declared all related party transactions with the FC and abstained from voting on matters in which they were materially interested.	

		Findings
	• The FC has made all endeavors to ensure the fair treatment for all stakeholders, in particular the depositors. • The business is a going concern with supporting assumptions; and • The Board has conducted a review of internal controls covering material risks to the FC and have obtained reasonable assurance of their effectiveness. ix. Statement on Internal Control • A report by the Board on the FC's internal control mechanism that confirms that the financial reporting system has been designed to provide a reasonable assurance regarding the reliability of financial reporting, and that the preparation of financial statements for external purposes has been done in accordance with relevant accounting principles and regulatory requirements. • The external auditor's assurance statement on the effectiveness of the internal control mechanism referred above, in respect of any statement prepared or published. • A report setting out details of the compliance with prudential requirements, regulations, laws and internal controls and measures taken to rectify any non-compliances. • A statement of the regulatory and supervisory concerns on lapses in the FC's risk management, or non-compliance with the Act, and rules and directions x. Corporate governance report • Shall disclose the manner and extent to which the company has complied with Corporate Governance Direction and the external auditor's assurance statement of the compliance with the Corporate Governance Direction. xi. Code of Conduct • FC's code of business conduct and ethics for directors, senior management and employees. • The Chairperson shall certify that the company has no violations of any of the provisions of this code. xii. Management report • Industry structure and developments • Opportunities and threats • Risks and concerns • Sustainable finance activities carried out by the company • Prospects for the future xiii. Communication with shareholders • The policy and methodology for communication with shareholders. • The contact person for such communication.	

LISTING RULE NO. 9 – CORPORATE GOVERNANCE

As a listed entity, Janashakthi Finance is required to comply with the Listing Rules of the Colombo Stock Exchange (CSE). The Company has undertaken an analysis of the requirements that were introduced under the revised Rule No 9 on Corporate Governance. The following table depicts the status of compliance with the requirements that have been made applicable under the new Rules:

Rule No.	Requirement	Status of Compliance
9.2	A listed entity is required to establish and maintain the given list of policies and disclose the existence of such policies by the entity on its web-site	Complied. The policies required under the Rule have been established and approved by the Board of the company and the confirmation on the existence of the policies has been disclosed on the company web-site.
9.3	Board Committees: Establish the following Board Committees: a). Nominations & Governance Committee b). Remuneration Committee c). Audit Committee d). Related Party Transactions Review Committee	Complied. The required Committees have been established and functioning as per the approved Terms of Reference (TOR).
9.3.2	Comply with the composition, responsibilities and disclosures required in respect of the above Board Committees as set out in the Rules	Complied. Each Board Committee has a Terms of Reference (TOR) that includes the requirements specified in the Rules and the Committees function according to their respective TOR.
9.4	Adherence to principles of democracy in the adoption of meeting procedures and the conduct of General Meetings with Shareholders: Maintain records of all resolutions	Complied. The required information is recorded and will be available at the request of the Exchange or the SEC.
9.4.2	Communication and relations with shareholders and investors: a). Have a policy on effective communication and relations with shareholders and investors b) Disclose the contact person for such communication	Complied. A policy on communication with stakeholders has been approved by the Board and it is available on the web-site.The Company Secretary is the contact point for communication with shareholders and investors.
9.5	POLICY ON MATTERS RELATING TO THE BOARD OF DIRECTORS	
9.5.1	Establish and maintain a policy governing matters relating to the Board of Directors	Complied. A formal Framework of Corporate Governance, that includes the matters relating to the Board of Directors and matters relating to corporate governance as required under the CBSL Directions and the CSE Rules, is in place. This policy has been complied with during the financial year.
9.6	CHAIRPERSON AND CEO	
9.6.1	The Chairperson shall be a Non-Executive Director. The position of Chairperson and the CEO shall not be held by the same individual.	Complied. The Chairperson is an Non-Executive Director. The positions of Chairperson and the CEO are held by different individuals.

Rule No.	Requirement	Status of Compliance
9.6.3	The requirement for a Senior Independent Director	Since the Chairperson is a non-independent non-executive director, an Independent Director has been appointed as the Senior Director, with necessary regulatory approvals.
9.7	FITNESS OF DIRECTORS AND CEO	
	Take steps to ensure that Directors and the CEO are, at all times fit and proper persons as required under the Rules. Nominations and Governance Committee to ensure that Directors are fit and proper persons prior to appointment.	Complied. The Directors' and CEO's fitness & propriety are assessed by the Nominations and Governance Committee prior to their appointment, in terms of the Rules and in terms of the CBSL Corporate Governance Regulations. Accordingly, the Directors and CEO have been determined as meeting the fitness and propriety criteria stipulated in the Rules at the time of appointment and at all times during the financial year.
9.8	BOARD COMPOSITION	
9.8.1	The Board of Directors of the Company shall, at a minimum, consist of 05 directors	Complied. The Board of Directors of the Company consisted of nine (09) directors as at 31.03.2025
9.8.2	Minimum number of independent directors: The Board of the company to include at least two (02) independent directors or the equivalent of 1/3rd of the total number of directors of the company	Complied. Out of the 09 directors on the Board, seven (07) directors were independent directors, which is well above the required number of Independent directors.
9.8.3	CRITERIA FOR DETERMINING THE INDEPENDENCE OF DIRECTORS	
9.8.5	Each independent director to submit a declaration annually of his/her independence.	Complied. A declaration has been obtained from all directors on their compliance with the independence criteria stipulated in the Rules and the CBSL Corporate Governance Direction.
9.9	Alternate Directors	NA. There were no alternate directors appointed.
9.10	DISCLOSURES RELATING TO DIRECTORS	
9.10.1	Disclose the policy on maximum number of directorships the board members are permitted to hold	Complied. Each director shall not hold directorships in more than 20 companies including societies etc. in terms of the CBSL Direction on Corporate Governance. No director of the Company has exceeded this limit.
9.10.2	Upon the appointment of a new director, make an immediate market disclosure, setting out details of such director	Complied. Market disclosures have been made upon appointment of new directors.
9.10.4	Information relating to Directors to be disclosed	Complied. Please refer pages 56 to 58.

Rule No.	Requirement	Status of Compliance
		• A Nomination & Governance Committee has been appointed in terms of the Rules. Please refer page 156 for details of the Committee • Periodic evaluation of the directors and the CEO has been carried out in line with corporate governance requirements • ndependent directors are promptly informed of any important and major issues relating to the company by circulating the relevant information or via e-mail. Such issues are tabled at the next Board Meeting as papers. • On the appointment of new Directors, an induction is carried out to update and familiarize the new Directors relating to the company.
9.11	Nomination & Governance Committee	• The Independent directors have met the criteria stipulated for being considered as independent directors, in terms of CBSL regulations and CSE Rules. • The company has complied with the Listing Rules and Corporate Governance Rules except the minimum public holding requirement. • Non-Executive Directors are subject to re-election by shareholders at the first AGM after their appointment and to re-election thereafter at intervals. One third of the total number of Non-Executive Directors commencing with the longest in office since their last election shall retire each year by rotation and are eligible to be re-elected • The following Directors of the Company retire by rotation and will be eligible for re-election at the AGM: • Prakash Schaffter • Sriyan Cooray • Darshana Ratnayake
9.12	Human Resource & Remuneration Committee	• A Human Resource and Remuneration Committee has been set up as a sub-committee of the Board, in line with the requirements under the Rule. • The composition and functions are given in page 154.

Rule No.	Requirement	Status of Compliance
9.13	Audit Committee	• An Audit Committee has been set up as a sub-committee of the Board in line with the requirements specified in the Rules • Please refer page 151 for the composition and functions of the Audit Committee • A separate Committee has been set up for matters relating to risk management – please refer page 151 for the Report of the Integrated Risk Management Committee. • The Audit Committee has reviewed the financial statements of the company • The Company has a formal Audit charter which has been reviewed by the Audit Committee and approved by the Board of Directors • Internal Audit Reports relating to operational areas, financials and internal controls are tabled at the meetings of the Audit Committee for review and discussion of the audit findings and the resolution of the findings • External Auditors have provided confirmation of their independence
9.14	Related party Transactions Review Committee (RPTRC)	A Related Party Transactions Review Committee has been set up as required under Rule 9.14 • Please refer page 149 for the report of the RPTRC
9.16	Additional Disclosures	• The Board of Directors has declared their material interest in contracts involving the company, as applicable and refrained from voting on matters in which they were materially interested • Directors' statement on internal controls is provided at pages 158 to 159. • The Directors have made themselves aware of applicable laws and regulations and are aware of the changes to such regulations • It is also confirmed that there were no material non compliances with laws or regulations and the company has not been imposed any penalties or fines

THE COMPANY'S STATUS OF COMPLIANCE WITH THE CODE OF CONDUCT ON CORPORATE GOVERNANCE IS INDICATED IN THE TABLE BELOW

Reference to SEC/ICASL Code	Principle		Extent of Compliance
SEC. 1	THE COMPANY		
A	DIRECTORS		
Code A.1	The Board The need for the Company to be headed by an effective Board, which should direct, lead and ensure effective controls for the Company.	Complied	The Company is headed by a dynamic Board with expertise in diverse fields. The Directors are well qualified and experienced with a thorough understanding of the business complexities and are prominent corporate personalities, with experience in different industries. Board responsibilities and other core functions are discussed in detail in this Report. The detailed individual profiles of Board members are provided on pages 56 to 58.
Code A1.1	The Board should meet regularly. Board meetings should be held at least once every quarter of a financial year in order to effectively execute Board's responsibilities, while providing information to the Board on a structured and regular basis.	Complied	The Board meets regularly and Board meetings are held on a monthly basis. The Board met 12 times during the year 2024/25. The Board approved the Company's business strategy for the year 2024/25 and for the next 3 years and was actively involved in monitoring the performance of both financial and non-financial objectives and targets. The Board also reviewed and approved policies and procedures related to risk management. The core focus at Board meetings was to review and discuss the Company's performance and to review achievement of strategy and to ensure target expectations are being met and to make relevant decisions at the highest level. In addition, the Board Sub-Committees were convened in relation to matters falling under the purview of each sub-committee. The Board Papers are forwarded to the Directors in advance of the meeting. Any additional information requested by the Board has always been provided within a short period in order for the Board to be prepared in making decisions at the meetings.
Code A.1.2	The Board's role is to provide entrepreneurial leadership to the Company within a framework of prudent and effective controls which enables risk to be assessed and managed. In performing its role, the Board should be responsible for matters including:		
	Formulation and implementation of sound business strategy	Complied	The Board, in principle, is responsible for approving the business strategy and guiding the business operations of the Company in line with such strategy and ensuring that the management team possesses the expertise to implement same. Strategies formulated are implemented through the Chief Executive Officer and the Senior Management Team. Matters were discussed and debated by the Board, taking all aspects into consideration with emphasis on how it will impact stakeholder interest, in order to decide and approve the appropriate strategy.

Reference to SEC/ICASL Code	Principle		Extent of Compliance
			The 2024/25 business plan and annual budget were revisited and amended during the year, in the light of the changes to the business environment that took place during the year. The Board advised and guided the management team on successful execution of strategy.
	Appointing the Chair and the Senior Independent Director, if relevant	Complied	The Chairperson of the Board is a non-independent non-executive director and an Independent Director has been appointed as the Senior Director.
	Ensuring that the Chief Executive Officer (CEO) and management team possesses the skills, experience and knowledge to implement the strategy	Complied	The Company is steered by a team of multi-disciplinary professionals, led by a CEO with diversified qualifications and experience, who reports to the Board of Directors. The senior management team possess the necessary qualifications and skills to perform their respective roles.
	Ensuring the adoption of an effective CEO and Key Management Personnel succession strategy;	Complied	JFP has a succession planning process in place for identifying and grooming staff for key positions within the Company, in order to ensure the continuity of its operations.
	Approving budgets and major capital expenditure	Complied	The annual budget, prepared by the Management is submitted to the Board for its review and approval. Any major capital expenditure items are submitted to the Board for approval.
	Determining the matters expressly reserved for the Board and those delegated to the Management including limits of authority and financial delegation	Complied	The matters specifically reserved for the Board are specified in the Corporate Governance Framework of JFP. Other matters and limits of authority that are delegated to the Management are determined by the Board, from time to time.
	Ensuring effective systems to secure integrity of information, internal controls, cyber security and business continuity and Risk Management;	Complied	Integrity of information, internal controls, information security and cyber security are considered a key factor in JFP's operations. Such systems are continuously monitored by the management and verified by the internal and external auditors. Any breaches identified are reported to the Board Audit Committee periodically and the remedial action taken is reported to the Board for their decisions. Effective mechanisms are also in place to identify, assess and manage/ mitigate risks faced by the Company which are discussed in detail in the Risk Management Report on page 151. JFP duly reviews and updates its Business Continuity Plan to ensure the sustainability of operations.
	Ensuring the availability of ICT roadmap in line with business strategy of the Company and monitor the progress of implementation through the ICT Dash Board	Complied	An ICT roadmap has been approved by the Board, in order to achieve the company's strategic objectives.

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Reference to SEC/ICASL Code	Principle		Extent of Compliance
	Ensuring compliance with laws, regulations and ethical standards	Complied	Compliance with regulatory requirements and applicable laws is considered a high priority in the governance framework of JFP and monitored by the Compliance Division. New regulatory requirements are promptly disseminated to the relevant business/operational divisions for implementation by the Compliance Division. The compliance status pertaining to the applicable laws and regulations are submitted for the information of the Board, thus ensuring the commitment of the highest governing body of the Company. Further, the monthly status of compliance with statutory requirements is monitored by the Compliance Division and is informed to the Board on a regular basis. This process also ensures that the Board is updated on all Compliance aspects of the Company.
	Ensuring that all stakeholder interests are considered in corporate decisions	Complied	JFP has established a strong set of values within the Company and adhering to these values and principles are encouraged at all times. The Board evaluates the impact on all the key stakeholders of the Company before arriving at any key business decision.
	Recognising sustainable business development and ESG Risk in Corporate Strategy, decisions and activities and consider the need for integrated reporting;	Complied	The Board is mindful of sustainable business development and has always taken a long-term approach to business development with enhanced focus on sustainability. Focus is on sustainability in the strategic plan of JFP. A Board approved sustainability policy is in place, that outlines the company's approach to sustainability.
	Ensuring that the company's values and standards are set with emphasis on adopting appropriate accounting policies and fostering compliance with financial regulations	Complied	The Board comprises of professionals from various backgrounds, including finance and many years of experience and exposure to financial regulations. The Board Audit Committee reviews the Accounting Policies and the Financial Statements to ensure that highest ethical standards in adopting accounting policies are adopted. The Company's accounting policies are in adherence to Sri Lanka Accounting Standards (SLFRS/LKAS). In addition to the above, the accounting policies are reviewed on a frequent basis to ensure they are in line with the changing business and best practices in the industry. The adoption of proper accounting standards and policies are embedded in the Company's values and ethical standards.
	Fulfilling other Board functions as are vital to the organization, given the nature, scale and complexity of the organisation	Complied	During the year, the Board endeavoured to fulfil their stewardship obligations on behalf of all stakeholders and dealt with issues that came up during the year.
A1.3	Procedure to obtain independent professional advice where necessary	Complied	The Board and its Sub-Committees have the authority, to obtain independent professional advice, legal counsel, consultants or other external expert advisors as and when deemed necessary, at the Company's expense. This is embedded in the Policy on Seeking independent Professional Advice by the Board of Directors of the Company.

Reference to SEC/ICASL Code	Principle		Extent of Compliance
A1.4	All Directors have access to the advice and services of the Company Secretary	Complied	The Company Secretary for JFP, ensures compliance with Board procedures, Companies Act & CSE regulations and other regulatory requirements. All Directors have access to the Company Secretary on any relevant matter. The Company Secretary does not perform any functions that could give rise to a conflict of interest.
A1.5	All Directors should bring independent judgment to bear on issues of strategy, performance, resource allocation and standards of business conduct.	Complied	The Directors of JFP are well qualified and experienced in their fields of expertise. They bring their independent judgment into matters relating to the affairs relating to the Company and are conscious of avoiding matters of potential or actual conflicts of interests. Further, all directors use independent judgment in choices made by the Board on matters of strategy, performance, resource distribution and the conduct of operations. These view-points are discussed at Board meetings and decisions are arrived at. Each year the relevant senior management meet with the Board Members to review the previous year's results and progress to focus on goals and challenges of the upcoming year. Management also periodically updates the Board on progression of the business unit's focus goals.
A1.6	Every Director should dedicate adequate time and efforts to matters of the Board and the Company.	Complied	Board papers for discussion at a given meeting are circulated in advance of the said meeting, to provide Board members with sufficient time to study the material and request any additional information deemed necessary for the discussions. Board papers are discussed in detail and debated at the Board meeting before a final decision is made. Members of the Executive Committees are also requested to make presentations when needed to obtain clarity in order to analyse a given situation. Directors' time was spent on strategy evaluation, performance review, implementing necessary internal controls and directing corrective measures for fine tuning areas where it was deemed required. During the financial year under consideration, the Directors allocated a significant amount of time to address the strategies to meet the economic conditions that prevailed during the year and strategies to overcome the risks posed by the economic challenges.
A1.7	One third of Directors can call for a resolution to be presented to the Board	Complied	This is accommodated through the Corporate Governance Framework.
A1.8	Every Director should receive appropriate training when first appointed to the Board and subsequently as necessary. The Board should regularly review and agree on the training and development needs of the Directors.	Complied	New Directors joining the Board are provided an induction to brief them on Company and industry specific matters as well as the regulatory environment. The Directors' knowledge and understanding of new areas relating to the matters of the Company is refreshed with briefings on relevant topics, as necessary.

CORPORATE GOVERNANCE

Reference to SEC/ICASL Code	Principle		Extent of Compliance
A. 2	CHAIRPERSON & CHIEF EXECUTIVE OFFICER		
	Clear division of responsibility between conducting of the business of the Board and facilitating executive responsibility for management of the company's business. There should be a clear division of responsibilities at the head of the company, which will ensure a balance of power & authority so that no individual has unfettered power.	Complied	The positions of Chairperson and Chief Executive Officer are held by separate individuals, segregating the two functions. There is a clear division of responsibilities between the position of Chairperson and the CEO. The Chair ensures Board governance and that stakeholder expectations are met, while the CEO makes decisions on day-to-day operational matters of the Company. At the same time, the Chairman and CEO maintain an excellent working relationship facilitating the distinction between conduct of business operations and governance and authority.
A2.1	A decision to combine the posts of Chairman and the CEO as one person should be highlighted and justified.	Not Applicable	The Chairman and CEO positions are held by different individuals.
A3	Chairman's Role As the person responsible for running the Board, the Chairman should preserve order and facilitate the effective discharge of Board Functions	Complied	The Chairman is responsible for leadership of the Board, ensuring its effectiveness on all aspects of the company's business and to the best interests of all stakeholders. The Chairman also ensures that the Directors receive accurate, timely and clear information and facilitates constructive relations between Executive and Non- Executive Directors.
A3.1	The Chairman conducts Board proceedings in a proper manner.	Complied	The Chairman ensures effective participation of both Executive and Non- Executive Directors in the conduct of Board meetings. The Chairman also ensures that the views of each Director on any issue under consideration are ascertained and also that the Board is in complete control of the affairs of the Company.
A4	Financial Acumen The Board should ensure the availability within it of those with sufficient financial acumen & knowledge to offer guidance on matters of finance.	Complied	The Board comprises of six (06) members with professional accounting qualifications and collectively possess a strong financial acumen and capability to assess the integrity of the Company's financial reporting systems & controls, continually review and critique these systems and make changes to them as necessary.

Reference to SEC/ICASL Code	Principle		Extent of Compliance
Code A5	Board Balance A balance of Executive and Non-Executive Directors such that no individual or small group of individuals dominate the Board Meetings.	Complied	As at 31st March 2025, the Board comprised of eight (08) Non-Executive Directors, out of a total of 09 (Nine) Directors. This provides a sufficient number of Non-Executive Directors and the a majority of non-executive directors. The views of all Directors are taken into consideration at Board Meetings and no individual or group of individuals dominate.
A5.1	The Board should include at least three Non-Executive Directors or such number of one third of total number of Directors, whichever is higher.		
A5.2	Three or two-thirds of the Non-Executive Directors appointed to the Board, whichever is higher, should be independent.	Complied	There were six (06) Independent Directors out of the eight non-executive directors as at 31st March 2025.
A5.3	Criteria for a Director to be deemed independent.	Complied	The independence of Non-Executive Directors is determined in line with the CBSL Direction No 5 of 2021 on Corporate Governance and the Listing Rules of the Colombo Stock Exchange.
Code A5.4	Non-Executive Directors should submit a signed declaration of their independence or non-independence.	Complied	Non-Executive Directors have submitted the declaration to determine their independence or non-independence, records of which are maintained by the Company Secretary.
Code A 5.5	The Board should make a determination annually as to the independence or non-independence of Directors and set out in the Annual Report the names of Directors.	Complied	The Board has made a determination of the independency of the Directors. The information is disclosed in pages 56 to58.
Code A 5.6	Alternate directors – should not be an executive of the Company. An alternate director appointed to represent an independent director should fulfill the criteria for independent directors.	Not applicable	There were no alternate directors on the Board of JFP.

Reference to SEC/ICASL Code	Principle	Extent of Compliance	
Code A. 5. 7	In the event the Chairman and CEO is the same person or the chairman is not an independent director, the Board should appoint one of the non-executive directors as the senior independent director.	Not applicable	As at 31st March 2025, the Chairperson was a non- independent director and an independent director has been appointed as the Senior Director. Please refer the details on page 56.
Code A. 5. 9	The Chairman should hold meetings with the non-executive directors only, without the executive directors being present, as necessary and at least once a year.	Complied	The chairperson held 2 meetings with the non-executive directors only, without the executive director.
Code A5.10	Recording of Directors concerns on Board meetings in matters, which cannot be unanimously resolved.	Complied	Any significant concerns raised by the directors at the Board Meetings, are recorded in the Minutes of the Board Meetings.
Code A6	Supply of Information The Board should be provided with timely information in a form and of a quality appropriate to enable it discharge its duties	Complied	The Board receives a standard set of timely, accurate and reliable information regularly. These include both financial and non-financial data and the Board at any given time could request for additional information in order to clarify or make a reliable judgment and discharge its duties effectively. The papers for each meeting is uploaded in advance enabling the Directors to prepare for the discussion at Board Meetings and to request for any additional information.
Code A6.2	The minutes, agenda and papers required for a Board meeting ordinarily be provided to Directors at least seven days before the meeting and the minutes of the meeting should be provided at least two weeks after the meeting date.	Complied	The Board is provided with materials in advance of any meeting for review and study. Members of management, depending upon items to be considered at the meeting, compile most material and submit seven days prior to a meeting.

Reference to SEC/ICASL Code	Principle		Extent of Compliance
Code A.7	Appointments to the Board There should be a formal and transparent procedure for the appointment of new Directors to the Board	Complied.	The Board Nomination and Governance Committee is in place with the mandate of ensuring the right balance of skills and knowledge on the Board. Names of Chairman and members of the Nomination and Governance Committee and details of meetings is available on page 156.
A7.1	A Nomination Committee comprising of a minimum of 3 members should be established to make recommendations to the Board on all new appointments. The Chairman and Members of the Nomination Committee should be disclosed in the Annual Report.		
Code A7.2	The Nomination Committee should annually assess Board composition to ascertain whether the combined knowledge and experience of the Board matches the strategic demands of the Company.	Complied	The strength and composition of the Board is assessed by the Nomination and Governance Committee to ensure that their knowledge and experience complement the vision and strategy of the Company.
CODE A8	**RE-ELECTION**		
	All Directors should be required to submit themselves for re- election at regular intervals and at least once in every three years	Complied	The Non-Executive Directors are subject to re-election by shareholders at the first AGM after their appointment and to re-election thereafter at intervals. This is ensured through the Company's Articles of Association.
Code A8.1	Non-Executive Directors should be appointed for specified terms subject to re-election and to the provisions in the Companies Act relating to the removal of a Director and their re-appointment should not be automatic.	Complied	One third of the total number of Non-Executive Directors commencing with the longest in office since their last election shall retire each year by rotation.

CORPORATE GOVERNANCE

Reference to SEC/ICASL Code	Principle	Extent of Compliance	
Code A8.2	All Directors including the Chairman of the Board should be subject to election by shareholders at the first opportunity after their appointment, and to re-election thereafter at intervals of no more than three years.	Complied	This procedure is in place in the Articles of Association and is practiced.
Code A8.3	Resignation In the event of a resignation of the Director prior to completion of his appointed term, the Director should provide a written communication to the Board of his reasons for resignation.	Complied.	The Directors who resigned during the year have provided written communication to the Board.
A9	APPRAISAL OF BOARD PERFORMANCE Boards should periodically appraise their own performance in order to ensure that Board responsibilities are satisfactorily discharged.		
A9.1	The Board should annually appraise itself on its performance in its key responsibilities.	Complied	The performance of the Board was assessed individually and collectively, with regard to the performance of its key responsibilities.
A9.2	An annual self-evaluation of its own performance and that of its committees.	Complied	The Board Members carry out an annual self-assessment of the performance of the Board and of the sub-committees.
A9.3	The Board should have a process to review the participation, contribution and engagement of each Director at the time of re-election	Complied	The Company Secretary maintains records of participation and engagement of each director.
A9.4	Disclosure regarding the performance evaluation in the Annual Report.	Complied	A formal evaluation of the Board is currently conducted.
A.11	Appraisal of CEO The Board should be required, at least annually, to assess the performance of the CEO.	Complied	The Board assesses the performance of the CEO annually in keeping with Board stipulated guidelines

Reference to SEC/ICASL Code	Principle		Extent of Compliance
A11.1	The Board in consultation with the CEO, should set, financial and non-financial targets that should be met by the CEO	Complied	The Board ensures that a business performance plan is compiled by the Management which is discussed and approved by the Board for each year of operation. This plan is developed to tie up with the corporate plan of the company and Key Performance Indicators (KPIs) are drawn up to monitor the success of operations. The overall KPIs are used to evaluate the performance of the CEO against results achieved by the Company.
A11.2	The Board at the end of each fiscal year should evaluate the performance of the CEO.	Complied	The Board carries out this evaluation and submits their briefing to the Board, for any further discussion required.
B	DIRECTORS' REMUNERATION		
B1	Remuneration Procedure Companies should establish a formal and transparent procedure for developing policy on executive remuneration	Complied	The Board has implemented a formal & transparent procedure for developing policies on remuneration by setting up a Human Resource and Remuneration Committee. The Committee is responsible for the development of executive remuneration and no director is involved in deciding his/her own remuneration. The purpose of the Committee is to assist the Board in matters of compensation of the Company's Executive Directors, Corporate Management Team and other employees as determined by the Committee.
Code B2.1	Board should set up a Remuneration Committee	Complied	A Human Resources and Remuneration Committee has been established in this regard and functions within agreed terms of reference is disclosed on page 154.
Code B2.2	The committee should consist exclusively of Non-Executive Directors with a minimum of 3 non-executive directors of whom the majority should be independent.	Complied	The Human Resources and Remuneration Committee consists of Non-Executive Directors, the majority of whom are Independent. Please refer Remuneration Committee Report on page 154.
Code B 2.3	Consultation of Chairman/ CEO in deciding the remuneration of executive directors and senior management and access to professional advice	Complied	The Human Resources and Remuneration Committee consults the Chairman and CEO where necessary and has access to professional advice within and outside the Company
Code B2.4	The Remuneration Committee should provide the packages needed to attract & retain Executive Directors and the chief executive	Complied	The Human Resources and Remuneration Committee reviews the market practices and industry remuneration levels and most importantly the Company performance in determining the remuneration of the Executive Directors and Senior Management Team.

CORPORATE GOVERNANCE

Reference to SEC/ICASL Code	Principle	Extent of Compliance	
Code B2.5	Executive Director's remuneration should be designed to promote the short, medium and long-term performance of the Company	Complied	The remuneration levels are designed to attract and retain the best talent to ensure the optimal performance and sustainability of business in the short, medium and long term.
Code B2.15	The chairman and members of the Remuneration Committee should be listed in the Annual Report.	Complied	Details of the Human Resources and Remuneration Committee are provided in the Corporate Governance report on page 154.
C	RELATIONS WITH SHAREHOLDERS Boards should use the AGM to communicate with shareholders and should encourage their participation.		
C.1	Constructive use of the AGM and conduct of General Meetings	Complied	All steps have been taken to protect shareholder rights at the AGM, including the receipt of notice of the AGM within the specified period, raising questions to the Board and various other committees, voting for the election of new Directors or any other issue of materiality that requires a shareholder resolution.
C.2	Communication with Share Holders -The Board should implement effective communication with shareholders	Complied	All information with regard to the Annual Report is disseminated through chief financial officer and all other changes through the Company Secretary
C.2.1	There should be a channel to reach all shareholders of the Company in order to disseminate timely information		
C3	MAJOR MATERIAL TRANSACTIONS Further to complying with the requirements under the Companies Act, Securities and Exchange Commission law and Colombo Stock Exchange regulations; as applicable, Directors should disclose to shareholders all proposed material transactions, which if entered into, would materially alter/vary the Company's net asset base		

Reference to SEC/ICASL Code	Principle		Extent of Compliance
D	ACCOUNTABILITY & AUDIT		
D.1	Financial Reporting The Board should present a balanced & understandable assessment of the Company's financial position, performance, business model, governance structure, risk management, internal controls and challenges, opportunities and prospects.	Complied	The Directors have taken all reasonable steps in ensuring the accuracy and timeliness of published information and in presenting a true & balanced assessment of the Company's position. The financial information is reviewed by the Board Audit Committee and the Board, prior to publishing. Company's position and future direction is discussed in detail in Chairman's & CEO's Reviews on pages 12 - 16 and Management Discussion & Analysis on pages 19. to 53.
D.2	Risk Management & Internal Control The Board should establish a policy for determining the nature and extent of the principal risks it is willing to undertake in achieving its strategic objectives. Have a process of Risk Management and a sound system of internal controls to safeguard shareholders' investments and the Company's assets.	Complied	The Board and the Board Audit Committee have the overall oversight of the system of internal control and of monitoring its effectiveness, while the assessment of the internal control system is the responsibility of the Internal Audit Division. A separate committee has been established for assessing the risk management, which is the Board Integrated Risk Management Committee (BIRMC). All risk related policies and procedures are approved by the BIRMC which also reviews the risk assessment reports submitted. The detailed Risk Management Report is provided on pages 151.
Code D.2.2.2	Companies should have an internal audit function	Complied	The company has an internal audit function, which acts as the third line of defense in the risk management process.
Code D.3	Audit Committee The Board should establish formal and transparent arrangements for selecting and applying accounting policies for financial reporting, determine the structure and content of corporate reporting, implement internal control and risk management, ensure compliance with laws and regulations and ensuring the independence of the company's auditors	Complied	The Board has delegated their responsibility with regard to financial reporting, internal controls and maintaining appropriate relationships with External auditors to the Board Audit Committee. The Terms of Reference of the Audit Committee entrust the required responsibility to it.

CORPORATE GOVERNANCE

Reference to SEC/ICASL Code	Principle		Extent of Compliance
Code D.3.1	Composition should be exclusively of Non-Executive Directors with a minimum of three Non-Executive Directors of whom at least two should be independent.	Complied	The Audit Committee comprises of three Independent Non-Executive Directors. The composition of the Audit Committee is provided on page 147.
CODE D.5	RELATED PARTY TRANSACTIONS REVIEW COMMITTEE		
Principle D.5	The Board should establish a procedure to ensure that the Company does not engage in transactions with 'related parties' in a manner that would grant such parties 'more favourable treatment' than that accorded to third parties in the normal course of business.	Complied	This is achieved by having the Related Party Transactions Review Committee with an approved TOR in place.

DETAILS OF THE ATTENDANCE OF THE BOARD MEETINGS CONDUCTED DURING THE FY 2024/25

Attendance at the Board Meetings

Name of the Director	30th Apr 2024	28th May 2024	25th June 2024	31st July 2024	27th Aug 2024	01st Oct 2024	07th Nov 2024	26th Nov 2024	17th Dec 2025	28th Jan 2025	25th Feb 2025	25th Mar 2025
Rajendra Theagarajah	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Nawalage Sriyan Suresh Cooray	✓	✓	✓	✓	✓	X	X	✓	✓	✓	✓	✓
Prakash Anand Schaffter	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
R.M. Darshana Joseph Ratnayake	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Nalin Brian Karunaratne	✓	✓	✓	✓	✓	✓	✓	X	✓	✓	✓	✓
Manohari Prasadini Abeysekera (appointed w.e.f 26/03/2024)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
D.L.M. Sandamali Chandrasekera (appointed w.e.f. 26/03/2024)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Daniel Alphonsus (Appointed w.e.f.04th July 2024)	-	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓
K.M.M. Jabir	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Minette Perera - Retired w.e.f 28th April 2024	-	-	-	-	-	-	-	-	-	-	-	-
Indrani Goonesekera (resigned w.e.f 01st June 2024)	✓	✓	-	-	-	-	-	-	-	-	-	-

Attendance at the Board Audit Committee Meetings - FY 2024/25

Name of the Member	25th April 2024	15th May 2024	28th May 2024	17th July 2024	15th August 2024	09th Oct 2024	16th Oct 2024	07th Nov 2024	12th Nov 2024	16th Jan 2025	10th Feb 2025
R.M. Darshana Joseph Ratnayake	✓	✓	✓	✓	✓	✓	X	✓	✓	✓	✓
Nawalage Sriyan Cooray	✓	✓	✓	✓	✓	✓	✓	X	✓	✓	✓
Prakash Anand Schaffter (Appointed as a Member of the Committee w.e.f 30/04/2024)	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	X
Manohari Prasadini Abeysekera (Appointed as a Member of the Committee w.e.f 30/04/2024)	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Attendance at the Board Integrated Risk Management Committee Meetings - FY 2024/25

Name of the Member	09th April 2024	13th June 2024	08th Aug 2024	24th Oct 2024	10th Dec 2024	13th Feb 2025
Rajendra Theagarajah	✓	✓	✓	✓	✓	✓
R.M Darshana Joseph Ratnayake	✓	✓	✓	✓	✓	✓
Nanayakkarage Indrani Goonesekera (Ceased to be a Member due to the resignation as a Director w.e.f 01/06/2024)	✓	-	-	-	-	-
Daniel Niranjan Alphonsus (Appointed w.e.f 27th August 2024)	-	-	-	✓	✓	✓
Sandamali Chandrasekara (Appointed w.e.f 30th April 2024)	-	✓	✓	✓	✓	✓

Attendance at the Board Nomination & Governance Committee Meetings- FY 2024/25

Name of the Member	25th June 2024	21st March 2025
Nalin Brian Karunaratne	✓	✓
Ratnayake Mudiyanselage Darshana Joseph Ratnayake (Resigned from the Committee membership on 30th April 2024)	✓	-
Prakash Anand Schaffter	✓	X
Manohari Prasadini Abeyesekera (Appointed to the Committee on 30th April 2024)	✓	✓
Daniel Niranjan Alphonsus (Appointed to the Committee on 27th August 2024)	-	✓
Minette Delicia Anne Perera (Ceased to be a member due to the resignation from the Board on 28th April 2024)	-	-
Nanayakkarage Indrani Goonesekera (Ceased to be a member due to the resignation from the Board on 1st June 2024)	-	-

Attendance at the Board HR & Remuneration Committee Meetings - FY 2024/25

Name of the Member	02nd April 2024	24th April 2024	06th June 2024	24th June 2024	17th Dec 2024	11th March 2025
R.M. Darshana Joseph Ratnayake	✓	✓	✓	✓	✓	✓
Nalin Brian Karunaratne	✓	✓	✓	✓	✓	✓
Rajendra Theagarajah	✓	✓	✓	✓	X	✓
Prakash Anand Schaffter (Resigned as a member with effect from 27/08/2024)	✓	✓	✓	✓	-	-

Attendance at the Board Related Party Transaction Review Committee Meetings - FY 2024/25

Name of the Member	27th June 2024	26th Sept 2024	30th Dec 2024	25th March 2025
D.L.M. Sandamali Chandrasekera	✓	✓	✓	✓
Nalin Brian Karunaratne	✓	✓	✓	✓
Nawalage Sriyan Cooray	✓	✓	✓	✓
Nanayakkarage Indrani Goonesekera (Ceased to be a member due to the resignation from the Board on 1st June 2024)	-	-	-	-

Attendance at the Board Credit Committee Meetings - FY 2024/25

Name of the Member	10th June 2024	21st Nov 2024	22nd Jan 2025
Nawalage Sriyan Cooray	✓	✓	✓
D.L.M. Sandamali Chandrasekera	✓	✓	✓
Prakash Anand Schaffter	✓	✓	✓

Attendance at the Board Investment Committee Meetings - FY 2024/25

Name of the Member	28th Nov 2024	31st Jan 2024	31st July 2024	03rd Feb 2025
Nawalage Sriyan Cooray	✓	✓	✓	✓
D.L.M. Sandamali Chandrasekera	✓	✓	✓	✓
Prakash Anand Schaffter	✓	✓	✓	✓

RISK MANAGEMENT

EXTERNAL RISK LANDSCAPE

Building on stabilising efforts and structural changes commenced over the years, Sri Lanka's economic recovery accelerated in 2024. With the help of policy-driven fiscal austerity, a stronger foreign reserve position and higher investor confidence, the country recovered from two years of contraction to resume positive growth. Restoring corporate confidence and boosting economic resilience were enabled by political stability, which was strengthened by a resounding electoral mandate.

This progress was mirrored in important macroeconomic indicators. After falling to single digits by the middle of 2023, inflation stayed low, occasionally going negative, which encouraged consumer spending and economic growth. Strong foreign exchange reserves, a thriving tourism industry and consistent worker remittance inflows all contributed to the Sri Lankan Rupee's appreciation against major currencies. Furthermore, removing import limitations on motor vehicles, albeit with higher tariffs, revived trade and increased government revenue.

The world economy remained unstable in spite of these developments, influenced by shifting financial dynamics, geopolitical conflicts and climate-related disruptions. However, Sri Lanka has made steady improvements due to its proactive administration, which includes improved fiscal policies and the implementation of cost-reflective utility pricing. The International Monetary Fund (IMF)'s favourable assessment of Sri Lanka's Extended Fund Facility (EFF) was encouraging since it resulted in more funding, which improved the nation's sovereign ratings and helped it handle debt restructuring.

The financial industry kept adjusting to these changes in the economy. Interest rate reductions allowed for better credit flows to individuals and businesses, although the Central Bank of Sri Lanka made monetary policy adjustments to maintain market stability. However, given the complexity of changing economic situations, difficulties remained, especially in fair value assessments and liquidity management.

Looking ahead, a long-term recovery will depend on ongoing structural improvements, corporate confidence and policy coherence. Although external threats will exist, Sri Lanka's economic revolution has created a solid basis for stability and expansion in the long run. In order to ensure resilience in a constantly changing global environment, the country's future will require flexibility and prudent financial planning.

INTERNAL RISK LANDSCAPE

Risk is an intrinsic aspect of the financial sector and managing it effectively is key to long-term success. In an environment where market dynamics, regulatory changes and competitive pressures constantly evolve, the Company's commitment to robust risk management practices is vital in safeguarding its assets, reputation and the interests of stakeholders. The Company's approach to risk management is deeply embedded in its culture and operational framework. Understanding that risk is not solely a challenge but also an opportunity for growth, the Company proactively identifies, assesses and mitigates risks, ensuring that its operations remain resilient, adaptable and sustainable. This approach allows it to navigate uncertainties while pursuing its strategic objectives with confidence. The Company's strong ethical foundations guide every decision related to risk management. Transparency, accountability and integrity are emphasised in managing risks, ensuring that all business practices align with core values. The integration of risk management into the Company's day-to-day operations means that it is not viewed as a separate function but as a central aspect of every activity undertaken within the organisation. From strategic planning to customer interactions, risk considerations are embedded at every level of decision-making.

The risk management framework is structured to identify potential risks early, evaluate their impact and implement control measures to mitigate exposure. The strategies are regularly reviewed to align with new challenges, opportunities and regulatory requirements, maintaining a balance between risk and reward.

During the year under consideration, the Company made significant improvements to its risk governance structure to further strengthen risk management capabilities. A separate Integrated Risk Management Department was established to provide dedicated focus on identifying, assessing and managing risks across the organisation. This departmental restructuring ensures a more streamlined and specialised approach to risk oversight. In addition, a Chief Risk Officer (CRO) was appointed to lead the risk management function and enhance the Company's strategic risk oversight. The CRO will play a pivotal role in strengthening the risk framework, ensuring alignment with industry-best practices and fostering a culture of proactive risk management. These changes reinforce our commitment to strengthening governance and improving the ability to manage risks in an increasingly complex business environment.

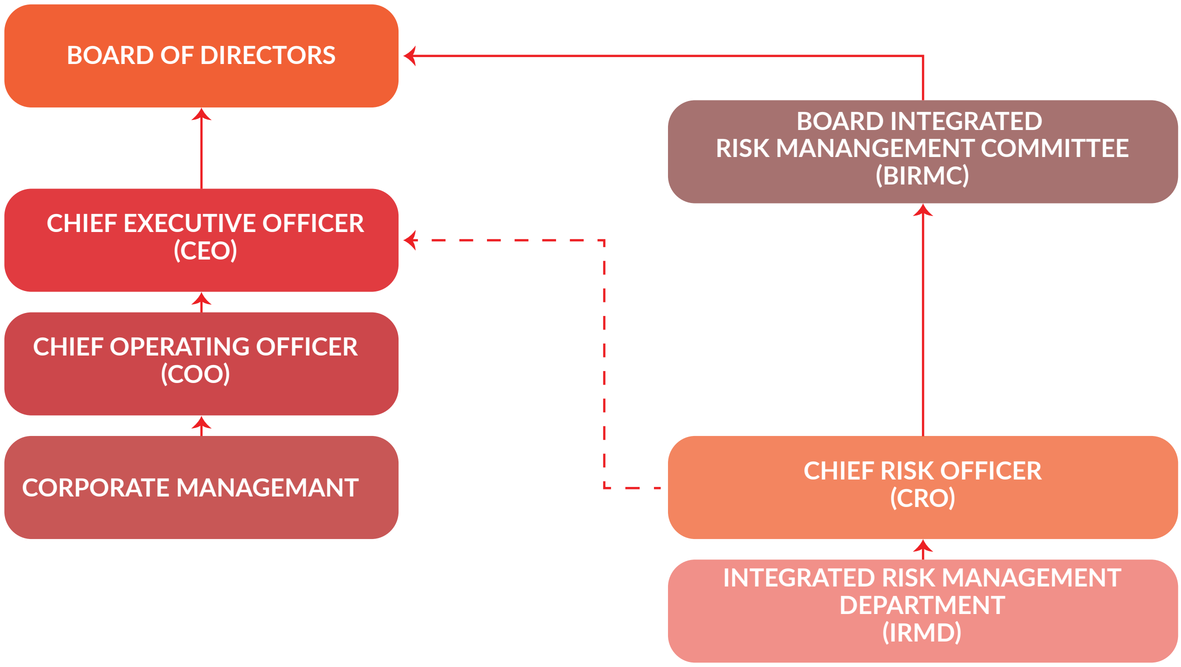
Through the collective efforts of the Company's leadership and operational teams, all risks are effectively communicated to key stakeholders and the organisation remains on course to achieve its strategic goals while maintaining a strong risk profile. The risk management system is underpinned by sound corporate governance, ensuring that risks are continuously monitored, reported and addressed in a manner consistent with industry-best practices. The Company's commitment to comprehensive and integrated risk management reflects its dedication to sustainable growth and the long-term protection of stakeholder value.

RISK MANAGEMENT

RISK GOVERNANCE

Janashakthi Finance PLC's risk governance structure is designed to ensure effective risk management across all levels of the organisation. Positioned at the apex, the Board of Directors oversees risk strategy, setting the tone and approving policies. The Board Integrated Risk Management Committee (BIRMC) ensures risk frameworks are aligned with best practices, while the newly-established Integrated Risk Management Department identifies, assesses and mitigates risks across departments. The Chief Risk Officer (CRO) leads these efforts, reporting directly to the BIRMC and Board. The Internal Audit and Compliance functions further support risk management by monitoring controls and ensuring regulatory compliance. This integrated approach ensures that risk management is embedded in all operations, driving long-term stability and growth.

The Risk Governance structure is depicted below:



BOARD INTEGRATED RISK MANAGEMENT COMMITTEE (BIRMC)

The Board Integrated Risk Management Committee (BIRMC) plays a critical role in overseeing risk governance at Janashakthi Finance PLC. Established in line with the Finance Business Act, Direction No. 05 of 2021 on Corporate Governance, the committee operates under the guidance of the Board of Directors to ensure a robust risk management framework. Comprising four non-executive directors, the committee is led by an independent director appointed by the Board, with the Chief Risk Officer serving as the secretary. Meeting every two months, the BIRMC systematically reviews risk exposures and compliance updates presented by the Integrated Risk Management Department and the Compliance Department. Over the 2024/2025 financial year, the committee convened 06 times, reinforcing its commitment to proactive risk oversight and strategic decision-making.

CHIEF RISK OFFICER

The governance framework at Janashakthi Finance PLC underscores the Company's unwavering commitment to risk management by ensuring the Integrated Risk Management Department operates with full independence under the leadership of the Chief Risk Officer (CRO). This structure effectively separates risk oversight from both support and business functions, reinforcing the integrity of the risk management process. It is aligned with the Basel Committee on Banking Supervision's 'Principles for Enhancing Corporate Governance': "The CRO should have sufficient stature, authority and seniority within the organization. This will typically be reflected in the ability of the CRO to influence decisions that affect the bank's exposure to risk. Beyond periodic reporting, the CRO should thus have the ability to engage with the board and other senior management on key risk issues and to access such information as the CRO deems necessary to form his or her judgment. Such interactions should not compromise the CRO's independence."

Integrated Risk Management Department The Integrated Risk Management Department plays a central role in measuring and monitoring risk across the Company, ensuring adherence to the parameters set by the Board of Directors, the Board Integrated Risk Management Committee (BIRMC) and other management committees. This structured approach ensures that risk is proactively managed in alignment with regulatory requirements and strategic objectives. The Company maintains a robust risk governance framework, anchored in the widely recognised 'Three Lines of Defence' model. This framework fosters accountability, independence and transparency across all risk-related activities while ensuring effective communication with both internal and external stakeholders.

THREE LINES OF DEFENCE

- **The 'First Line of Defence'** lies within business operations, where management is responsible for exercising control, adhering to internal risk mechanisms and maintaining accountability in day-to-day functions
- **The 'Second Line of Defence'** is driven by independent oversight, where the Integrated Risk Management Department and Compliance Department ensure the effective implementation of risk management policies, monitor compliance and validate risk frameworks
- **The 'Third Line of Defence'** provides an additional layer of assurance through independent internal and external audit functions, ensuring that risk governance processes remain effective and continuously refined.

RISK-BASED THINKING CULTURE

Cultivating a strong risk-aware culture is a fundamental priority for the Company, ensuring that every employee understands their responsibility in safeguarding the Company's objectives while reinforcing stakeholder trust. This culture is built on a foundation of transparent communication, ethical leadership, accountability and continuous learning. The Integrated Risk Management Department plays a proactive role in embedding risk-based thinking across the organisation. To reinforce this, structured training programmes are conducted for both new and existing employees under the theme 'Building a Culture of Risk-Based Thinking'. These initiatives are designed to equip teams with the necessary knowledge and skills to proactively identify, assess and mitigate risks as part of their daily decision-making processes.

RISK MANAGEMENT STRATEGY AND RISK APPETITE

The Company's Risk Management Strategy defines its risk appetite, outlining the level and types of risks the Company is willing to accept or avoid in pursuit of the strategic business objectives. The risk appetite establishes risk tolerance, which sets specific thresholds for different risk categories. By aligning risk appetite with decision-making at both strategic and operational levels, and with the Internal Capital Adequacy Process (ICAAP), the Company ensures a structured and proactive approach to risk management, effectively mitigating uncertainties, while capitalising on growth opportunities. Once defined, the risk appetite framework is systematically embedded into the Company's operations, subject to ongoing monitoring through a "Traffic Light" system and periodically adjusted to align with evolving business and market conditions.

Accordingly, the summary of Risk Appetite is tabulated below;

Low Risk Appetite	Moderate Risk Appetite	High Risk Appetite
Liquidity Risk	Credit Concentration Risk	Credit Risk
Compliance and AML Risk	Market Risk (Interest and Commodity)	
Reputational Risk	Strategic Risk	
Legal Risk	Capital Risk	
Operational Risk - ICT Risk/Fraud/HR		

ENHANCEMENTS IN RISK MANAGEMENT-RELATED POLICIES IN 2024/25

During the financial year, the Company implemented and refined several risk management policies and frameworks to strengthen its governance and resilience. These include:

- **Integrated Risk Management Framework** is now aligned with ISO 31000:2018 standards, ensuring a structured and globally benchmarked approach to risk management.
- **Credit Risk Management Framework** has been designed to enhance risk assessment, monitoring, and mitigation strategies related to credit exposures.
- **Operational Risk Management Framework** is focused on identifying, assessing and managing risks arising from business operations.
- **Market Risk Management Framework** now addresses risks associated with market fluctuations, including interest rate risk and commodity risks.

Furthermore, as part of its ongoing commitment to risk governance and resilience, the Company conducted a thorough review of key policies and frameworks to ensure they remain relevant and effective in a dynamic business environment. The

RISK MANAGEMENT

Risk Appetite Statement was reviewed to ensure alignment with the Company's strategic direction and the ICAAP. Additionally, a Business Continuity Management (BCM) Framework was strengthened by integrating the Disaster Recovery Plan (DRP) and Business Continuity Plan (BCP) to guarantee operational stability and readiness to manage interruptions.

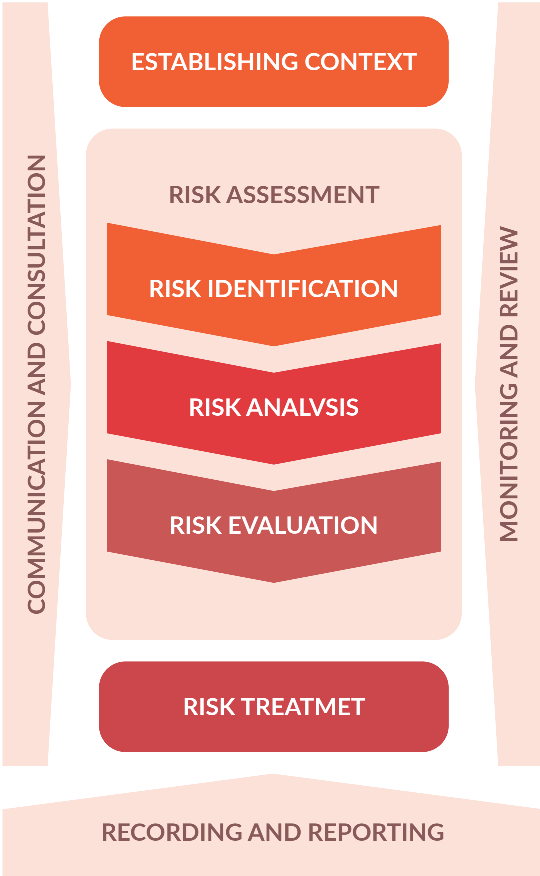
CONTINUOUS IMPROVEMENT OF THE RISK MANAGEMENT PROCESSES

The Company remains proactive in refining its risk management approach through ongoing assessments, regulatory alignment and global benchmarking. Key initiatives undertaken include:

- Enhancing risk frameworks by incorporating ISO 31000:2018 standards and internationally recognised guidelines such as Basel regulations, ensuring best-in-class risk management practices.
- Regular re-assessment of existing risk management policies, frameworks and guidelines to identify areas for improvement and enhance adaptability to evolving business and regulatory landscapes.
- Continuous monitoring of industry trends, regulatory developments and business strategy shifts, ensuring that risk management frameworks remain robust and responsive to change.
- Frequent reviews of risk management frameworks, ensuring a structured and updated approach to risk identification, mitigation and reporting.

RISK MANAGEMENT PROCESS

The Risk Management process of the Company is formulated based on the guidelines of ISO 31000:2018, aiming to construct a robust risk management process to assure long-term sustainability of the Company and value creation for stakeholders



CREDIT AND CREDIT CONCENTRATION RISK

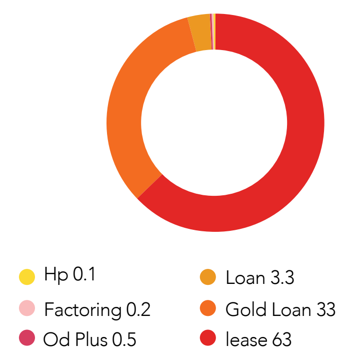
Janashakthi Finance PLC has taken a strategic approach to managing credit risk, ensuring a balance between growth and stability. Following a recent review of the Risk Appetite Statement, the Company revised its credit risk appetite from moderate to high, reflecting a more dynamic approach to lending. A Credit Risk Management Framework was developed in alignment with the Finance Business Act No. 2 of 2024, ensuring compliance with industry regulations and best practices.

Collection ratios improved, highlighting enhanced recovery efforts and disciplined credit management. The Company successfully brought down its non-performing loans (NPL) ratio below the industry average, reinforcing its commitment to prudent lending and effective risk mitigation. Stage-3 Impairment Coverage was strengthened, ensuring adequate provisioning for non-performing assets. Some measures taken to minimise the impact of NPLs include implementing a structured and proactive approach to mitigate the risks associated with NPLs. The Company has a well-structured credit risk review mechanism, enabling continuous assessment of credit exposures and early identification of potential defaults. Further, a robust credit granting process paired with an effective recovery function is in place, ensuring responsible lending while optimising debt recovery strategies.

CREDIT PRODUCTS COMPOSITION

The product composition of the lending portfolio reflected a steady shift during the year, aligned with the Company's strategic focus on diversification and risk-adjusted returns. As of 31st March 2025, Lease facilities continued to account for the largest share at 63%, showing a marginal decline from 66% in the previous year, reflecting a cautious approach in the sector amid evolving market dynamics.

Product Composition



Gold Loans increased to 33% of the portfolio as at March 2025, up from 29% in the previous year, reflecting heightened demand for short-tenor, asset-backed credit. Despite the increased concentration, the Gold Loan NPL ratio significantly declined to 0.06% at the end of financial year, underscoring the strength of collateral coverage and the effectiveness of credit control mechanisms. The rising share of Gold Loans reinforces its position as a core segment within the lending portfolio. To mitigate concentration risk, the Company has strategically adopted short-duration lending structures and maintained a conservative Loan-to-Value (LTV) ratio of below 70%, ensuring that risk is well-managed while sustaining healthy returns.

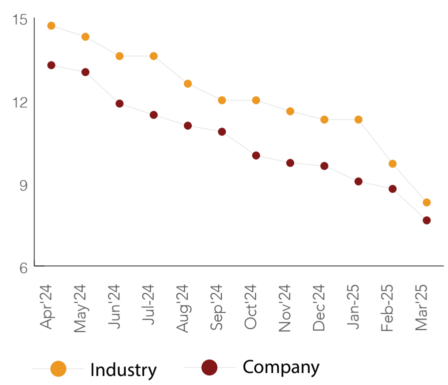
Loan products, which include personal and business loans, reduced to 3.30% from 4.40%, reflecting a strategic tightening of credit exposure in this segment.

The contribution from Factoring, Hire Purchase (HP) and OD Plus products remained minimal, collectively accounting for less than 1% of the portfolio. Notably, OD Plus, introduced during the year, gained a 0.50% share as the Company explored new customer segments under close risk supervision. The evolving product mix reflects a deliberate shift toward secured lending and asset-backed facilities, aimed at improving overall portfolio quality while balancing growth opportunities with risk containment.

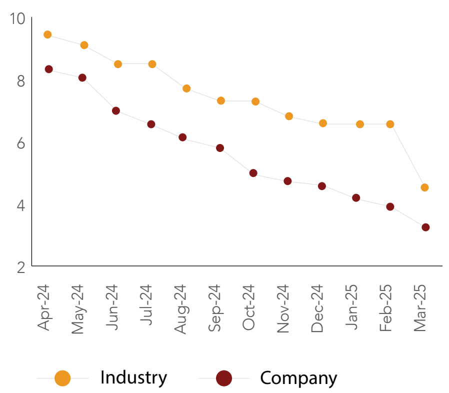
NON-PERFORMING LOANS

As at 31st March 2025, the Gross Non-Performing Loan (NPL) ratio improved significantly to 7.65%, compared to 13.27% as at 30th April 2024. In parallel, the Net NPL ratio also reduced sharply to 3.24%, down from 8.29% in the same comparative period. These results were achieved through robust underwriting standards, strengthened credit monitoring processes, and targeted recovery efforts. The Company's performance compares favourably against industry benchmarks, where the industry's Gross NPL ratio decreased to 8.3% in March 2025 from 14.7% in April 2024, and the Net NPL ratio reduced to 6.56% from 9.4% over the same period. The Company's ability to maintain both Gross and Net NPL ratios below the industry average reflects the strength of its credit risk governance and its disciplined lending practices.

Gross NPL



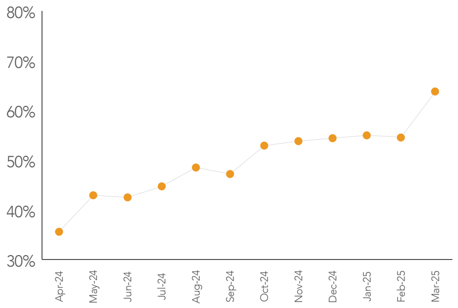
Net NPL



COLLECTION RATIO

Moreover, the collection ratio demonstrated continuous improvement, rising to 63.7% in March 2025, up from 35.6% in April 2024. This positive trend reflects the success of revamped recovery strategies, enhanced field collections and increased customer engagement, which collectively supported better cash flows and reduced credit stress.

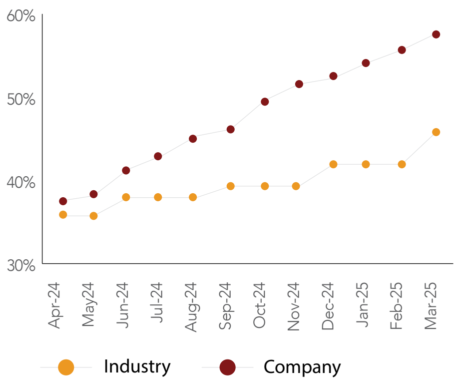
Overall Collection Ratio



STAGE-3 IMPAIRMENT COVERAGE

Furthermore, the Stage-3 Impairment Coverage Ratio improved significantly to 57.64% as at 31st March 2025, up from 37.51% as at 30th April 2024. This reflects the Company's prudent provisioning strategy and its commitment to maintaining a resilient balance sheet amidst ongoing macroeconomic challenges. Comparatively, the industry average improved to 45.8% from 35.73% during the same period. The Company's higher-than-industry coverage level demonstrates its forward-looking risk posture and the adequacy of buffers maintained to absorb potential credit losses.

Stage-3 Impairment Coverage Ratio



MARKET RISK

Market risk encompasses the potential for financial losses due to fluctuations in key market variables, including interest rates, foreign exchange rates, equity prices and commodity prices, which stems from shifts in economic conditions and financial market fluctuations, directly impacting cash flows and financial positions. In order to preserve financial stability and optimise profitability, it is imperative for the Company to effectively manage market risk. Interest Rate Risk and Commodity Risk are key market risk components of the Company, influencing cash flows and economic value. To strengthen market risk governance, the Company developed a Market Risk Management Framework during the financial year, ensuring a structured approach to risk identification, measurement and mitigation.

The Asset and Liability Committee (ALCO) is the decision-making unit, which is responsible for the Balance Sheet planning from a risk and return perspective and for monitoring the market risk levels, ensuring adherence to a range of risk limits. The Treasury Department is responsible for actively managing the market risk, whilst assuming the risk. Accordingly, the Treasury Department carries out post/real time monitoring, reporting and alerts in handling market risk exposures, while monitoring daily exposures. At the same time, the Integrated Risk Management Department independently monitors the market risk against the risk tolerance of the Company and reports to BIRMC.

INTEREST RATE RISK

Fluctuations in interest rates had a direct impact on the Company's loan, deposit and investment portfolios, necessitating active management of interest rate exposure. Furthermore, declining interest rates led to an increase in early settlements and refinancing, reducing interest income on existing loans. Also, prepayment risk resulted in reinvestment challenges, as funds needed to be redeployed at lower yields, impacting overall profitability. During the period under review, the cost of funds remained slow to decline due to the presence of long-term fixed deposit obligations, limiting immediate cost reductions. The Company continues to refine its interest rate risk strategies, ensuring a balanced approach to asset and liability management while optimising returns.

INTEREST RATE RISK MANAGEMENT

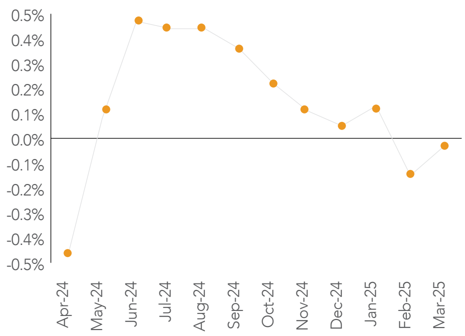
Interest rate risk continues to be a key area of focus in our risk management framework, with active monitoring and mitigation measures implemented throughout the year. The Company employs a combination of Earnings-at-Risk (EaR), interest rate sensitivity analysis, and cumulative gap analysis to assess its exposure.

INTEREST RATE SENSITIVITY

A critical metric used is the Interest Rate Sensitivity Ratio, which measures the potential impact of a ±1% fluctuation in interest rates on Net Interest Income (NII), as a percentage of the annual NII budget.

During the financial year under review, the ratio fluctuated significantly - from a low of -0.47% in April 2024 to a high of +0.47% in June 2024. This volatility was reflective of both internal portfolio movements and shifts in the external rate environment. However, by March 2025, the sensitivity had stabilised to -0.03%, indicating a more balanced repricing profile and enhanced earnings stability. This favourable trajectory was the result of proactive balance sheet rebalancing strategies that aimed to align asset and liability durations and mitigate potential interest rate mismatches.

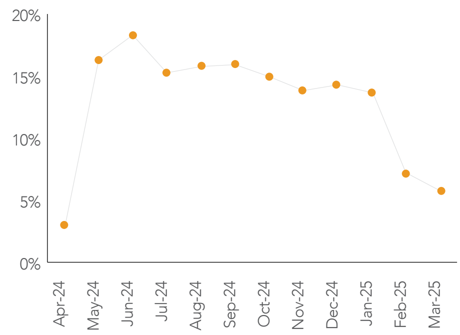
Interest Rate Sensitivity



CUMULATIVE GAP ANALYSIS

The Cumulative Gap Ratio, a measure of the timing mismatches between Rate Sensitive Assets (RSA) and Rate Sensitive Liabilities (RSL), further highlights the Company's improving position, except for June 2024, when it reached 18.30%, which was proactively brought down to 5.5% by March 2025. Importantly, the Current Ratio remained comfortably within the Company's defined low-risk thresholds throughout the year, underscoring our strong short-term liquidity position and resilience to interest rate fluctuations.

Cumulative Gap Ratio



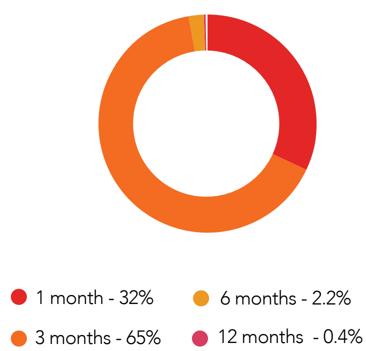
COMMODITY PRICE RISK

The Company's commodity price risk is primarily focussed in gold, given the Company's significant exposure to the gold loan segment. Managing price fluctuations is critical to maintaining portfolio stability and mitigating financial risk. The Company substantially expanded its gold loan portfolio during the financial year by capitalising on market demand. Fluctuations in gold prices directly impact the valuation of collateral, requiring proactive risk management strategies.

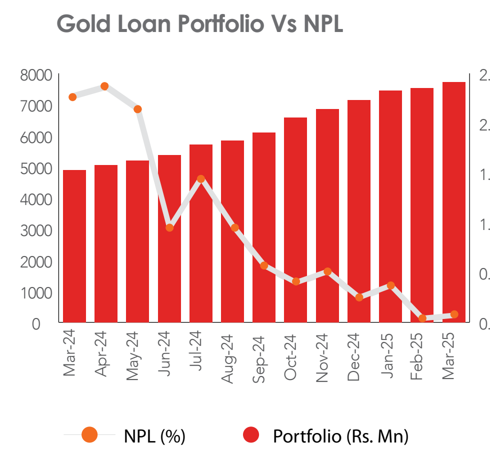
COMMODITY PRICE VOLATILITY

The Company ensures resilience against price volatility by maintaining a Loan-to-Value (LTV) ratio of Gold Loans below 70%. With 1-month and 3-month gold loans making up 97% of the portfolio, the short tenure of lending enables quick adjustments to price shifts, reducing prolonged exposure to market fluctuations. Efficient recovery processes have helped keep NPL ratios in Gold Loans significantly low ratio, recording 0.06% as of March 2025, thus ensuring portfolio quality.

Gold Loan Period Wise - March 2025



RISK MANAGEMENT



FOREIGN EXCHANGE RISK

The policy of the Company is to keep no foreign currency in open position and such exposures thereby should be hedged immediately against the risk.

EQUITY INVESTMENT RISK

The Company did not invest in the equity market during the financial year and does not report an equity investment portfolio as of 31st March 2025. In the event the Company decides to move ahead with equity investments, the ALCO is responsible for reviewing the investment portfolio report, which includes net capital gains or losses on a regular basis and making recommendations on equity investment and the necessary course of action.

LIQUIDITY RISK

Liquidity management is crucial to ensuring business continuity and financial stability, particularly in an environment where interest rates influence deposit mobilisation. Janashakthi Finance PLC adopts a structured approach to liquidity risk monitoring and mitigation, ensuring sufficient funds are available to meet obligations. The declining interest rate environment posed challenges to deposit mobilisation, as depositors sought higher-yield investment alternatives.

LIQUIDITY RISK OVERSIGHT

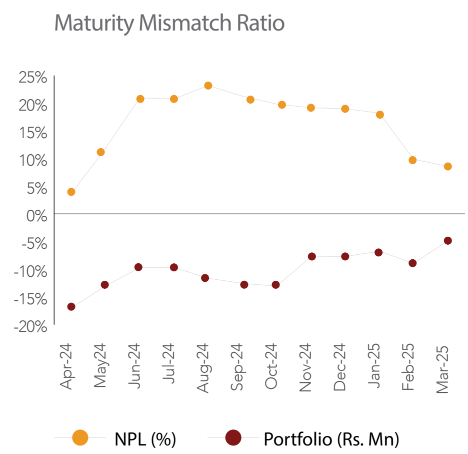
- The Asset and Liability Committee (ALCO) oversees liquidity risk by monitoring, analysing, and implementing appropriate measures to balance liquidity needs.
- The Treasury Department closely monitors daily funding requirements, considering both routine cash flows and large single obligations.
- The Integrated Risk Management Department independently monitors liquidity risk against tolerance thresholds and reports to the BIRMC.

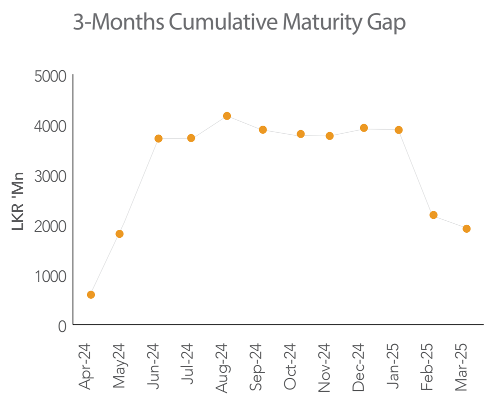
MATURITY GAP ANALYSIS

The Company made notable strides in addressing maturity mismatches during the financial year, underscoring its commitment to prudent liquidity risk management. The 3-Month Maturity Mismatch Ratio improved from 3.67% in April 2024 to 8.57% in March 2025, signalling strengthened short-term asset-liability alignment supported by proactive treasury interventions.

More significantly, the 1-year maturity mismatch ratio recorded a substantial improvement, narrowing from -16.98% to -4.83% over the same period. This positive shift reflects the impact of strategic funding initiatives, disciplined liability structuring, and measured asset growth aimed at enhancing medium-term cash flow synchronisation.

These improvements reinforce the Company's ability to maintain liquidity adequacy under both normal and stressed conditions, while navigating an evolving financial landscape. At the close of the financial year, the Company reported a positive maturity gap of Rs. 1.9 Bn, further affirming its resilient liquidity position.

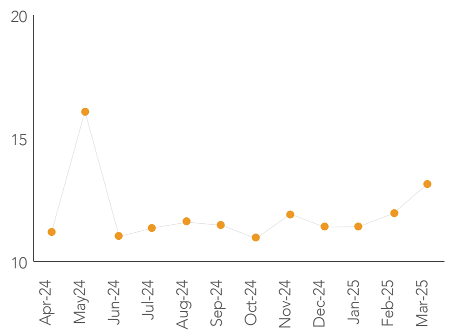




REGULATORY LIQUID ASSETS

As of 31st March 2025, the Company maintained a Regulatory Liquid Assets Ratio of 13.14%, remaining comfortably above the statutory minimum requirement of 10%. This surplus liquidity buffer reflects the Company's strong adherence to regulatory standards and its disciplined approach to liquidity management. It reinforces the Company's capacity to meet short-term obligations and absorb unforeseen cash flow fluctuations, ensuring continued financial resilience.

Regulatory Liquid Assets Ratio

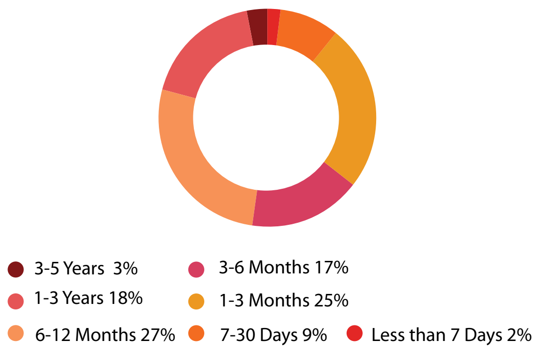


DEPOSIT MATURITY PROFILE

As of 31st March 2025, the Company's deposit maturity profile reflected a prudent and well-diversified funding base, with over 48% of deposits maturing beyond six months - effectively supporting the funding of long-term assets. Within this, 27% of deposits fell into the 6 to 12-month category, 18% were in the 1 to 3-year range and 3% extended beyond 3 years. In contrast, deposits maturing within one month accounted for only 11%, thereby limiting short-term refinancing risk and reinforcing liquidity stability.

Further reinforcing this position is the Company's Fixed Deposit Renewal Ratio of 80%, which not only enhances cash flow predictability and reflects strong depositor confidence, but also serves to mitigate liquidity risk arising from the maturity profile of deposits. This maturity structure underscores the Company's commitment to sound liability management and long-term financial sustainability.

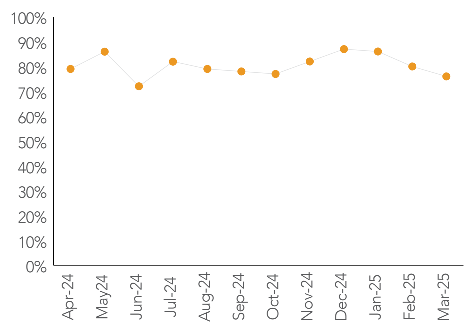
Deposits Maturity Profile



FIXED DEPOSIT RENEWAL RATIO

The Company sustained a robust Fixed Deposit Renewal Ratio of 80% throughout the financial year, reflecting strong depositor confidence and resilience in its funding base. This consistent rollover rate significantly enhanced liquidity predictability and reduced dependency on fresh inflows to meet redemption obligations. The stable renewal performance also mitigated funding risk and supported the Company's overall asset-liability management strategy.

Fixed Deposits Renewal Ratio

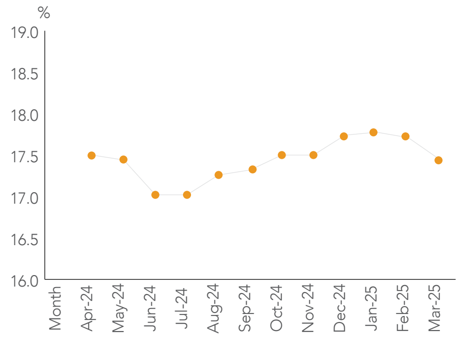


FIXED DEPOSIT PORTFOLIO CONCENTRATION

As of 31st March 2025, the Top 20 depositors represented 17.41% of the Company's total Fixed Deposit portfolio. This level of concentration remains well within the Company's defined low-risk tolerance threshold, signifying a well-diversified funding base. A lower concentration among key depositors helps minimise exposure to large-scale withdrawals, thereby enhancing funding stability, especially under potential stress scenarios.

RISK MANAGEMENT

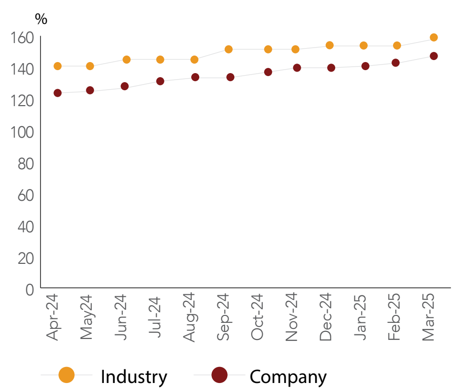
Fixed Deposits: Top 20 Concentration



LOANS TO DEPOSIT ANALYSIS

The Company maintained a prudent liquidity and funding strategy throughout the year, ensuring adequate buffers to support loan book expansion while adhering to defined risk thresholds. The Loans to Deposits Ratio (LDR) increased from 116% in April 2024 to 138% by March 2025, reflecting robust lending growth enabled by a well-managed deposit mobilisation framework. In contrast, the LFC sector's industry average LDR remained higher, rising from 132% to 148% over the same period. This highlights that the Company operated with a more conservative funding posture, maintaining a consistent margin of 10-16 percentage points below the industry average. This gap underscores the Company's emphasis on managing over-leverage risk and preserving liquidity headroom. This disciplined approach supported the Company's dual objective of growth and resilience, enabled by diversified funding sources, proactive liability structuring and continuous monitoring of asset-liability maturity mismatches. Management remains focused on maintaining this equilibrium to withstand market volatility while sustaining lending capacity.

Loans to Deposits Ratio



OPERATIONAL RISK

Operational risk is an inherent aspect of Janashakthi Finance PLC's business activities. The Company defines operational risk as the risk of losses resulting from inadequate or failed internal processes, systems, people or external events, including reputational and legal risks. The Company developed a comprehensive Operational Risk Management Framework during the financial year, providing a structured approach to identifying, assessing, controlling and mitigating operational risks, ensuring operational resilience. The newly-developed Operational Risk Management Framework incorporates standard tools for identification and assessment including: Loss Data Programme (tracking historical risk events); Risk and Control Self-Assessment (RCSA) (evaluating potential futuristic risks and controls); Key Risk Indicators (KRIs) and Scenario Analysis (identifying potential vulnerabilities).

According to the Finance Business Act, Direction No. 04 of 2024 on Operational Risk Management, though the Finance Companies with less than Rs. 100 Bn shall comply with the Finance Business Act, Direction No. 04 of 2024 before 01st January 2027, the Company's implementation of this new Operational Risk Management Framework has made it possible to complete the compliance requirement ahead of schedule.

INTRODUCTION OF RCSAS ACROSS ALL PRODUCT LINES

During the year under review, the Company transformed its operational risk management practices by developing and implementing Risk and Control Self-Assessments (RCSAs) for all core product offerings: Leasing, Fixed Deposits, Savings and Gold Loans, ensuring a proactive approach to operational risk management. This marks the first time RCSAs have been systematically introduced across the Company, reinforcing its commitment to proactive risk identification and control effectiveness.

The RCSA process was conducted through close collaboration between the respective business units and the Integrated Risk Management Department, enabling a deep-dive assessment into the inherent risks associated with each product and the adequacy of existing controls.

By embedding RCSAs into the day-to-day operations, the Company has established a structured framework for continuously monitoring risk exposures and improving internal controls. This development also serves as a foundation for further integration of risk assessments into strategic planning and decision-making processes, enhancing overall organisational resilience.

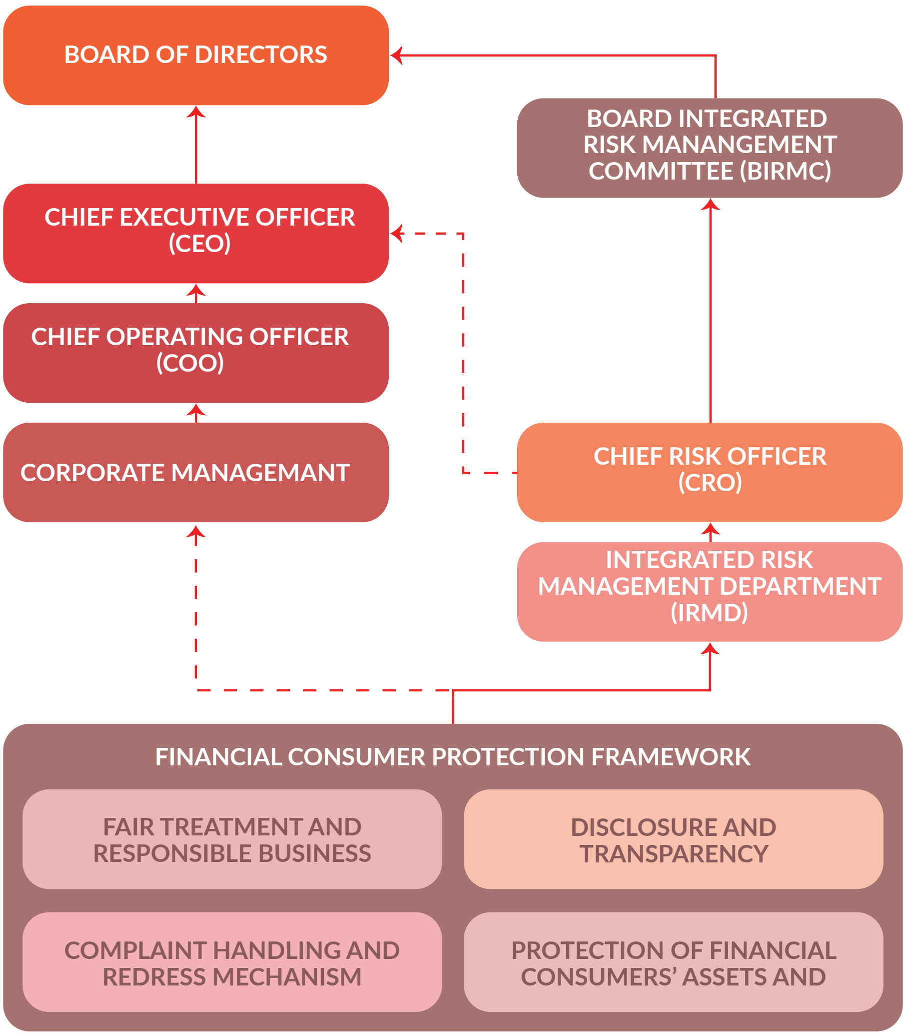
BUSINESS CONTINUITY MANAGEMENT FRAMEWORK

The Business Continuity Management (BCM) Framework is an integral component of the Operational Risk Management Framework of the Company, which has come to be referred to as a holistic management framework which implements strategies to address the risk of unexpected disruptions. The Business Continuity Plan (BCP) and the Disaster Recovery Plan (DRP) are integral components of the BCM framework of the Company. Consequently, this BCM framework is designed to handle the majority of disasters that can be anticipated, whereas, as with any serious and unexpected interruption, there can be special situations that need to be dealt with. This framework underscores the Company's commitment to deliver uninterrupted services to all stakeholders.

FINANCIAL CONSUMER PROTECTION FRAMEWORK

In alignment with Financial Consumer Protection Regulations No. 01 of 2023, the Company developed the Financial Consumer Protection Framework, which is an integral component of the Operational Risk Management Framework. The Company believes that a robust financial consumer protection framework is essential for ensuring that expanded access to financial services benefits consumers. It empowers them to make informed decisions about utilising financial services, fosters trust in the formal financial sector and promotes healthy, competitive financial markets

FINANCIAL CONSUMER PROTECTION GOVERNANCE STRUCTURE



RISK MANAGEMENT

The Company recognises the Financial Consumer Protection Framework as a component of its Operational Risk Management Framework. Accordingly, the CRO of the Company serves as the Key Management Personnel (KMP) responsible for overseeing the Financial Consumer Protection Framework of the Company.

REPUTATIONAL RISK

Reputational risk is a crucial component of Janashakthi Finance PLC's Operational Risk Management Framework. The Company views reputational risk typically as an outcome of any failure to manage risks in the day-to-day activities and from changes in the operational environment. The Integrated Risk Management Department proactively assesses reputational risk from both a customer and brand perspective, using Key Risk Indicators measured against specific risk tolerance limits. To safeguard the reputation, key factors such as customer complaint resolution time, complaint channels and media attention are monitored. Preventive actions include enhancing customer service responsiveness, strengthening brand positioning and ensuring transparent communication.

HUMAN RESOURCES RISK

At Janashakthi Finance PLC, we recognise that our employees are our most valuable asset and their effectiveness directly impacts operational risk. Human resources risk arises from human actions, decisions and misconduct that may affect business continuity and performance. To mitigate such risks, we continuously refine our talent management strategies, integrate digital HR solutions and cultivate an agile workforce ready to adapt to evolving market conditions. By fostering a strong corporate culture, we ensure employees are well-equipped to uphold operational excellence.

INFORMATION SECURITY RISK

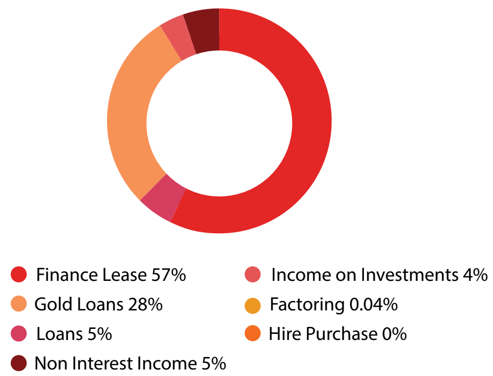
In an increasingly digital financial landscape, information security is paramount. Effective IT risk management strengthens operational resilience, safeguards sensitive data and ensures compliance with regulatory standards. The Integrated Risk Management Department conducts independent information security risk assessments quarterly and reports findings to the Board Integrated Risk Management Committee (BIRMC). This structured approach helps identify vulnerabilities, mitigate cyber threats, and enhance data protection.

STRATEGIC RISK AND CAPITAL MANAGEMENT

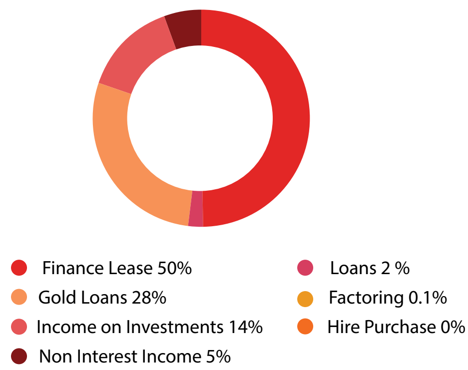
A Janashakthi Finance PLC acknowledges that strategic risk is inherent in our pursuit of long-term growth. External factors such as regulatory changes, market dynamics and competitive pressures can impact our strategic objectives.

REVENUE COMPOSITION

Revenue Composition As at 31st March 2025



Revenue Composition As at 31st March 2024

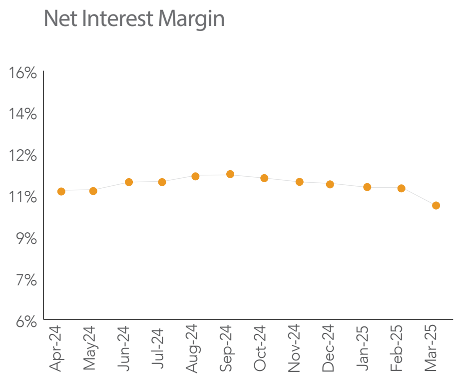


NET INTEREST MARGIN

In the context of the Company's operations, the first half of the year recorded a gradual upward trajectory in the NIM, reaching a peak of 11.81% in September 2024. This growth was supported by effective pricing strategies on lending and deposit portfolios, as well as a favourable shift in the interest rate structure in the first half of the financial year.

However, the latter part of the year experienced a marginal downward adjustment in the margin due to increased competition in the lending market and a gradual reduction in market lending rates. The decline was also partly influenced by the Company's strategic focus on asset quality over yield, as part of its long-term sustainability goals.

Despite these challenges, the Company's NIM remained above industry average benchmarks, reflecting its resilience and prudent balance sheet management. The Risk Management Division closely monitored the evolution of the NIM and provided continuous input to the Asset and Liability Management Committee (ALCO) to ensure appropriate balance between risk and return.

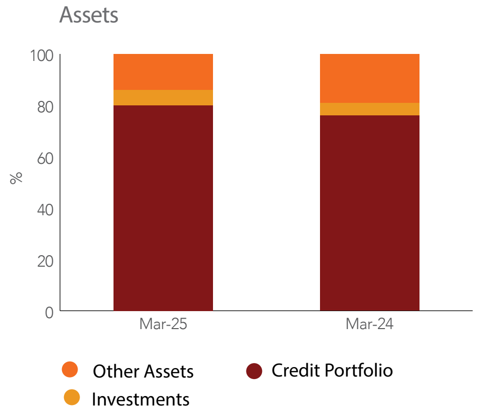


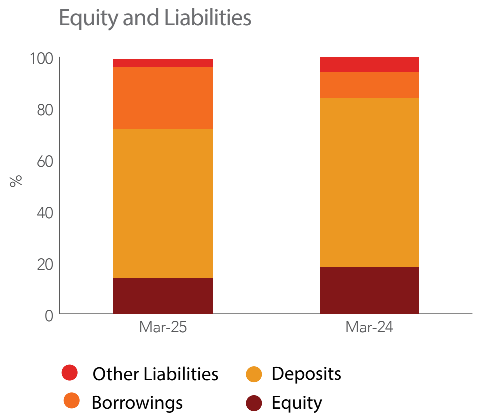
BALANCE SHEET COMPOSITION

During the financial year ended 31st March 2025, the Company undertook several strategic shifts in its balance sheet composition to navigate a challenging macroeconomic and interest rate environment. On the liabilities side, there was a conscious rebalancing of the funding mix. Customer deposits, while still the primary source of funding, reduced to 58% from 66% in the previous year. This was offset by a strategic increase in borrowings, which rose from 10% to 24%, reflecting efforts to diversify funding sources, enhance liquidity buffers, and better manage interest rate volatility. These changes were made within the parameters of the Company's Risk Appetite Framework and in line with its medium-term funding strategy.

On the asset side, the credit portfolio grew to represent 80% of total assets, up from 76% in the previous year. This strategic allocation underscores the Company's continued focus on its core lending business, while also reflecting improved credit demand and enhanced portfolio quality. Investments, primarily in risk-weighted and regulatory-compliant instruments, remained stable.

The Company remains committed to maintaining adequate capital to support future growth and regulatory compliance. Strategic risk is further mitigated through continuous market intelligence gathering, scenario analysis and stress testing, all of which feed into the strategic planning cycle. The BIRMC plays a central role in monitoring strategic execution and emerging risks, ensuring that the Company remains agile and resilient in a rapidly changing financial landscape.





The Integrated Risk Management Department assesses capital management risks, ensuring alignment with strategic goals through:

- Capital Adequacy and Business Growth: Maintaining sufficient capital to support expansion and market positioning
- Regulatory Expectations: Ensuring compliance with capital requirements to prevent reputational damage and business restrictions
- Risk Appetite Alignment: Optimising capital structure to absorb shocks and sustain long-term strategies

ALIGNING RISK MANAGEMENT WITH STRATEGIC OBJECTIVES:

- Embedding Risk Appetite into Strategy: Risk Appetite Statements are continuously refined to align with business goals and evolving market conditions
- Integration in Strategic Planning: Risk assessments are embedded into decision-making, with scenario analysis and stress testing applied to evaluate financial, operational, and market risks

RISK MANAGEMENT

- The Internal Capital Adequacy Assessment Process (ICAAP) of the Company further strengthens risk management by proactively evaluating capital requirements and formulating capital augmentation plans to align with future growth aspirations.

INTERNAL CAPITAL ADEQUACY PROCESS (ICAAP)

While there is currently no regulatory requirement for Licensed Finance Companies (LFCs) in Sri Lanka to conduct an Internal Capital Adequacy Assessment Process (ICAAP), the Company has proactively implemented this process as part of its sound risk management framework. Accordingly, the Integrated Risk Management Department conducts an annuall CAAP, which is a forward-looking process, that enables the Company to assess the capital adequacy, against the current and future risk profile, strategic objectives, and business plan.

The process considers key risks such as credit, market, operational, liquidity and concentration risks, as well as potential emerging risks linked to strategic initiatives.

Stress testing and scenario analysis are integral to the ICAAP, helping the Company evaluate its resilience under mild, moderate and severe conditions. The outcomes of the ICAAP are reviewed by the BIRMC and subsequently by the Board of Directors, ensuring that capital planning remains aligned with the Company's growth objectives while safeguarding financial stability.

COMPLIANCE RISK

Janashakthi Finance PLC is fully compliant with all regulatory requirements and incurred zero violations, fines or penalties during the financial year. The Company's commitment to regulatory adherence is reinforced by a robust compliance risk assessment framework that ensures:

- Continuous monitoring of regulatory updates
- Timely action on compliance issues
- Strong internal controls to prevent regulatory breaches

RISK REPORTING

The effectiveness of the Company's risk management approach is upheld through rigorous documentation and reporting mechanisms. The Integrated Risk Management Department ensures risk data is effectively communicated to the Board of Directors, BIRMC and Corporate Management to facilitate informed decision-making. The Company's risk reporting focuses on enhancing risk transparency, providing critical insights for decision-making, improving risk mitigation strategies and ensuring compliance with internal governance and regulatory requirements. Structured risk reports adhere to internal standards such as the Company's Risk Appetite Statement and BIRMC guidelines while ensuring full compliance with directives issued by the Central Bank of Sri Lanka.

The Company's risk management approach proved effective in identifying, assessing and mitigating risks across all operational areas. The approach was regularly evaluated and adjusted to ensure alignment with emerging risk factors, leading to improved risk mitigation strategies. The primary challenges included adapting to rapidly changing regulatory environments, managing market volatility and responding to emerging operational risks. Additionally, the integration of new risk management tools required ongoing adjustments.

During this period, the Company's risk reporting framework was refined to improve clarity and detail in risk documentation. This enhanced framework allowed for more accurate reporting of risk management activities and outcomes, contributing to better decision-making and accountability. The Integrated Risk Management Department is committed to documenting and reporting risk appropriately to the Board of Directors, BIRMC and Corporate Management. The purpose of risk recording and reporting is to:

- Communicate risk management activities and outcomes across the organisation.
- Provide key information for decision-making.
- Improve risk management practices.
- Facilitate effective interaction with stakeholders, including the BIRMC, ensuring accountability for risk management activities.

When deciding on the creation, retention and handling of documented information, consideration is given to the use, information sensitivity and the external and internal context. Reports are structured to meet both regulatory and internal governance requirements:

- Internal Standards: Align with the Company's Risk Appetite Statement.
- Following guidelines outlined in the BIRMC Terms of Reference (TORs).
- Adherence to the Integrated Risk Management Framework, and frameworks for Credit, Operational, Market, and Compliance Risk Management. Adherence to the directives issued by the Central Bank of Sri Lanka, and other regulatory bodies.

Accordingly, the CRO as Secretary to the BIRMC shall ensure the delivery of the minimum reports mentioned below.

Risk Reports	Minimum Components	Frequency
Overall Risk	Risk Dashboard against Tolerance Limits	Once in every 2 months
	ICAAP Report	Annually
	Stress Testing	Quarterly
	Macro and Emerging Risk Analysis	Once in every 2 months
	Review of the minutes of the senior management level sub-committees	Once in every 2 months
	Review of risk management policies and frameworks	Annually
Strategic Risk Analysis	LFC sector analysis	Once in every 2 months
	Identify gaps between current performance and strategic objectives.	Once in every 2 months
	Analysis of financial performance and position	Once in every 2 months
Credit Risk Analysis	Credit portfolio analysis and risk quantifications	Once in every 2 months
	Credit concentration risk analysis	Once in every 2 months
	Recovery performance analysis	Once in every 2 months
Market and Liquidity Risk Analysis	Interest rate risk analysis	Once in every 2 months
	Commodity risk analysis	Once in every 2 months
	Investment risk analysis	Once in every 2 months
	Maturity gap analysis	Once in every 2 months
	Funding lines available	Once in every 2 months
	Long- term funding analysis	Once in every 2 months
	Deposit base analysis	Once in every 2 months
	Liquidity stress testing	Quarterly
Operational Risk Analysis	Fraud risk analysis	Once in every 2 months
	Customer complaint analysis	Once in every 2 months
	Event analysis including Legal risk	Once in every 2 months
	IT security risk analysis	Once in every 2 months
	Reputational risk analysis	Once in every 2 months
	HR risk analysis	Once in every 2 months
	Review of RCSAs	Annually
Compliance Risk Analysis	Compliance register	Once in every 2 months
	AML entity risk analysis	Bi-annually
	AML risk analysis	Once in every 2 months
	Gap analysis: New regulations and position of the Company	Once in every 2 months

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

The Board of Directors of Janashakthi Finance PLC have pleasure in presenting its the Report on the state of affairs of the company to the shareholders of Janashakthi Finance PLC for the Financial Year ended 31st March 2025 together with the audited financial statements of the Company and the Auditors' Report on those Financial Statements, conforming to all statutory requirements. The Audited Financial Statements reviewed and recommended by the Board Audit Committee were approved by the Board of Directors on 27th May 2025. The Report of the Board of Directors on the Affairs of the Company was also approved by the Board of Directors on 02nd June 2025. The details contained in this Report provide the relevant information as required by the Companies Act No.7 of 2007, Finance Business Act No. 42 of 2011, Finance Business Act Direction No.05 of 2021 on Corporate Governance and the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance.

This report was approved by the Board of Directors on 02nd June 2025. The appropriate number of copies of the Annual Report will be submitted to the Central Bank of Sri Lanka, the Colombo Stock Exchange, the Registrar of Companies, and the Securities and Exchange Commission of Sri Lanka within the statutory deadlines.

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	Reference the Companies Act	Extent of compliance by the Company
The nature of the business of the Company, together with any change thereof during the accounting period.	Section 168 (1) (a)	Refer page 173
Completed and signed Financial Statements of the Company for the accounting period completed.	Section 168 (1) (b)	Refer pages 170
Auditor's Report on Financial Statements of the Company.	Section 168 (1) (c)	Refer pages 163
Any changes made to the accounting policies during the year under review	Section 168 (1) (d)	Refer page 175
Particulars of the entries in the Interests Registers of the Company during the accounting period.	Section 168 (1) (e)	Refer page 143
Remuneration and other benefits paid to the Directors of the Company during the period.	Section 168 (1) (f)	Refer page 192
Total amount of donations made by the Company during the period.	Section 168 (1) (g)	Refer page 142
Information on Directorate of the Company during and at the end of the accounting period.	Section 168 (1) (h)	Refer pages 56 to 58
Separate disclosure on amounts payable by the Company to the Auditor as Audit Fees and fees for other services rendered during the accounting period.	Section 168 (1) (i)	Refer page 146
Auditors' relationship or any interest with the Company	Section 168 (1) (j)	Refer page 146
Acknowledgment of the contents of this report/signatures on behalf of the Board by two Directors and the Secretary of the Company	Section 168 (1) (k)	Refer page 146

LEGAL FORM

Janashakthi Finance PLC (the Company) is a Public Limited Liability Company incorporated in Sri Lanka on 24 July 1981 under the Companies Ordinance No. 51 of 1938 and was re-registered on 27 July 2009 under the Companies Act No. 07 of 2007 bearing Registration No. PB 1079 PQ and re-registered as Janashakthi Finance on 09th May 2025. It is a licensed Finance Company under the Finance Business Act No. 42 of 2011.

PRINCIPAL ACTIVITIES

The Company's principal business activities, which remained unchanged during the year are acceptance of Fixed Deposits, maintenance of Savings Accounts, granting Lease facilities, Vehicle Loans, Gold Loans and other credit facilities.
REVIEW OF OPERATIONS

A review of the operations of Janashakthi Finance PLC during the financial year 2024/25 is contained in the Chairman's Message, CEO's Review and Management Discussion and Analysis (pages 12, 16 and 19 to 53). These reports form an integral part of this Report.

STATED CAPITAL

The Company's Stated Capital stood at Rs. 2,431,879,039 at 31st March 2025.

RESERVES

The Company's retained earnings and other reserves as at 31st March 2025 amount to Rs. 1,550,333,358. Movements of reserves and the break up are given in Statement of Changes in Equity on page 171.

SHAREHOLDING AND SHARE INFORMATION

The Company had 903 registered ordinary shareholders as at 31st March 2025. The distribution of shareholding and major shareholders are given on pages 235 to 236.

FUTURE DEVELOPMENTS

An overview of the future developments of the Company is given in the Chairman's Message (pages 12 to 15), the Chief Executive Officer's Review (pages 16 to 18), and Management Discussion and Analysis (pages 19 to 53).

FINANCIAL STATEMENTS

The Financial Statements of the Company have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs & LKASs) laid down 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 regulatory requirements inclusive of specific disclosures.

The aforementioned Financial Statements for the year ended 31st March 2025, duly signed by the Head of Finance, Chief Executive Officer and two Directors of the Company are given on page 170. These Financial Statements form an integral part of this Annual Report of the Board of Directors.

SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies adopted by the Company in the preparation of the Financial Statements are given on pages 173 to 189.

There were no significant changes to the accounting policies used by the Company during the year under review in comparison to the previous year.

FINANCIAL PERFORMANCE

Interest income

Total interest income of the Company for the year ended 31st March 2025 was Rs. 4,463,848,627 (2024: Rs. 4,601,526,873) in 2024). An analysis of the interest income is given in Note 05 to the Financial Statements.

Profit and appropriations

The Company has recorded a profit after tax of Rs. 371,795,904 compared to the profit of Rs. 348,527,150 in the previous year.

The Company's Total Comprehensive Income (net of tax) for the year was Rs. 379,282,171 (Total Comprehensive Income for 2024: Rs. 321,924,060). A detailed breakup of the profits and appropriations of the Company is given below.

INCOME, PROFIT AND APPROPRIATIONS

Provided below is a summary of the financial results of the Company's operations during the year ended 31st March 2025.

	2025 (Rs. Mn)	2024 (Rs. Mn)
Income	**4,727.59**	4,868.24
Profit/(Loss) Before Taxation	**428.01**	349.48
Less: Income Tax (Expense)/Reversal	**(56.22)**	(0.95)
Profit/(Loss) for the Year	**371.79**	348.53
Transferred to Statutory Reserve Fund	**(18.59)**	(17.43)
Transfer to regulatory loss allowance reserve	**(193.96)**	-
Retained Profit Brought Forward from the Previous Year	**636.77**	332.27
Other Comprehensive Income Net of Tax	**7.49**	(26.60)
Retained Earnings carried forward	**803.50**	636.77

INDEPENDENT AUDITOR'S REPORT

The Auditors of the Company Messrs. BDO Partners, Chartered Accountants carried out the audit on the Financial Statements of the Company for the year ended 31st March 2025 and their report on the said Financial Statements is given on pages 163 to 167.

EVENTS AFTER BALANCE SHEET DATE

No circumstances have arisen since the Balance Sheet date which would require adjustment to or disclosure in the accounts, as disclosed under Note 42 to the financial statements. However,

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

the Company changed its name to Janashakthi Finance PLC under a strategic rebranding process, from Janashakthi Finance PLC with effect from 09th May 2025.

DIVIDENDS

The Board of Directors does not recommend a dividend to the shareholders for the financial year ended 31st March 2025.

CORPORATE DONATIONS

Donations amounting to Rs. 370,000 were paid during the year ended 31st March 2025 (Donations paid in the year 2024: Rs. 172,300).

TAXATION

The Company is liable for income tax at the rate of 30%.

STATUTORY PAYMENTS

The Board of Directors confirm that to the best of their knowledge and belief, statutory payments to all relevant regulatory and statutory authorities have been paid by the Company.

PROPERTY, PLANT & EQUIPMENT

The details of property, plant and equipment of the Company are given under Note 25 of this Annual Report.

OUTSTANDING LITIGATION

In the opinion of the Directors and in consultation with the Company's lawyers, the litigation currently pending against the Company will not have a material impact on the reported financial results or the future operations of the Company.

GOING CONCERN

The Board of Directors has reviewed the Company's business plans for the ensuing year and is satisfied that the Company has adequate resources to continue its operation in the foreseeable future. Accordingly, the Financial Statements of the Company have been prepared based on the going concern concept.

THE BOARD OF DIRECTORS

The Board assumes overall responsibility to the shareholders for setting the direction of the Company through the establishment of policies and key strategic objectives and ensuring that their implementation is in line with the Company's vision and values. The Directors are accountable for proper guidance of the Company's affairs and share collective responsibility in ensuring the highest standards of ethics and integrity in the conduct of business of the Company. The Board also bears ultimate responsibility for maintaining the integrity of financial information and the effectiveness of the Company's systems of internal control, compliance with regulatory requirements and risk management.

As at 31st March, 2025, the Board of Directors of the Company comprises of nine Directors with proven experience in the fields of banking and finance, law, marketing, human resources, sector specific and general business skills and with many years of experience in leading businesses. Their brief profiles are given on pages 56 to 58 of the Annual Report. The names of the Directors of the Company during the period 1st April, 2024 to 31st March, 2025 (who held office as at the end of the financial year) including dates of appointment to the Board, are tabulated below in terms of Section 168(1) (h) of the Companies Act No. 07 of 2007. Further, the categorisation of Executive and Non-Executive, Independent and Non-Independent is given against their names as per Finance Companies (Corporate Governance) Direction No. 05 of 2021 issued by the Central Bank of Sri Lanka.

The followings were the Directors of the Company during the year:

Rajendra Theagarajah
Chairman, Non-Executive, Non-independent Director

Sriyan Cooray
Senior Director/Independent Non-Executive Director

Prakash Schaffter
Non-Executive, Non-Independent Director

Minette. D.A. Perera
Non-Executive, Non-Independent Director
(Retired w.e.f.28th April 2024)

Indrani Goonesekera
Independent Non-Executive Director
(Retired w.e.f. 01st June, 2024)

Darshana Ratnayake
Independent Non-Executive Director

Nalin Karunaratne
Independent Non-Executive Director

Manohari P. Abeyesekera
Independent Non-Executive Director

Sandamali Chandrasekera
Independent Non-Executive Director

Daniel N Alphonsus
Independent Non-Executive Director
(Appointed on 04th July 2024)

K.M.M. Jabir
Executive Director/Chief Executive Officer

The profiles of the Directors are given in pages 56 to 58 of the Annual Report.

RETIREMENT/ CESSATION AND NEW APPOINTMENT OF DIRECTORS

Minette D.A. Perera retired from the Board in the capacity of Non – Independent Non – Executive Director of the Company w.e.f. 28th April 2024

Indrani Goonasekera – Independent, Non-Executive Director retired w.e.f. 01st June, 2024

Daniel N Alphonsus, Independent Non-Executive Director was appointed to the Board on 04th July, 2024

INTEREST REGISTER

In terms of the Companies Act No.7 of 2007, an Interests Register is maintained by the Company. All the Directors have made general declarations as provided for in section 192(2) of the Companies Act No. 7 of 2007.

DIRECTORS' REMUNERATION

Directors' fees and emoluments paid during the year are given in Note 11 to the Financial Statements.

DIRECTORS' INTEREST IN SHARES OF THE COMPANY

Name of the Director	No. of Shares 31st March 2025	No. of Shares 31st March 2024
R. Theagarajah	Nil	Nil
P. A. Schaffter	10	10
M. D.A. Perera	Nil	Nil
N. I. Goonesekara	Nil	Nil
N. S. S. Cooray	Nil	Nil
R. M. D. J. Ratnayake	Nil	Nil
K.M.M. Jabir	Nil	Nil
N. B. Karunaratne	Nil	Nil
M. P. Abeyesekara	Nil	Nil
D. L. M. S. Chandrasekara	Nil	Nil
D, N, Alphonsus	Nil	Nil

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of the financial statements of the Company to reflect a true and fair view of its state of affairs. The Directors are of the view that these Financial Statements have been prepared in conformity with the requirements of Sri Lanka Accounting Standards and Sri Lanka Financial Reporting standards and Companies Act No. 7 of 2007. The statement of Directors' Responsibilities given on page 162 forms an integral part of the Report of the Board of Directors.

RELATED PARTY TRANSACTIONS

With regard to Related Party Transactions, the Directors have, as a Licensed Finance Company and as a Listed Entity, complied with the directions issued by the Central Bank of Sri Lanka and the Listing Rules (Section 9) of the Colombo Stock Exchange,as applicable.

The Directors have disclosed the transactions, if any, that could be classified as related party transactions in terms of Sri Lanka Accounting Standard 24, Related Party Disclosures, which is adopted in the preparation of the Financial Statements. Those transactions disclosed by the Directors are given in Note 38 to the financial statements forming part of the Annual Report of the Board.

ENVIRONMENT

The Company has used its best endeavors to comply with the relevant environmental laws and regulations. The Company has not engaged in any activity that is harmful or hazardous to the environment.

CORPORATE GOVERNANCE

The Directors of the Company are committed to maintaining an effective Corporate Governance Framework by implementing processes required to ensure that the Company is compliant with the Finance Business Act Direction No.05 of 2021 and subsequent amendments thereto issued by the CBSL and Requirements of Section 9 of the Listing Rules of the Colombo Stock Exchange and endeavours to comply with the Code of Best Practice on Corporate Governance issued jointly by the Securities and Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka. Details are contained in the Corporate Governance Report on pages 66 to 124 of this Annual Report.

COMPLIANCE WITH LAWS AND REGULATIONS

The Board of Directors confirm that the Company is in compliance with applicable prudential requirements, regulations, laws and internal controls while measures have been taken to rectify any material non-compliances.

The Company is in compliance with the Listing Rules of the Colombo Stock Exchange (CSE), except the requirement for the minimum public float under CSE Rule 7.14.1.i.b.

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

EQUITABLE TREATMENT FOR STAKEHOLDERS

The Directors declare that the Company has made all endeavors to ensure fair treatment for all stakeholders including Shareholders and Depositors.

RISK AND INTERNAL CONTROLS

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by Janashakthi Finance PLC and this process includes enhancing the system of internal controls as and when there are changes to business environment or regulatory guidelines.

The Directors, on a regular basis, review the above-mentioned process through the Board Audit Committee and the Board Integrated Risk Management Committee and have obtained reasonable assurance of their effectiveness.

Further, the Board of Directors ensures that an effective and robust internal control procedure is in place to safeguard the Company's assets, and the Board Audit Committee reviews the adequacy and the integrity of the internal control systems relating to compliance and risk management, and the Board has issued a Statement on the Internal Controls for Financial Reporting and an Assurance Report from External Auditors in terms of the Finance Companies (Corporate Governance) Direction No. 5 of 2021 has also been obtained.

DIRECTORS' DECLARATION

The Directors declare their directorships as follows:

NAME OF DIRECTOR	DIRECTORSHIPS AS AT 31.03.2025	Designation
R Theagarajah	• Janashakthi Finance PLC • First Capital Holdings PLC • EngenuityAI (Pvt) Limited • Payable (Pvt) Ltd • BCAS Pvt Ltd • Siam City Cement (Lanka) Ltd • Professional Insurance Corporation Zambia	• Non-Independent Non-Executive Director/ Chairperson • Independent Non-Executive Director/ Chairperson • Non-Executive Director/Chairperson • Non-Executive Director/Chairperson • Non-Executive Director/Chairperson • Independent Non-Executive Director • Independent Non-Executive Director
N S S Cooray	• NDB PLC • Janashakthi Finance PLC	• Chairman/Independent Non-Executive Director • Independent Non-Executive Director

NAME OF DIRECTOR	DIRECTORSHIPS AS AT 31.03.2025	Designation
P A Schaffter	• Janashakthi Insurance PLC • Janashakthi Finance PLC • Acland Insurance Services Ltd. • Janashakthi Capital Ltd. • Janashakthi Limited • Loland Holdings Ltd. • Pan Nippon Development (Pvt) Ltd. • Janashakthi Business Services (Pvt) Ltd. • Rock Foundation (Pvt) Ltd • Schaffters (Pvt) Ltd • Beckett Capital Pvt Ltd. • Janashakthi Foundation (Gtee) Ltd. • Espalier Futures Ltd • Kelsey Heights Nugegoda (Pvt) Ltd • Second Janashakthi Investment Trust (Pvt) Ltd	• Executive Director/Deputy Chairman • Non-Executive Director • Non-Executive Director • Non-Executive Director • Non-Executive Director/Deputy Chairman • Non-Executive Director • Non-Executive Director • Non-Executive Director • Non-Executive Director • Non-Executive Director • Non-Executive Director • Non-Executive Director • Non-Executive Director • Non-Executive Director • Non-Executive Director
N S S Cooray	• NDB PLC • Janashakthi Finance PLC	• Chairman/Independent Non-Executive Director • Independent Non-Executive Director/Senior Director
R M D J Ratnayake	• Janashakthi Finance PLC • Idal Estates Pvt Ltd.	• Independent Non-Executive Director • Chairman/ Director
K M M Jabir	• Janashakthi Finance PLC	• Executive Director/Chief Executive Officer
N B Karunaratne	• Janashakthi Finance PLC • Ceylon Biscuits Ltd. • CBL Exports Pvt Ltd • CBL Foods International Pvt Ltd • Ceylon Biscuits Bangladesh Pvt Ltd. • Plenty Foods India LLP	• Independent Non-Executive Director • Executive Director/Chief Executive Officer • Executive Director/Chief Executive Officer • Non-Executive Director • Non-Executive Director • Non-Executive Director
M P Abeyesekera	• Janashakthi Finance PLC • HNB Stockbrokers (pvt) Ltd. • The Lighthouse Hotel PLC	• Independent Non-Executive Director • Independent Non-Executive Director • Independent Non-Executive Director
D L M S Chandrasekera	• Janashakthi Finance PLC • The Capital Maharaja Group • Ceylon Printers PLC • Lanka Sugar Company (Pvt) Ltd	• Independent Non-Executive Director • Executive Director (Non-Board position) (Director Corporate Affairs and Legal) • Non-Executive Director • Non-Executive Director/ Chairman

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

NAME OF DIRECTOR	DIRECTORSHIPS AS AT 31.03.2025	Designation
D N Alphonsus	• Janashakthi Finance PLC	• Independent Non-Executive Director
	• Advocata Institute	• Non-Executive Director
	• Colombo Language School	• Non-Executive Director
	• Centre of Policy Alternatives	• Non-Executive Director

The Directors also confirm and declare that they satisfied the 'Fit & Proper' Assessment criteria stipulated under the Listing Rules of the Colombo Stock Exchange and the criteria stipulated under the Finance Business Act Direction No. 6 of 2021, during the financial year.

HUMAN RESOURCES

The Company continued to implement appropriate Human Resource Management Policies to develop employees and optimise their contribution towards the achievement of corporate objectives. These policies and procedures ensure the equitable treatment of all employees which has resulted in high motivation.

The number of employees as at 31st March 2025 was 650 (31st March 2024 – 555).

AUDITORS

The Company's Auditors during the period under review were, M/s BDO Partners, (Chartered Accountants). The Board has authorised the payment of Rs. 2,166,110 as Audit Fees for the year 2024/25. (The Auditors were paid Rs. 1,841,209 as Audit Fees for the year 2023/24).

The Auditors for the financial year 2024/25, M/s BDO Partners, have completed the time period allowed under CBSL regulations for an audit firm. The Board audit Committee has identified M/S KPMG, Chartered Accountants, to be appointed as auditors for the financial year 2025/26. The resolution to appoint M/S KPMG, Chartered Accountants as the auditors will be proposed at the Annual General Meeting to be held on 30th June 2025.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 30th June 2025. The notice of the meeting relating to the 42nd Annual General Meeting is given on page 242.

ACKNOWLEDGMENT OF THE CONTENT OF THE REPORT

The Board of Directors does hereby acknowledge the contents of this Annual Report as per the requirements of the Companies Act No. 07 of 2007.

This Annual Report is signed for and on behalf of the Board of Directors by:

Rajendra Theagarajah
Chairman

02nd June 2025

P.A. Schaffter
Director

02nd June 2025

Ayesha Jeewanti Kodikara
Company Secretary

02nd June 2025

BOARD AUDIT COMMITTEE REPORT

The Audit Committee appointed by the Board consists of four Non-Executive Directors. It is chaired by an Independent Non-Executive Director who is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka.

COMPOSITION OF THE COMMITTEE

The Audit Committee has been appointed by the Board of Directors of the company. As at 31st March 2025 it comprised of the following Directors:

Manohari Abeyesekera – Chairperson of the Committee (Independent, Non-Executive Director)

Sriyan Cooray - A member of the Committee (Independent, Non-Executive Director)

Darshana Ratnayake - A member of the Committee (Independent, Non-Executive Director)

Prakash Schaffter (Non-Executive Director) Appointed as a Member of the Committee w.e.f. 30/04/2024

The profiles of the members are given on pages 54 to 57 in this Annual Report.

The Chief Internal Auditor functions as the Secretary to the Board Audit Committee.

TERMS OF REFERENCE OF THE COMMITTEE

Board appointed Audit Committee was established by the Board of Directors, in compliance with Direction No. 5 of 2021, on "Corporate Governance" issued by the Central Bank of Sri Lanka and the Rules on Corporate Governance as per section 7.10 of Listing Rules issued by the Colombo Stock Exchange. The composition and the scope of work of the Committee is in conformity with the provisions of the aforesaid Direction and the Listing Rules.

Terms of Reference is periodically reviewed and revised with the concurrence of the Board of Directors. This process ensures that new developments and concerns are adequately addressed. The Committee is responsible to the Board of Directors and reports on its activities regularly.

COMMITTEE MEETINGS

The Committee held ten meetings during the year under review. Chief Executive Officer, Chief Internal Auditor, Head of Finance, and AGM- Compliance attended the meetings by invitation. The Committee also invited members of the Senior Management of the Company to participate in the meetings from time to time based on necessity. The proceedings of the Committee meetings, which mainly included activities under its terms of reference were regularly reported to the Board of Directors. The minutes of the committee meetings were also tabled at the Board meetings enabling all Board members to have access to the same. The attendance of members is listed on page 94 of the Annual Report.

ROLES AND RESPONSIBILITIES OF THE COMMITTEE

The duties of the Committee shall be to assist the Board in overseeing the management conduct of the Company's financial reporting process, monitoring the independence and performance of external auditors, monitoring internal controls & internal audit function, compliance with laws regulations & directions of CBSL and other regulators and formulating policies and procedures of the Company.

FINANCIAL REPORTING SYSTEM

The Committee reviewed the financial reporting system adopted by the Company during the year with particular reference to the following;

- The preparation, presentation and adequacy of the disclosures in the Company's annual and interim financial statements in accordance with the Sri Lanka Accounting Standards.
- The rationale and basis for the significant estimates and judgments underlying the financial statements.

INTERNAL AUDIT

The internal audit function is carried out by the internal audit division and the internal audit plan is reviewed and approved by the Audit Committee at the beginning of the year. Weaknesses in internal controls, finance, and business operations highlighted in the internal audit reports were examined by the Committee, and follow up actions taken by the management on the audit recommendations were also reviewed. The Committee reviewed the effectiveness of the internal audit function. The scope and procedures for internal audit during the ensuing year was also reviewed by the Committee

EXTERNAL AUDIT

A special meeting was held with the external auditors before commencing the current year's audit to discuss and agree the scope of the audit and the audit plan. Prior to the release of the Audited Accounts, a meeting was held between the external Auditors and the Committee to discuss the progress and any audit concerns. Issues highlighted in the management letter of the previous year were also discussed with external auditors and corrective actions were recommended to the management for implementation.

BOARD AUDIT COMMITTEE REPORT

The Committee reviewed the non-audit services provided by the auditors to ensure that the provision of these services does not impair their independence and a policy on engagement of auditors for non-audit services is in place.

The fees payable to the auditors have been recommended by the Committee to the Board for approval. The Audit Committee also recommended to the Board of Directors that Messrs. KPMG Sri Lanka to be appointed as Auditors for the financial year ending 31st March 2026, subject to the approval of the shareholders at the Annual General Meeting. The Existing Auditor Messrs. BDO Partners Sri Lanka will retire from the engagement due to completion of the statutory tenure of 10 years.

On behalf of the Board Audit Committee

Manohari Abeyesekera
Chairperson
Board Audit Committee

27th May 2025

BOARD RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

The Board has established the Related Party Transactions Review Committee in conformity with the mandatory provisions of the Directions of the Central Bank of Sri Lanka (CBSL) and the Listing Rules of the Colombo Stock Exchange, on Corporate Governance. The Committee is responsible to review in advance all proposed Related Party Transactions (RPTs), which are not of an on-going nature other than those explicitly exempted under the rules. Where a related party transaction is on-going, the Committee established guidelines for the Management to follow in dealing with related parties. The composition and the scope of the work of the Committee conform to the Board approved Charter.

COMPOSITION

The Committee comprised 03 Non- Executive Directors as given below:

Sandamali Chandrasekera
Chairperson - Independent Non-Executive Director

Sriyan Cooray
Member - Independent Non-Executive Director

Nalin B. Karunarathne
Member - Independent Non-Executive Director

SECRETARY

The Company Secretary function as the Secretary to the Board Related Party Transactions Review Committee.

INVITEES

Director/CEO, Head of Finance, Head of Compliance, Head of Credit & Operation and Head of Treasury & MIS participated at the meetings by invitation.

POLICY AND PROCEDURES

The Company subscribes to the policy that any transaction with a Related Party shall be at arm's length and shall not grant such related party more favorable treatment than what is extended to an unrelated third party in the normal course of business.

Accordingly, the Company has adopted a procedure to identify and manage conflicting interests in transactions.

This was with the view of structuring the Company's policies and procedures to uphold good governance. The Policy has been formulated in accordance with the Direction on Corporate Governance issued by the Central Bank of Sri Lanka, under Finance Business Act, considering the Listing Rules (Section 9) of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance pertaining to RPTs.

The Committee ensures that all transactions with related parties are in the best interests of all stakeholders and adequate transparency is maintained and also, the Committee ensures that all related party transactions are in compliance with the Company's policy and applicable laws, directions, rules and best practice.

SCOPE OF THE COMMITTEE

Scope of the Committee includes:

» To manage relationships with related parties to uphold good governance and the best interests of the Company

» To provide an independent review, approval and oversight of Related Party Transactions (RPTs) (except those expressly exempted by the Charter) on terms set forth in greater detail in the Policy

» To review the Charter and Policy annually and recommend amendments to the Charter and the Policy to the Board as and when determined to be appropriate by the Committee.

» 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;

» To establish guidelines in respect of Recurrent Related Party Transactions, for the Management to follow in its ongoing dealings with the relevant related parties

» To ensure that no Director of the Company shall participate in any discussion of a proposed Related Party Transaction for which he or she is a related party, unless such Director is requested to do so by the Committee for the express purpose of providing information concerning the Related Party Transaction to the Committee

» To ensure that immediate market disclosures and disclosures in the Annual Report are made in a timely and detailed manner as required by the applicable rules/ regulations.

ACTIVITIES DURING THE YEAR

The Committee reviewed the related party transactions entered into with related parties of the Company during the year under review. The Committee also reviewed the performance of RPTs already entered into prior to the year under review and those that existed. Where relevant, the Committee's comments/ observations were communicated to the Board. Details of related party transactions are disclosed under Note 38 on page 219 of the Financial Statements.

BOARD RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

COMMITTEE MEETINGS

The Committee met once in every calendar quarter and accordingly held four (04) meetings during the year under review.

Attendance of the members at each of these meetings is given in the table on page 124 of this Annual Report. The proceedings of the Committee meetings which mainly included activities within the scope of the Committee Charter were regularly reported to the Board of Directors. The minutes of the Committee meetings were properly documented and were also tabled at the monthly Board meetings and recorded.

On behalf of the Board Related Party Transactions Review Committee,

Sandamali Chandrasekera
Chairperson
Related Party Transactions Review Committee

27th May 2025

BOARD INTEGRATED RISK MANAGEMENT COMMITTEE REPORT

The Board Integrated Risk Management Committee (BIRMC) was established by the Board of Directors in compliance with Direction No. 05 of 2021 on "Corporate Governance," issued by the Monetary Board of the Central Bank of Sri Lanka under the powers conferred by Finance Business Act, No. 42 of 2011. The composition and the scope of work of the Committee is in conformity with provisions of the said Direction.

COMPOSITION

The BIRMC comprises four Non-Executive Directors, three of whom, including the Chairman of the Committee, are Independent. Throughout the financial year, the Committee was constituted by the following members.

Darshana Ratnayake
Committee Chairman - Independent Non-Executive Director

Rajendra Theagarajah
Member - Board Chairman and Non-Independent Non-Executive Director

Sandamali Chandrasekera
Member - Independent Non-Executive Director (Appointed as a member of the BIRMC with effect from 30th April 2024)

Daniel Alphonsus
Member - Independent Non-Executive Director (Appointed as a member of the BIRMC with effect from 27th August 2024)

Indrani Goonesekera
Member - Independent Non-Executive Director (Resigned from the position as a member the BIRMC with effect from 01st June 2024)

Chief Risk Officer, serves as the Secretary to the Committee.

CHARTER AND TERMS OF REFERENCE

Charter and Terms of Reference of the BIRMC sets out the membership, sources of authority, duties and the responsibilities of the Committee. Charter and Terms of Reference of the BIRMC has been approved by the Board of Directors and is subject to annual review. As part of the annual review process, the Charter and Terms of Reference of the BIRMC was last reviewed and approved by the Board of Directors in February 2025.

The BIRMC assists the Board of Directors in its oversight function in relation to the different risk types. Working closely with the Key Management Personnel, the Committee assessed all types of risks that the Company is exposed to, through different risk indicators and management information and assessed the adequacy of risk management procedures in place and made recommendations for improvement of risk management processes.

RESPONSIBILITIES

In terms of the Board approved Charter and Terms of Reference of the BIRMC, the responsibilities of the BIRMC include:

- Oversight and review of the implementation of risk management framework. compliance procedures, and internal control systems.
- Assess all key risks the Company is exposed to, through appropriate risk indicators and management information, along with a detailed risk assessment, and make recommendation on the risk management strategies and the risk appetite to the Board.
- Develop the Company's risk appetite through a Risk Appetite Statement, which articulates the individual and aggregate level types of risk, that the Company will accept, or avoid in order to achieve its strategic business objective.
- Development and Review of the Company's Risk Management Policy Frameworks, and Risk Appetite Statement, at least annually.
- Assess adequacy and effectiveness of the senior management level sub-committees, to address specific risks, and to manage those risks within quantitative, and qualitative risk limits, as specified by the Committee.
- Assess all types of risk management, including updated business continuity and disaster recovery plans.
- Submit an overall risk assessment report to the upcoming Board meeting, after a BIRMC meeting, seeking the Board's views, concurrence and/or specific directions.
- Establish an independent risk management function, managing risk taking activities, across the Company.
- Establish a separate Integrated Risk Management Department, and appoint a dedicated Chief Risk Officer, considered to be senior management, who shall carry out the risk management function, report to the BIRMC periodically.
- The Committee shall annually assess the performance of the Chief Risk Officer.
- Establish an independent compliance function, to assess the Company's compliance with laws, regulations, directions, rules, regulatory guidelines, and approved policies on the business operations.
- Establish a separate Compliance Department, and appoint a dedicated Head of Compliance, considered to be senior management, who is independent from day-to-day management, avoiding conflict of interest and carry out the compliance function, report to the BIRMC periodically.
- The Committee shall annually assess the performance of the Head of Compliance.

BOARD INTEGRATED RISK MANAGEMENT COMMITTEE REPORT

- The Committee shall refer to any other Board approved sub-committees on any matters, that require the attention of the Committee and are relevant to such committees.
- Take appropriate action against the officers responsible for failure to identify specific risks and take prompt corrective actions as recommended by the DSNBFI of the Central Bank of Sri Lanka.

In addition, the Committee may perform such other functions as are necessary or appropriate for the discharge of its duties and responsibilities.

ACTIVITIES IN FY 2024/25

Throughout the financial year, the Committee remained actively engaged in overseeing the Company's risk landscape, providing strategic oversight, and ensuring alignment with the Board's risk appetite. Emphasis was placed on early identification of risks, monitoring key risk exposures, and enhancing the overall risk governance structure. The main activities undertaken during the year are as follows:

1. INTEGRATED RISK MANAGEMENT

- Approved the Internal Capital Adequacy Assessment Process (ICAAP) to determine the level of capital that the Company shall maintain against all risks and ensure that capital is adequate to support possible shocks that may arise.
- Endorsed the newly developed Integrated Risk Management Framework, strengthening the Company's risk culture and providing a cohesive structure for enterprise-wide risk oversight.
- Reviewed the Company's risk appetite against the tolerable Risk Appetite including individual and aggregate level and types of risk that the company will accept, or avoid in order to achieve its strategic business objectives.
- Reviewed the Charter and Terms of Reference (TOR) of the BIRMC to ensure alignment with regulatory expectations, evolving governance standards, and the Company's strategic risk oversight responsibilities.
- Reviewed the impact of risks to the Company, including credit, market, liquidity, operational, strategic, compliance and technology and made recommendations on the risk strategies and the risk appetite to the Board.
- Reviewed the updated risk register which was submitted to the BIRMC periodically, and submitted a risk assessment report for the upcoming Board meeting seeking the Board's views, concurrence and/or specific directions.
- Oversaw the implementation and execution of the Company's stress testing program to evaluate its resilience under various adverse conditions, ensuring preparedness for potential risks and vulnerabilities.

2. CREDIT RISK MANAGEMENT

- In compliance with the Finance Business Act Directions No. 02 of 2024 on Credit Risk Management, endorsed the newly developed and comprehensive Credit Risk Management Framework, establishing a clear governance structure for the credit origination, approval, monitoring, and recovery processes across the Company.
- Reviewed the asset quality covering non-performing advances, product-wise credit quality, impairment coverage and compared against industry and peers.

3. MARKET AND LIQUIDITY RISK MANAGEMENT

- Endorsed the new Market Risk Management Framework, establishing clear governance principles for managing exposures to interest rate fluctuations, commodity price volatility, and investment portfolio risks, in alignment with the Company's risk appetite.
- Undertook a comprehensive review of the Company's Asset and Liability Management (ALM) Policy, strengthening the framework for managing liquidity, market, and funding risks to support long-term financial sustainability.
- Reviewed and endorsed enhancements to the Terms of Reference (TOR) of the Assets and Liabilities Committee (ALCO), clarifying roles, responsibilities, and decision-making protocols for effective balance sheet management.
- Reviewed and revised the Treasury Policy to ensure that treasury activities comply with regulatory guidelines and best practices, while effectively managing financial risks related to liquidity and capital funding.
- Undertook a comprehensive review of the Investment Policy, strengthening governance over investment activities and ensuring that investment decisions support the Company's long-term financial and risk management objectives.
- Reviewed the impact on net interest income due to macro-economic conditions and changes to the economic environment.
- Reviewed the effectiveness of the strategies in place to minimise the liquidity risk arising from maturity mismatches.

4. OPERATIONAL, REPUTATIONAL, LEGAL, AND INFORMATION SECURITY RISK MANAGEMENT

- In compliance with the Finance Business Act Directions No. 04 of 2024 on Operational Risk Management, newly developed Operational Risk Management Framework, incorporating Reputational and Legal risk elements reinforcing the Company's commitment to operational excellence, effective risk mitigation, and safeguarding the Company's reputation and financial soundness.

- Reviewed and approved four new Risk and Control Self-Assessments (RCSA) for all products; Leasing, Gold Loan, Fixed Deposit, and Saving, enhancing operational risk identification, control effectiveness, and the overall resilience of the Company's processes.
- Reviewed the Business Continuity Management (BCM) Framework to enhance the Company's operational resilience, improve disaster recovery strategies, and ensure continuity of critical business operations during disruptions.
- Endorsed the newly developed and formalized Financial Consumer Protection Framework, promoting fair treatment, transparency, complaint handling, redress mechanism, and financial assets and information protection in line with regulatory expectations.
- Reviewed and enhanced the IT Steering Committee's (ITSC) structure and governance framework to ensure alignment of IT strategies with business objectives, improve oversight of technology risks, and enhance the integration of cybersecurity and digital transformation initiatives within the Company's overall risk management approach.
- Reviewed and strengthened the Cybersecurity Strategy to ensure alignment with emerging cyber threats, enhance data protection measures, and ensure compliance with relevant regulatory requirements and industry best practices.
- Reviewed the operational and legal risks faced by the Company and assessed the effectiveness and sufficiency of mitigation actions initiated.
- Reviewed the internal controls relating to the Company's operations and made appropriate changes to the systems and controls.
- Assessed the business lines and their impact on the Company's operational effectiveness.

5. COMPLIANCE MANAGEMENT

- Reviewed and strengthened the Compliance Management Framework to ensure comprehensive oversight of compliance risks, alignment with evolving regulatory requirements, and the integration of compliance into the Company's overall risk management approach.
- Reviewed the Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) Policy to ensure compliance with the latest regulatory requirements, enhance detection and reporting mechanisms, and improve internal controls for mitigating financial crime risks.
- Reviewed the Policy on Trading in Company Shares to promote transparency and ensure that all trading activities are conducted in a manner that upholds the highest standards of governance and compliance with legal requirements.
- Reviewed and strengthened the Stakeholder Communication Policy to ensure effective, transparent, and timely communication with all stakeholders, enhancing accountability and trust in the Company's governance and operations.
- Assessed the Company's compliance with laws, regulations and regulatory guidelines and internal policies in all areas of business operations.
- Reviewed the Statutory Examination Report of the Department of Supervision of Non-Bank Financial Institutions of CBSL and reviewed and recommended action to respond to the observations raised therein within the agreed timeliness.

In relation to the above activities, the Committee proposed modifications to internal control systems and processes for implementation by the Management.

COMMITTEE MEETINGS

The Committee held six (06) Meetings during the year under review to discuss and make recommendations relating to risk exposure of the Company. The attendance of the Members is given in page 123 of the Annual Report. The Minutes of the BIRMC Meetings and its recommendations were forwarded to the Board after each meeting.

On behalf of the Board Integrated Risk Management Committee,

Darshana Ratnayake
Chairman
Board Integrated Risk Management Committee

27th May 2025

BOARD HUMAN RESOURCES AND REMUNERATION COMMITTEE REPORT

The Board Human Resource and Remuneration Committee (the Committee) has been appointed by the Board of Directors of Janashakthi Finance PLC (the Company). The Committee operates within the Board approved Terms of Reference. The Committee has complied with the applicable provisions of the Finance Business Act Direction No. 05 of 2021 on Corporate Governance and the CSE Rules.

COMPOSITION

The Human Resources and Remuneration Committee comprised 03 Non-Executive Directors as set out below:

Darshana Ratnayake
Chairman - Independent Non-Executive Director

Rajendra Theagarajah
Member - Non-Independent Non-Executive Director

Nalin Karunaratne
Member - Independent Non-Executive Director

Brief profiles of the Members are given on pages 52 to 55 of the Annual Report, and the Company Secretaries function as the Secretary to the Committee.

TERMS OF REFERENCE

The Human Resources and Remuneration Committee operates within Board approved terms of reference and assists the Board of Directors in ensuring that remuneration is structured at the Company to align reward with corporate and individual performance.

The Committee is authorised to look into matters within its scope and make recommendations to the Board enabling the Board to take relevant decisions on such matters. The role and functions of the Committee are regulated by the relevant statutes.

FUNCTIONS

The Committee continues to uphold the principles of accountability and transparency and ensures that the HR and Remuneration Policy demonstrates a clear link between reward and performance. The Committee reviews all significant strategic policies and initiatives relating to human resources.

The Committee is responsible for setting up the remuneration policy and determining the remuneration packages of the Key Management Personnel (KMP) including the Corporate Management and the Managerial Staff.

The Committee also appointed and designated senior management and evaluated their performance in line with the Direction on Corporate Governance.

The Committee reviews the remuneration structure periodically and evaluates it against industry norms to warrant fairness and internal and external equity.

REMUNERATION POLICY

The reward strategies and remuneration structure of the Company is designed to attract, motivate, and retain suitably skilled and qualified staff, at all levels of the organisational hierarchy, in a highly competitive environment. Accordingly, a key feature of the remuneration policy is to pay for performance. A primary objective of the remuneration policy of the Company is to attract and retain qualified and experienced workforce and reward their performance commensurate with each individual's commitment towards the organisation.

The policy is designed to recognise and reward individual contributions based on its impact on the performance of the Company and to generate human capital with the right mix of experience, skills and knowledge to route the business strategy.

The Committee also undertook regular review of the succession plan for Key Management Positions with a view of providing recommendations and advice to the Board regarding such appointments. Additionally, set the criteria such as qualifications, experience, and key attributes required for eligibility to be considered for the appointment as Key Responsible Persons.

FEES AND REMUNERATION

Aggregate remuneration paid to Non-Executive Directors and Executive Directors is disclosed in note 11 to the financial statements on page 151 as per the requirements of section 16 (1) (iv) of the Finance Business Act Direction No. 5 of 2021 issued under the Finance Business Act No. 42 of 2011.

PROFESSIONAL ADVICE

The Committee has the authority to seek appropriate professional advice in-house and externally as and when it considers necessary.

COMMITTEE MEETINGS

The Committee meets at least two times per year and as often as necessary to make recommendations on compensation structures, incentives, bonuses, salary increments and promotions of staff and in stances where the Board refers specific matters to be reviewed by the Committee.

During the year, the Committee held four (04) meetings, and the attendance of the Committee Members at these meetings is given in the table on page 124 of the Annual Report.

The Chief Executive Officer (CEO) along with Manager – Human Resources attend meetings by invitation on a need basis and assist in the Committee's deliberations by providing relevant information except when their own compensation packages or other matters relating to them are reviewed.

Minutes of the meetings of the Committee were properly documented and tabled at the Board meetings and recorded by the Board.

On behalf of the Board Human Resources and Remuneration Committee,

Darshana Ratnayake
Chairman Human Resources and Remuneration Committee

27th May 2025

NOMINATION & GOVERNANCE COMMITTEE REPORT

The Board Nomination and Governance Committee (the Committee) is appointed by the Board of Directors of Janashakthi Finance PLC (the Company), to which it is responsible. The Committee operates within the agreed Terms of Reference and work closely with the Board in identifying and nominating Board appointments and ensuring the governance framework for the company is in place. The Committee has ensured compliance with the applicable provisions of the Finance Business Act Direction No. 05 of 2021 on Corporate Governance and the CSE Rules on Corporate Governance.

COMPOSITION

The Board Nomination and Governance Committee comprised 04 Non-Executive Directors, with the majority being independent directors, as set out below:

Nalin Brian Karunaratne – Chairman
Independent Non-Executive Director
(Appointed w.e.f. 27.08.2024)

Prakash Schaffter - Member
Non-Independent Non-Executive Director

Minette D A Perera – Member
Non-Independent Non-Executive Director
(Retired w.e.f. 28.04.2024)

Indrani Goonasekera – Member
Independent Non-Executive Director
(Retired w.e.f. 01.06.2024)

Dharshana Ratnayake
Independent Non-Executive Director
(Ceased to be a member of the Nomination & Governance Committee with the reconstitution of the sub committee in August 2024)

Manohari Abeyesekera – Member
Independent Non-Executive Director

Daniel Niranjan Alphonsus
Independent Non-Executive Director

Brief profiles of the Members are given on pages 54 to 57 of the Annual Report. The Company Secretary functions as the Secretary to the Committee.

ROLES AND RESPONSIBILITIES

The duties that the Committee has undertaken during the year, in line with the terms of reference of the Committee are as follows:

- Ensuring the board approved process is followed for the appointment and re-election of Directors to the Board. The Committee has implement a formal and transparent procedure to select/appoint new Directors and Corporate Management Personnel.
- Regular review of the skills, competency and experience of the Board and Key Management positions to ensure that adequate expertise is available at the Board and Corporate Management Level.
- Ensuring that Board and Key Management are fit and proper persons to hold office as required by the Central Bank of Sri Lanka and the CSE Rules.
- Regular Review of the succession plan for the Board with a view of providing recommendations and advice to the Board regarding such appointments.
- Reviewing the Framework of Corporate Governance
- Reviewing the compliance with the Framework of Corporate Governance and the corporate governance regulations
- No member of the Nomination Committee participates in deliberations relating to his or her own appointment.

PROFESSIONAL ADVICE

The Committee has the authority to seek appropriate professional advice, in-house and externally, as and when it is considered necessary.

MEETINGS

During the year, the Committee held two (02) meetings and the attendance of the Committee Members at these meetings is given in the table on page 123 of the Annual Report. The CEO attends meetings of the Committee by invitation except when matters relating to him are reviewed.

REPORTING TO THE BOARD

The minutes of the Committee meetings are tabled at Board meetings, enabling all Board Members to have access to the decisions made by the Committee.

On behalf of the Board Nomination & Governance Committee.

Nalin Karunaratne
Chairman
Board Nomination & Governance Committee

27th May 2025

FINANCIAL STATEMENTS

DIRECTORS' STATEMENT ON INTERNAL CONTROL

RESPONSIBILITY

The Board of Directors ("the Board") of Janashakthi Finance PLC (the Company) presents this report on internal control over Financial Reporting, in compliance with Section 16 (1) (ix) of the Finance Business Act Direction No. 05 of 2021-Corporate Governance The Board" is responsible for the adequacy and effectiveness of the Company's system of Internal Controls. Such a system is designed to manage the Company's key areas of risk within an acceptable risk profile in achieving the policies and business objectives of the Company, rather than eliminating the risk of failure. Accordingly, the System of Internal Controls can only provide reasonable, but not absolute, assurance against material misstatement of management and financial information and records or against financial losses or fraud. The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company, and this process includes enhancing the System of Internal Controls as and when there are changes to the business environment or regulatory guidelines. The process is regularly reviewed by the Board.

The Board is of the view that the system of internal controls over financial reporting in place is sound and adequate to provide reasonable assurance regarding the reliability of financial reporting, and that the preparation of financial statements for external purposes is in accordance with relevant accounting principles and regulatory requirements. Board policies and procedures pertaining to internal control over financial reporting have been documented. The Management assists the Board in the implementation of the Board's policies and procedures pertaining to internal control over financial reporting. In order to assess 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 Statement of the Company and observe and check them annually for suitability of design and operating effectiveness. The Internal Audit Department of the Company reviews the Company's compliance with policies and procedures and the suitability of design and operating effectiveness of the internal control systems on an ongoing basis. The annual audit plan is reviewed and approved by the Board Audit Committee, and major findings of the internal audit are submitted to the Audit Committee for review at their periodic meetings.

KEY FEATURES OF THE PROCESS ADOPTED IN REVIEWING THE DESIGN AND EFFECTIVENESS OF THE INTERNAL CONTROL SYSTEM OVER FINANCIAL REPORTING

The key processes that have been established in reviewing the adequacy and integrity of the System of Internal Controls with regard to financial reporting include the following:

- Establishment of various sub-committees to assist the Board with a view to ensuring the effectiveness of the Company's daily operations and such operations conform to the Company's corporate objectives, strategies and the annual budget as well as policies and business directions approved by the Board.

- Policies are developed to capture all functional areas of the company, which are recommended by the relevant Board Sub Committees and approved by the Board. These Policies are reviewed periodically and approved by the Board.

- The Internal Audit Department of the company verifies whether the policies and procedures of the Company are being complied with, while ascertaining the effectiveness of the internal control mechanism, on an ongoing basis during their regular reviews. A risk-based auditing approach is adopted by the Company, and the entire audit universe is reviewed annually in accordance with the annual audit plan approved by the Board Audit Committee. Initiatives have been taken by the Internal Audit Department to apply data analytics to review large volumes of transactions in a systematic manner and to enhance real-time monitoring. Independent and objective reports covering significant observations of the Internal Audit Department are also tabled for review by the Board Audit Committee at their periodic meetings.

- The Board Audit Committee also reviews the internal audit functions, with particular reference to the scope and quality of the audits. Minutes of all the Board Audit Committee meetings are submitted to the Board for review. In addition, periodical summaries submitted by the Internal Audit Department indicating the functions carried out are reviewed by the Board Audit Committee.

- Evaluation of adequacy and effectiveness of internal controls over financial reporting is carried out by the Board Audit Committee through the review of internal control issues identified by the Internal Audit Department, the External Auditors, regulatory authorities, and management.

- In order to assess the internal control mechanism, all procedures and controls which are connected with significant accounts and disclosures of the Financial Statements of the Company are being continuously reviewed and updated by the identified officers of the Company. The Internal Audit Department verifies the suitability of design and operating effectiveness of such procedures and controls, on an ongoing basis

- The Company further strengthened its internal control processes to ensure that the impact of the current economic condition is accurately captured in the financial reporting by providing adequate impairment provisions for expected credit losses.

CONFIRMATION

Based on the above processes, the Board confirms that the financial reporting system of the Company has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes, and the financial reporting system is in accordance with Sri Lanka Accounting Standards and the regulatory requirements of the Central Bank of Sri Lanka.

EXTERNAL AUDITORS' CERTIFICATION

The external Auditors, Messrs. BDO Partners, have reviewed the above Directors' statement on Internal Control over Financial Reporting included in this Annual Report of the Company for the year ended 31st March 2025 and reported to the board that nothing has come to their attention that caused them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in the review of the design and effectiveness of the internal Controls over Financial Reporting of the Company.

Their report on the statement of Internal Control over Financial Reporting is given on pages 158 - 159 of this Annual Report.

By order of the Board;

Rajendra Theagarajah
Chairman

Manohari Abeyesekera
Chairperson
Audit Committee

27th May 2025

INDEPENDENT ASSURANCE REPORT TO THE DIRECTORS

BDO

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Colombo 02
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REPORT ON THE DIRECTORS' STATEMENT ON INTERNAL CONTROL

We were engaged by the Board of Directors of Janashakthi Finance PLC formerly known as Orient Finance PLC ("the Company") to provide assurance on the Directors' Statement on Internal Control ("the Statement") over financial reporting of the company included in the annual report for the year ended 31st 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 Company/ Finance Leasing Company on the Directors' Statement on Internal Control" issued in compliance with the 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 requirement of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants 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 of 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 in Sri Lanka.

This Standard required that we plan and perform procedures to obtain limited assurance about whether Management has prepared, in all material respects, the Statements 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 both supported by the documentation prepared by or for directors and appropriately reflects the process the directors have adopted in reviewing the system of internal control for the company.

The procedures performed were limited primarily to inquiries of the company personnel and 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 judgment, 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 have adopted in the review of the design and effectiveness of internal control system over the financial reporting of the company.

BDO Partners

CHARTERED ACCOUNTANTS

Colombo 02
27th May 2025
HSR/cc

DIRECTORS' RESPONSIBILITY STATEMENT

This statement outlines the Directors' responsibility for the Financial Statements of the Company, prepared in accordance with the provisions of the Companies Act No. 07 of 2007.

The responsibility of the Independent Auditor with respect to the Financial Statements is detailed in the Auditor's Report presented on pages 163 to 167 of the Annual Report. In accordance with Sections 150(1), 151, 152(1), and 153(1) and (2) of the Companies Act No. 07 of 2007, the Directors are required to prepare Financial Statements for each financial year that present a true and fair view of the financial position of the Company as at the reporting date, and of the profit and loss for the year then ended.

These Financial Statements must be completed within six months or within an extended period as permitted by the Registrar General of Companies, certified by the individual responsible for their preparation as being compliant with the Companies Act, and duly dated and signed by two Directors on behalf of the Board.

In accordance with Section 166(1), read in conjunction with Sections 168(1)(b) and (c) and Section 167(1) of the Companies Act, the Directors are required to ensure that a copy of the Financial Statements, along with the Annual Report of the Board of Directors prepared under Section 166(1), is sent to every shareholder at least fifteen working days prior to the Annual General Meeting. However, the Directors have fulfilled this obligation by publishing the Annual Report on the Company's official website and the Colombo Stock Exchange website, in compliance with Rule 7.5.b of the CSE Listing Rules. Printed copies of the Annual Report will be provided to shareholders upon request, as stipulated in the same rule.

Financial Statements prepared and presented in this report have been prepared based on Sri Lanka Accounting Standards (SLFRSs/ LKASs) and are consistent with the underlying books of accounts and are in conformity with the requirements of Sri Lanka Accounting Standards, Companies Act No. 07 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 directions and guidelines issued under the Finance Business Act No. 42 of 2011 and the Listing Rules of the Colombo Stock Exchange.

The Board accepts responsibility for the integrity and objectivity of the Financial Statements presented. The Directors confirm that in preparing the Financial Statements, appropriate accounting policies have been selected and applied consistently while reasonable and prudent judgments have been made so that the form and substance of transactions are properly reflected.

The Directors have established effective and comprehensive internal control systems to identify, record, evaluate, and manage the significant risks faced by the Company throughout the year. Oversight of these systems is primarily carried out by the Audit Committee and the Integrated Risk Management Committee, as detailed in their respective reports on pages 147 to 148 and 151 to 153 of this Annual Report.

The Directors have taken necessary measures to ensure that the Company maintain proper books of account. The financial reporting system is subject to regular review by the Directors at Board meetings and through the oversight of the Board Audit Committee.

The Board of Directors approves the interim Financial Statements prior to their release, based on the review and recommendation of the Board Audit Committee. The Board also assumes full responsibility for the integrity and objectivity of the Financial Statements presented in this Annual Report.

The Financial Statements of the Company have been certified by the Head of Finance of the Company, the officer responsible for their preparation as required by section 152(1) (b) and they have also been signed by two Directors of the Company as required by section 152(1)(c) of the Companies Act.

The Directors to the best of their knowledge and belief, are satisfied that all statutory payments in relation to all relevant regulatory and statutory authorities, which were due and payable by the Company as at the reporting date have been paid or where relevant, provided for.

The Directors are of the view that they have discharged their responsibilities as set out in this Statement.

By Order of the Board

Janashakthi Finance PLC

Ayesha Jeewanti
Company Secretary

27th May 2025

INDEPENDENT AUDITOR'S REPORT

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Sri Lanka

TO THE SHAREHOLDERS OF JANASHAKTHI FINANCE PLC (FORMERLY KNOWN AS ORIENT FINANCE PLC)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the Financial Statements of Janashakthi Finance PLC (Formerly known as Orient Finance PLC) ("the Company"), which comprise the statement of financial position as at 31st March 2025, and the income statement, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the Financial Statements, including a summary of material accounting policy information as set out on pages 173 to 229.

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

BASIS FOR OPINION

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, are of the 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, we do not provide a separate opinion on these matters.

KEY AUDIT MATTER 1: IMPAIRMENT OF LOANS AND RECEIVABLES

The Company's gross loans and receivables amount to Rs.23.16 billion as at 31st March 2025 (2024: Rs. 16.78 billion) and impairment allowance for the year amounts to Rs.1,111 million as at 31st March 2025 (2024: Rs.1,128 million).

The Company measures the impairment of loans and receivables using the expected credit loss ("ECL") model as per SLFRS 9: Financial Instruments ("SLFRS 9"). The application of this standard requires management to exercise significant judgments in the determination of expected credit losses, including those relating to loans and receivables. Management applies significant judgment in the determination of estimated future cash flows, probabilities of default and forward-looking economic expectations.

Due to the significance of loans and receivables and the significant estimates and judgment involved, the impairment of these loans and receivables was considered to be a key audit matter.

The impairment provision was considered separately on an individual and collective impairment basis.

In calculating the impairment provision on a collective basis, statistical models are used. The following inputs to these models require significant management judgment:

- the probability of default (PD)
- the exposure at default (EAD)
- the loss given default (LGD)
- the effective interest rates

INDEPENDENT AUDITOR'S REPORT

BDO

In assessing the loans and receivables on an individual basis, significant judgments, estimates and assumptions have been made by management to:

- determine if the loan or advance is credit impaired
- evaluate the adequacy and recoverability of collateral
- determine the expected cash flows to be collected
- estimate the timing of the future cash flows

Key areas of significant judgments, estimates and assumptions used by management related to the impact of prevailing macroeconomic conditions in the assessment of the impairment allowance include the following:

- the probable impacts of prevailing macroeconomic situation continuing in the country and related industry responses (e.g. government stimulus packages and debt moratorium relief measures granted by the Company)
- the determination on whether or not customers contracts have been substantially modified due to such stimulus and relief measures granted and related effects on the amount of interest income recognised on affected loans and advances
- forward-looking macroeconomic factors, including developing and incorporating macroeconomic scenarios, given the wide range of potential economic outcomes and probable impact from the prevailing macroeconomic situation that may affect the future expected credit losses

The disclosures associated with impairment of loans and receivables are set out in the Financial Statements in the following notes:

- Note 9 – Impairment charges for loans and receivables at amortised cost
- Note 18 – Loans and receivables at amortised cost

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

Our procedures included the following:

- we obtained an understanding of the management process and tested controls over the credit origination, credit monitoring and credit remediation.
- we evaluated the design, implementation and operating effectiveness of controls over estimation of impairment, which included assessing the level of oversight, review and approval of provision for credit impairment policies and procedures by the Board and management.
- we assessed the appropriateness of the accounting policies and loan impairment methodologies applied, by comparing these to the requirements of SLFRS 9: Financial Instruments, particularly in the light of the deteriorating and extremely volatile economic scenarios caused by prevailing macroeconomic conditions and government responses based on the best available information up to the date of our report.
- we test-checked the underlying calculations and data.

In addition to the above, we performed the following specific procedures:

For loans and receivables collectively assessed for impairment:

- we assessed the completeness of the underlying information in loans and receivables used in the impairment calculations by ascertaining that they agree with the details of the Company's source documents and information in IT systems.
- we assessed the judgments, estimates and assumptions used by the management in the underlying methodology and the management overlays to ascertain that they were reasonable. Our testing included evaluating the reasonableness of forward-looking information used, economic scenarios considered and probability weighting assigned to each of those scenarios. Further, we assessed the reasonableness of the Company's considerations of the economic uncertainty relating to prevailing macroeconomic situation continuing in the country.

For loans and receivables individually assessed for impairment:

- we assessed the main criteria used by the management for determining whether an impairment event had occurred.
- where impairment indicators existed, we assessed the reasonableness of management estimated future recoveries including the expected future cash flows, discount rates and the valuation of collaterals held.

- we evaluated the reasonableness of the provisions made with particular focus on the prevailing macroeconomic conditions on elevated risk industries, strategic responsive actions taken, collateral values and the value and timing of future cashflows.

For loans and advances affected by the government stimulus and debt moratorium relief measures granted:

- we assessed the appropriateness of judgments, reasonableness of calculations and data used to determine whether the customer contracts had been substantially modified or not and to determine the resulting accounting implications; and
- evaluated the reasonableness of the interest income recognised on such affected loans and advances.

We also assessed the adequacy of the related financial statement disclosures.

KEY AUDIT MATTER 2: IMPAIRMENT OF GOODWILL AND BRAND VALUE

The Company carries out an impairment review of the goodwill and the brand value at least annually or whenever there is an impairment indicator in accordance with Sri Lanka Accounting Standards.

This was considered a matter of significance to our audit due to the materiality of the carrying value of the goodwill and brand value balances which amounted to Rs. 565 million and Rs. 236 million respectively as at 31st March 2024 and because the directors' assessment of impairment involves significant judgment.

Goodwill and brand value were recognised in the Financial Statements, upon the Company (former Bartleet Finance PLC) acquiring and amalgamating the former Orient Finance PLC during the financial year ended 31st March 2016.

As per LKAS 36: Impairment of Assets, the Company is required to annually test for impairment of the goodwill and brand. Impairment is assessed by comparing the carrying value of assets against the recoverable amount. The Company determines the recoverable amount of the goodwill and the brand value based on the value in use method, by using the discounted cash flow model. In carrying out its assessment for the purposes of cash flow forecasts, the Company projects future cash flows based on approved budgets. These cash flows are discounted using the applicable discount rates.

Based on the impairment test performed for the goodwill and the brand value as explained above, the Company concluded that both the goodwill and the brand value had not been impaired as at 31st March 2025.

The disclosure associated with impairment assessment of the goodwill and the brand value is set out in note 23 to the Financial Statements.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

We have tested management's assessment of the impairment of the goodwill and the brand value as at 31st March 2025.

Our work included the following procedures:

- we evaluated management's competence and level of skills required in developing the assumptions, gathering accurate data and performing assessments.
- we assessed the validity of management's use of appropriate methods in assessing the impairment for the goodwill and brand value.
- we challenged the key inputs and assumptions the Company has used in assessing the impairment, considering the prevailing macroeconomic conditions in the country and its impact on macroeconomic factors.
- we carried out calculations on the impairment assessment to determine the degree by which the key assumptions would need to change in order to trigger an impairment.
- we tested the appropriateness of the related disclosures provided in the Company's Financial Statements.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the Financial Statements and our Auditor's Report thereon.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT

In connection with our audit of the Financial Statements, our responsibility is to read the other information identified above when it becomes available to us, 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 whether it appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics 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, related safeguards.

From the matters communicated with those charged with governance, we determine that those matters were of the 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 it 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 4324.

BDO Partners

CHARTERED ACCOUNTANTS

Colombo
27th May 2025
HSR/cc

INCOME STATEMENT

For the year ended 31st March	Note	2025 Rs.	2024 Rs.
Income	4	**4,727,585,483**	4,868,237,960
Interest income	5	**4,463,848,627**	4,601,526,873
Interest expenses	6	**(2,317,453,659)**	(2,807,119,126)
Net interest income		**2,146,394,968**	1,794,407,747
Fee and commission income	7	**161,223,502**	162,374,288
Other operating income	8	**102,513,354**	104,336,799
Total operating income		**2,410,131,824**	2,061,118,834
Impairment charges for loans and receivables at amortised cost	9	**(90,742,235)**	(140,178,886)
Net operating income		**2,319,389,589**	1,920,939,948
Operating expenses			
Personnel expenses	10	**(808,700,738)**	(666,359,880)
Depreciation and amortisation		**(158,552,117)**	(83,285,795)
Other operating expenses	11	**(748,019,996)**	(621,594,068)
Operating profit before Value Added Tax		**604,116,738**	549,700,205
Tax on financial services		**(176,104,253)**	(200,218,616)
Profit before income tax		**428,012,485**	349,481,589
Income tax expense	12	**(56,216,581)**	(954,439)
Profit for the year		**371,795,904**	348,527,150
Basic earnings per share (Rs.)	13.1	**1.76**	1.65
Dividend per share (Rs.)	14	**-**	-

Figures in brackets indicate deductions.

The accounting policies and notes on pages 173 to 229 form an integral part of these Financial Statements.

Colombo
27th May 2025

STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31st March	Note	2025 Rs.	2024 Rs.
Profit for the year		**371,795,904**	348,527,150
Other comprehensive income			
Other comprehensive income to be re-classified to profit or loss in subsequent periods			
Fair value gain/ (loss) on investment in treasury bonds/ quoted shares		**6,718,438**	(17,700,712)
		6,718,438	(17,700,712)
Other comprehensive income not to be re-classified to profit or loss in subsequent periods			
Actuarial gain/ (loss) on retirement benefit plan	32.1	**590,638**	(6,847,983)
Deferred tax effect on above	22	**177,191**	(2,054,395)
		767,829	(8,902,378)
Other comprehensive income/ (expense) for the year net of tax		**7,486,267**	(26,603,090)
Total comprehensive income for the year net of tax		**379,282,171**	321,924,060

Figures in brackets indicate deductions.

The accounting policies and notes on pages 173 to 229 form an integral part of these Financial Statements.

Colombo
27th May 2025

STATEMENT OF FINANCIAL POSITION

As At 31st March	Note	2025 Rs.	2024 Rs.
ASSETS			
Cash and cash equivalents	16	**492,275,401**	420,293,003
Financial assets - fair value through other comprehensive income	17	**1,144,263,733**	932,991,845
Loans and receivables at amortised cost	18	**22,054,759,075**	15,658,738,877
Placements with banks and other financial institutions at amortised cost	19	**452,604,465**	342,772,502
Other assets	20	**793,148,651**	940,364,676
Real estate stock	21	**21,414,298**	10,968,258
Deferred tax asset (net)	22	**348,289,096**	366,568,600
Goodwill	23	**564,545,746**	564,545,746
Brand value	23.1	**235,880,000**	235,880,000
Other intangible assets	24	**41,967,542**	12,685,655
Property, plant and equipment	25	**309,258,331**	143,654,165
Right-of-use of assets	26	**150,817,678**	126,493,713
Investment properties	27	**748,450,000**	721,400,000
Total assets		**27,357,674,016**	20,477,357,040
LIABILITIES			
Due to banks - bank overdrafts	16	**699,093,409**	233,790,663
Deposits from customers	28	**15,903,812,018**	13,556,431,012
Interest bearing borrowings	29	**5,901,388,374**	2,115,120,468
Lease liability - right of use assets	30	**53,552,165**	60,455,219
Other liabilities	31	**738,917,575**	843,358,580
Retirement benefits obligation	32	**78,698,078**	65,270,872
Total liabilities		**23,375,461,619**	16,874,426,814
EQUITY			
Stated capital	33	**2,431,879,039**	2,431,879,039
Statutory reserve fund	34.1	**411,752,899**	393,163,104
Regulatory loss allowance reserve	34.2	**193,959,912**	-
Revaluation reserve	35	**141,120,773**	141,120,773
Retained earnings		**803,499,774**	636,767,310
Total equity		**3,982,212,397**	3,602,930,226
Total equity and liabilities		**27,357,674,016**	20,477,357,040
Net assets per share		**18.86**	17.07

Figures in brackets indicate deductions.
The accounting policies and notes on pages 173 to 229 form an integral part of these Financial Statements.
The Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.

M.A.M. Arshath
Head of Finance

K.M.M. Jabir
Chief Executive Officer/ Director

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.

Rajendra Theagarajah
Chairman

Prakash Schaffter
Director

Colombo
27th May 2025

STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March 2025	Stated capital Rs.	Statutory reserve fund Rs.	Revaluation reserve Rs.	Non - distributable regulatory loss allowance reserve Rs.	Retained earnings Rs.	Total Rs.
Balance as at 31st March 2023	2,431,879,039	375,736,747	141,120,773	-	332,269,607	3,281,006,166
Profit for the year	-	-	-	-	348,527,150	348,527,150
Transfer to statutory reserve (Note 34.1)	-	17,426,357	-	-	(17,426,357)	-
Other comprehensive income net of taxes	-	-	-	-	(26,603,090)	(26,603,090)
Balance as at 31st March 2024	2,431,879,039	393,163,104	141,120,773	-	636,767,310	3,602,930,226
Profit for the year	-	-	-	-	371,795,904	371,795,904
Transfer to statutory reserve (Note 34.1)	-	18,589,795	-	-	(18,589,795)	-
Transfer to regulatory loss allowance reserve (Note 34.2)	-	-	-	193,959,912	(193,959,912)	-
Other comprehensive income net of taxes	-	-	-	-	7,486,267	7,486,267
Balance as at 31st March 2025	2,431,879,039	411,752,899	141,120,773	193,959,912	803,499,774	3,982,212,397

Figures in brackets indicate deductions.

The accounting policies and notes on pages 173 to 229 form an integral part of these Financial Statements.

Colombo
27th May 2025

STATEMENT OF CASH FLOWS

For the year ended 31st March	2025 Rs.	2024 Rs.
Cash flows from operating activities		
Profit before income tax	428,012,485	349,481,589
Adjustment for:		
Depreciation and amortisation	158,552,117	83,285,795
Profit on disposal of property, plant and equipment	(366,800)	-
Impairment charges for loans and receivables at amortised cost	90,742,235	140,178,886
Finance expenses	2,317,453,659	2,807,119,126
Fair value gain on investment properties	(27,050,000)	(31,083,535)
Investment income	(169,005,387)	(692,272,117)
Provision for gratuity	20,438,428	16,620,968
Operating profit before working capital changes	2,818,776,737	2,673,330,712
Increase in loans and receivables to customers	(6,486,762,433)	(2,857,906,512)
Decrease/ (increase) in other assets	182,923,302	(282,923,878)
Increase in deposits from customers	2,347,381,006	2,691,130,325
Increase in other liabilities	(67,983,671)	388,545,836
	(1,205,665,059)	2,612,176,483
Rent paid	(104,848,684)	(92,512,776)
Interest paid	(1,967,448,551)	(2,259,329,579)
Gratuity paid	(5,829,946)	(10,646,831)
Net cash (used in)/ generated from operating activities	(3,283,792,240)	249,687,297
Cash flows from investing activities		
Acquisition of property, plant and equipment and intangible assets	(307,776,469)	(94,156,005)
Proceeds from sale of property, plant and equipment	366,800	-
Expenses incurred for real estate stock	(163,000)	(311,640)
Net change in financial assets - FVTOCI	(211,250,396)	304,872,353
Net change in investments with bank and other financial institutions	(82,420,246)	(111,283,752)
Investment income received	150,716,981	704,145,498
Net cash (used in)/ generated from investing activities	(450,526,330)	803,266,454
Cash flows from financing activities		
Interest bearing borrowings obtained	9,588,200,431	5,346,000,000
Repayment of interest bearing borrowings	(5,897,197,101)	(5,831,475,900)
Interest paid on borrowings	(350,005,108)	(448,023,164)
Net cash generated from/ (used in) financing activities	3,340,998,222	(933,499,064)
Net change in cash and cash equivalents	(393,320,348)	119,454,687
Cash and cash equivalents at the beginning of the year	186,502,340	67,047,653
Cash and cash equivalents at the end of the year	(206,818,008)	186,502,340
Note A		
Analysis of cash and cash equivalents at the end of the year		
Cash in hand	406,818,347	350,986,607
Cash at bank	85,457,054	69,306,396
Bank overdrafts - secured	(699,093,409)	(233,790,663)
	(206,818,008)	186,502,340

Figures in brackets indicate deductions.

The accounting policies and notes on pages 173 to 229 form an integral part of these Financial Statements.

Colombo
27th May 2025

MATERIAL ACCOUNTING POLICY INFORMATION

1. REPORTING ENTITY

1.1. Corporate information

Janashakthi Finance PLC ("the Company") is a Public Limited Company incorporated and domiciled in Sri Lanka under the Companies Act No. 07 of 2007. The Company is approved under the Finance Lease Act No. 56 of 2000 and Finance Business Act No. 42 of 2011 and is listed in the Colombo Stock Exchange.

The registered office of the Company and business is carried out at No. 61, Dharmapala Mawatha, Colombo 07.

1.2. Principal activities and nature of operations

The principal activities of the Company comprise finance leasing, hire purchasing, debt factoring, mobilisation of deposits and pawning (gold loans) advances.

1.3. Parent entity and ultimate parent entity

The Company's parent undertaking is Janashakthi Limited.

1.4. Directors' responsibility statement

The Board of Directors takes the responsibility for the preparation and presentation of the Financial Statements of the Company as per the provisions of the Companies Act No. 07 of 2007 and the requirements of the Sri Lanka Accounting Standards comprising SLFRSs and LKASs.

1.5. Date of authorisation

The Financial Statements of the Company for the year ended 31st March 2025 were authorised for issue by the Board of Directors on 27th May 2025.

2. BASIS OF PREPARATION

2.1. Statement of compliance

The statement of financial position as at 31st March 2025, the income statement, statement of other comprehensive income, statement of changes in equity and statement of cash flows, and the summary of material accounting policy information and other explanatory information to the Financial Statements ("Financial Statements") of the Company for the year then ended, comply with the Sri Lanka Accounting Standards (SLFRSs/LKASs) as laid down by the Institute of Chartered Accountants of Sri Lanka ("CA Sri Lanka") and the requirements of the Companies Act No. 07 of 2007 and the Finance Business Act No. 42 of 2011 and amendments thereto, and provide appropriate disclosures as required by the Listing Rules of the Colombo Stock Exchange.

2.2. Basis of measurement

The Financial Statements have been prepared on a historical cost basis except for the following material items in the statement of financial position:

Item	Basis of measurement
Financial assets measured at fair value through other comprehensive income	Fair value
Retirement benefits obligation	Liability is recognised as the present value of the retirement benefits obligation plus unrecognised actuarial gains less unrecognised past service cost and unrecognised actuarial losses.
Investment property: Land and Buildings	Fair value
Real Estate	Fair value

2.3. Functional and presentation currency

The Financial Statements are presented in Sri Lankan Rupees, which is the Company's functional currency. All financial information presented in Sri Lankan Rupees has been rounded to the nearest rupee unless stated otherwise.

2.4. Presentation of Financial Statements

The assets and liabilities of the Company presented in its statement of financial position are grouped by nature and listed in an order that reflects their relative liquidity and maturity pattern. No adjustments have been made for inflationary factors affecting the Financial Statements. Maturity analysis is presented in Note 37 to the Financial Statements.

2.5. Materiality and aggregation

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

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is legally an enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expenses are not offset in the income statement unless it is required or permitted by any accounting standard or interpretation, and as specifically disclosed in the notes to the Financial Statements.

MATERIAL ACCOUNTING POLICY INFORMATION

2.6. 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.

2.7. Going concern

The directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. The assessment took into consideration on the existing and potential implications of the economic and other environmental factors on business operations and performance of the Company under volatile and uncertain environmental backgrounds . The Board is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis.

2.8. Significant accounting judgments, estimates and assumptions

The preparation of Financial Statements in conformity with Sri Lanka Accounting Standards (LKAS and SLFRS) requires management to make judgments, 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.

The most significant areas of estimation, uncertainty and critical judgments in applying the accounting policies that have the most significant effect on the amounts recognised in the Financial Statements of the Company are as follows:

2.8.1. Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but if this is not available, judgment is required to establish fair values.

2.8.2. Classification of financial assets and liabilities

As per SLFRS 9, the significant accounting policies of the Company provide scope for financial assets to be classified and subsequently measured into different categories, namely, at Amortised Cost, Fair Value through Other Comprehensive Income (FVTOCI) and Fair Value Through Profit or Loss (FVTPL) based on the following criteria:

- the entity's business model for managing the financial assets as set out in Note 3.1.3.1.
- the contractual cash flow characteristics of the financial assets as set out in Note 3.1.3.2.

2.8.3. Impairment losses on financial assets

The measurement of impairment losses under SLFRS 9 across all categories of financial assets requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses. These estimates are based on the assumptions about a number of factors and the actual results may differ, resulting in future changes to the allowance.

Refer Notes 9 and 18 for more details relating to impairment loss assessment on financial assets.

2.8.4. Impairment of goodwill and brand name

Impairment exists when the carrying value of goodwill and brand name exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The Company has adopted value in use (VIU) method for impairment assessment and VIU calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the Company. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount of goodwill and brand name are disclosed and further explained in Note 23 to the Financial Statements.

2.8.5. Defined benefit obligations

The cost of the defined benefit pension plan is determined using an actuarial valuation. The actuarial valuation involves making various assumptions determining the discount rates, future salary increases, mortality rates etc. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. All assumptions are reviewed at each reporting date.

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 benefits obligation.

The mortality rate is based on publicly available mortality tables. Future salary increases are based on expected future inflation rates and the expected future salary increase rate of the Company.

2.8.6. Useful economic lives of property, plant and equipment

Useful economic lives of property, plant and equipment are estimated as disclosed in Note 3.4.4 to the Financial Statements.

2.8.7. SLFRS 16 – Leases

2.8.7.1. Determination of the lease term for lease contracts with renewal and termination options (Company as a lessee)

The Company 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 Company has several lease contracts that include the extension and termination options. The Company applies judgment 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 Company reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation of the leased asset).

2.8.7.2. Estimating the incremental borrowing rate

As the Company 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 Company 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 Company "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 Company estimates the IBR using observable input when available and is required to make certain entity-specific adjustments.

2.9. Changes in Accounting Policies

The Company has consistently applied the accounting policies to all periods presented in these Financial Statements, except for the changes arising out of amendments to Accounting Standards as set out below:

2.10. Changes to already existing accounting standards

The Company applied certain standards and amendments for the first time, which are effective for annual periods beginning on or after 01st January 2024.

Accounting standard	Description
Amendments to LKAS 1 Presentation of Financial Statements	Classification of Liabilities as Current or Non-current, Non-current Liabilities with Covenants
Amendments to SLFRS 16 Leases	Lease Liability in a Sale and Leaseback
Amendments to LKAS 7 Statement of Cash Flows and SLFRS 7 Financial Instruments: Disclosures	Supplier Finance Arrangements
Amendments to LKAS 12	International Tax Reform - Pillar Two Model Rule

The above amendments do not materially impact to the financial performance and financial position of the Company.

2.10.1. New accounting standards, amendments and interpretations issued but not yet effective

The Institute of Chartered Accountants of Sri Lanka has issued the following new Sri Lanka Accounting Standards which will become applicable for financial periods beginning on or after 01st January 2025 or at a later date.

The new and amended standards that are issued but are not yet effective at the date of issuance of these Financial Statements are disclosed below.

MATERIAL ACCOUNTING POLICY INFORMATION

Accounting standard	Description	Effective date
Amendments to LKAS 21 The Effects of Changes in Foreign Exchange Rates	Lack of exchangeability	01st January 2025
SLFRS S1 - General Requirements for Disclosure of Sustainability related Financial Information	To disclose information about its sustainability-related risks and opportunities that are useful to users of general-purpose financial reports in making decisions	01st January 2025
SLFRS S2 Climate-related Disclosures	To disclose information about its climate-related risks and opportunities that is useful to users of general-purpose financial reports in making decisions	01st January 2025
SLFRS 17 – Insurance Contracts	Measure Insurance Contract Liability at a current fulfilment value and provide a more uniform measurement and presentation approach for all insurance contracts	01st January 2026
Amendments to SLFRS 9 and SLFRS 7	Classification and Measurement of financial instruments	01st January 2026

3. MATERIAL ACCOUNTING POLICY INFORMATION

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

3.1. Financial instruments – Initial recognition, classification and subsequent measurement

3.1.1. Date of recognition

The Company initially recognises loans and advances, deposits and subordinated liabilities, etc., on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument.

3.1.2. 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. Refer Note 3.1.3 and 3.1.4 for further details on classification of financial 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 costs in relation to financial assets and financial liabilities at fair value through profit or loss are dealt with through the income statement.

Trade receivables that do not have a significant financing component are measured at their transaction price at initial recognition as defined in SLFRS 15.

When the fair value of financial instruments (except trade receivables that do not have a significant financing component) at initial recognition differs from the transaction price, the Company accounts for the Day 1 profit or loss, as described below:

3.1.2.1. "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 the inputs observable in market transactions, the Company 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 profit or loss when the inputs become observable, or when the instrument is derecognised.

3.1.3. Classification and subsequent measurement of financial assets

As per SLFRS 9, the Company classifies all of its financial assets based on the business model for managing the assets and the assets' contractual terms measured at one of the following:

- Amortised cost
- Fair value through other comprehensive income (FVTOCI)
- Fair value through profit or loss (FVTPL)

The subsequent measurement of financial assets depends on their classification.

3.1.3.1. Business model assessment

The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level and not assessed on instrument-by-instrument basis because this best reflects the way the business is managed and information is provided to management.

The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods and 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.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

3.1.3.2. Assessment of whether contractual cash flows are solely the payments of principal and interest (SPPI test)

As a second step of its classification process, the Company 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 (for example, if there are repayments of principal or amortisation of the premium/discount).

"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 the profit margin.

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

In assessing whether the contractual cash flows are solely the payments of principal and interest on principal amount outstanding, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains such a contractual term that could change the timing or amount of contractual cash flows that it would not meet this condition. In making the assessment, the Company considers the following.

- contingent events that would change the amount and timing of cash flows
- leverage features
- prepayment and extension terms
- terms that limit the Company's claim to cash flows from specified assets
- features that modify consideration of the time value of money

Refer Notes 3.1.3.3 and 3.1.3.4 below for details on different types of financial assets recognised in the Statement of Financial Position (SOFP).

3.1.3.3. 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
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely the payments of principal and interest on the principal amount outstanding.

MATERIAL ACCOUNTING POLICY INFORMATION

Financial assets measured at amortised cost are given in Notes 3.1.3.3.1 to 3.1.3.3.4 below.

3.1.3.3.1. Loans and advances to customers

Loans and advances to customers include loans and advances, and lease and hire purchase receivables of the Company.

Details of "Loans and advances to customers" are given in Note 18.

3.1.3.3.2. Investment in reverse repurchase agreement against the treasury bills and bonds

When the Company purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a similar asset) at a fixed price on a future date (reverse repo), the agreement is accounted for as a financial asset in the SOFP reflecting the transaction's economic substance as a loan granted by the Company. Subsequent to initial recognition, these securities issued are measured at amortised cost using the EIR with the corresponding interest income/receivable being recognised as interest income in profit or loss.

Details of "Investment in reverse repurchase agreement against the treasury bills and bonds" are given in Note 17.

3.1.3.3.3. Cash and cash equivalents

Cash and cash equivalents include cash in hand, placements with banks and loans at call and at short notice that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments. They are brought to the Financial Statements at their face values or the gross values, where appropriate. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

Details of "Cash and cash equivalents" are given in Note 16.

3.1.3.3.4. Investments with banks and other financial institutions

Details of "Investments with banks and other financial institutions" are given in Note 19.

3.1.3.4. Financial assets measured at FVTOCI

Financial assets at FVOCI include debt and equity instruments measured at fair value through other comprehensive income.

3.1.3.4.1. Debt instruments measured at FVTOCI

Debt instruments are measured at FVTOCI 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 the payments of principal and interest on principal outstanding.

FVTOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses and ECL and reversals are recognised in profit or loss. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

These instruments comprise Government Securities that had previously been classified as available for sale.

Details of "Debt instruments at FVTOCI" are given in Note 17.

3.1.3.4.2. Equity instruments designated at FVTOCI

Upon initial recognition, the Company elects to classify irrevocably some of its equity investments held for strategic and statutory purposes as equity instruments at FVTOCI.

Details of "Equity instruments at FVTOCI" are given in Note 17.

3.1.4. Classification and subsequent measurement of financial liabilities

As per SLFRS 9, the Company classifies financial liabilities other than financial guarantees and loan commitments into one of the following categories

- Financial liabilities at fair value through profit or loss, and within this category as
  - Held-for-trading; or
  - Designated at fair value through profit or loss
- Financial liabilities measured at amortised cost

The subsequent measurement of financial liabilities depends on their classification.

3.1.4.1. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. The Company does not have any financial liabilities at fair value through profit or loss.

3.1.4.2. Financial liabilities at amortised cost

Financial liabilities issued by the Company that are not designated at FVTPL are classified as financial liabilities at amortised cost under "Deposits from customers", "Due to banks" or "Other borrowings" as appropriate, where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity shares. The Company classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument.

After initial recognition, such financial liabilities are subsequently measured at amortised cost using the EIR 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 EIR.

The EIR amortisation is included in "Interest expense" in the income statement. Gains and losses are also recognised in the income statement when the liabilities are derecognised as well as through the EIR amortisation process.

3.1.5. Reclassification of financial assets and liabilities

As per SLFRS 9, Financial assets are not reclassified subsequent to their initial recognition, except and only in those rare circumstances when the Company changes its objective of the business model for managing such financial assets which may include the acquisition, disposal or termination of a business line.

Financial Liabilities are not reclassified as such reclassifications are not permitted by SLFRS 9.

3.1.5.1. Measurement of reclassification of financial assets

3.1.5.1.1. Reclassification of Financial Instruments at 'Fair value through profit or loss'

- To Fair value through other comprehensive income

The fair value on reclassification date becomes the new gross carrying amount. The EIR is calculated based on the new gross carrying amount. Subsequent changes in the fair value are recognised in OCI.

- To Amortised cost

The fair value on reclassification date becomes the new carrying amount. The EIR is calculated based on the new gross carrying amount.

3.1.5.1.2. Reclassification of Financial Instruments at 'Fair value through other comprehensive income'

- To Fair value through profit or loss

The accumulated balance in OCI is reclassified to profit and loss on the reclassification date.

- To Amortised Cost

The financial asset is reclassified at fair value. The cumulative balance in OCI is removed and used to adjust fair value on the reclassification date. The adjusted amount becomes the amortised cost.

EIR determined at initial recognition and the gross carrying amount is not adjusted as a result of reclassification.

3.1.5.1.3. Reclassification of Financial Instruments at "Amortised Cost"

- To Fair value through other comprehensive income

The asset is remeasured to fair value, with any difference recognised in OCI. EIR determined at initial recognition is not adjusted as a result of reclassification.

- To Fair value through profit or loss

The fair value on the reclassification date becomes the new carrying amount. The difference between the amortised cost and fair value is recognised in profit and loss.

3.1.6. Derecognition of financial assets and financial liabilities

3.1.6.1. Financial assets

The Company derecognises a financial asset (or where applicable a part thereof) 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 Company neither transfers nor retains substantially all risks and rewards of ownership nor retains the control of the financial asset.

3.1.6.2. Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

3.1.7. Modification of financial assets and financial liabilities

3.1.7.1. Financial assets

If the terms of a financial asset are modified, the Company evaluates to ascertain whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

As per SLFRS 9, 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 Company 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 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.

3.1.7.2. 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 profit or loss.

3.1.8. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the SOFP if, and only if, there is currently an enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Income and expenses are presented on a net basis only when permitted under SLFRSs, or for gains and losses arising from a group of similar transactions such as in the Company's trading activity.

3.1.9. 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 EIR method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any ECL allowance.

The "gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any ECL allowance.

3.1.10. Fair value of financial instruments

Fair value measurement of financial instruments including the fair value hierarchy is explained in Note 47.

3.1.11. Identification and measurement of impairment of financial assets

3.1.11.1. Overview of the ECL principle

As per SLFRS 9, the Company records an allowance for expected credit losses for loans and advances to customers, debt and other financial instruments measured at amortised cost, debt instruments measured at fair value through other comprehensive income and loan commitments.

SLFRS 9 outlines a "three-stage" model for impairment based on changes in credit quality since initial recognition.

- 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 lifetime expected credit losses (LTECL) that result from default events possible within the 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 Company records an allowance for LTECL. Refer Note 3.1.11.2 for description on how the Company determines when a significant increase in credit risk has occurred.
- Stage 3: If a financial asset is credit-impaired, it is moved to Stage 3 and the Company recognises an allowance for LTECL, with probability of default at 100%. Refer Note 3.1.11.3 for a description on how the Company defines credit impaired and default.
- 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 Company does not have POCI loans as at the reporting date.

The key judgments and assumptions adopted by the Company in addressing the requirements of SLFRS 9 are discussed below:

3.1.11.2. Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both the quantitative and qualitative information analysis, based on the Company's historical experience and expert credit assessment including forward looking information.

The Company considers the exposure to have significantly increased credit risk when contractual payments of a customer are more than 60 days past due in accordance with the rebuttable presumption in SLFRS 9.

The Company individually reviews at each reporting date, loans and advances above a predefined threshold to identify whether the credit risk has increased significantly since origination, before an exposure is in default. Such indicators include, inter alia:

- When reasonable and supportable forecasts of future economic conditions directly affect the performance of a customer/group of customers, portfolios or instruments
- When there is a significant change in the geographical locations or natural catastrophes that directly impact

the performance of a customer/group of customers or instruments

- When the value of collateral is significantly reduced and/or realisability of collateral is doubtful
- When a customer is subject to litigation that significantly affects the performance of the credit facility
- Modification of terms resulting in concessions, including extensions, deferment of payments, waiver of covenants
- When the customer is deceased/insolvent
- When the Company is unable to contact or find the customer

Credit facilities/exposures which have one or more of the above indicators are treated as facilities with significant increase in credit risk and assessed accordingly in ECL computations. The Company regularly monitors the effectiveness of the criteria used to identify significant increase in credit risk to confirm that the criteria is capable of identifying a significant increase in credit risk before an exposure is in default.

For debt instruments having an external credit rating, which are measured at amortised cost or at FVOCI, the Company 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 the investment grade.

3.1.11.3. Definition of default and credit impaired assets

The Company considers loans and advances to customers as defaulted when:

- The borrower is unlikely to pay its obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- The borrower becomes 120 days past due on its contractual payments.

In addition, the Company classifies the financial investments under stage 3 when the external credit rating assigned to the particular investment is in "default".

In assessing whether a borrower is in default, the Company reviews its individually significant loans and advances above a predefined threshold at each reporting date. The Company considers non-performing credit facilities/customers with one or more of indicators set out in Note 3.1.11.2 above as credit impaired.

3.1.11.4. 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 described in Note 3.1.11.2. Financial instruments are transferred out of stage 3 when they no longer exhibit any evidence of credit impairment as described above.

3.1.11.5. Grouping financial assets measured on collective basis

The Company calculates ECLs either on a collective or an individual basis. Asset classes where the Company calculates ECL on individual basis include credit impaired facilities of individually significant customers.

Those financial assets for which, the Company determines that no provision is required under individual impairment are then collectively assessed for ECL. For the purpose of ECL calculation on a collective basis, financial assets are grouped on the basis of similar risk characteristics. Loans and advances to customers are grouped into homogeneous portfolios based on a combination of product and customer characteristics.

3.1.11.6. The calculation of Expected Credit Loss Principle (ECL)

The Company calculates ECL based on 3 probability weighted scenarios to measure expected cash shortfalls, discounted at an approximation to the EIR.

A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculation are outlined below and the key elements are as follows:

- PD: The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
- EAD: Exposure At Default is the estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of the principal and interest, whether scheduled by contract or otherwise, expected draw down on committed facilities and accrued financing income from missed payments.
- LGD: Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lenders would expect to receive, including realisation of any collateral.

MATERIAL ACCOUNTING POLICY INFORMATION

Forward-looking information

The Company incorporates forward-looking information into both its assessments as to whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

The Company has identified key drivers of credit risk both quantitatively and qualitatively for various portfolio segments. Quantitative economic factors are based on economic data and forecasts published by CBSL and supranational organisations such as IMF.

Quantitative drivers of credit risk	Qualitative drivers of credit risk
GDP growth	Status of industry business
Unemployment rate	Regulatory impact
Interest rate (AWPLR)	Government policies
Rate of inflation	
Exchange rate	

3.1.12. Write-off of loans and advances

Loans (and the related impairment allowance accounts) are normally written off, either partially or in full, when there is no realistic prospect of recovery. Where loans are secured, this is generally after receipt of any proceeds from the realisation of security.

3.2. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction among the market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability or
- in the absence of a principal market, in the most advantageous market for the asset or liability

All assets and liabilities for which fair value is measured or disclosed in the Financial Statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Level 1

When available, the Company measures fair value of an instrument using the active quoted prices or dealer price quotations (assets and long positions are measured at a bid price; liabilities and short positions are measured at an asking price), without any deduction for transaction costs. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

Level 2

If a market for a financial instrument is not active, then the Company establishes fair value using a valuation technique. Valuation techniques include using the recent arm's length transactions between the knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses, credit models, option pricing models and other relevant valuation models.

The chosen valuation technique makes the maximum use of market inputs, relies as little as possible on estimates specific to the Company, incorporates all factors that the market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument. The Company calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e. the fair value of the consideration given or received unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument, i.e. without modification or repackaging, or based on a valuation technique whose variables include only data from observable markets.

When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognised in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

Level 3

Certain financial instruments are recorded at fair value using the valuation techniques in which the current market transactions or observable market data are not available. Their fair value is determined by using the valuation models that have been tested against prices or inputs to actual market transactions and also using the best estimate of the most appropriate model assumptions. Models are adjusted to reflect the spread for bid and ask prices to reflect costs to close out positions, credit and debit valuation adjustments, liquidity spread and limitations in the models. Also, profit or loss calculated when such financial instruments are first recorded ('Day 1' profit or loss) is deferred and recognised only when the inputs become observable or on de-recognition of the instrument.

3.3. Property, plant and equipment

Property, plant and equipment are tangible items that are held for use in the supply of services, or for administrative purposes and are expected to be used for more than a one year period.

3.3.1. Recognition

Property, plant and equipment are tangible items that are held for use in the production or supply of services, for rental to others or for administrative purposes and are expected to be used during more than one period. The Company applies the requirements of the Sri Lanka Accounting Standard - LKAS 16 (Property, Plant and Equipment) in accounting for these assets. Property, plant and equipment are recognised if it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the asset can be reliably measured.

3.3.2. Measurement

All property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the cost of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit and loss.

Purchased software that is integrated to the functionality of the related equipment is capitalised as intangible assets.

3.3.3. Subsequent expenditure

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalised. The cost of replacing part 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 the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The cost of the day-to-day servicing of property, plant and equipment is recognised in profit or loss as incurred. When replaced 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.

3.3.4. Depreciation

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease terms and other useful lives unless it is reasonably certain that the Company will obtain the ownership by the end of the lease period.

The estimated useful lives are as follows:

Furniture and fittings	4 years
Office equipment	4 years
Computer equipment	4 years
Motor vehicles	4 years

Depreciation of an asset begins 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 included in a disposal group that is classified as held for sale) and the date that the asset is derecognised.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted, if appropriate.

3.4. Investment properties

Investment properties are the properties held either to earn rental income or for capital appreciation or for both. They are not properties held for sale in the ordinary course of business, used in the production or supply of goods or service or for administrative services.

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3.4.1. Basis of recognition

Investment property is recognised if it is probable that future economic benefits that are associated with the investment property will flow to the Company and if the cost of the investment property can be measured reliably.

3.4.2. Measurement

An investment property is measured initially at its cost. The cost of a purchased investment property comprises its purchase price and any directly attributable expenditure. The carrying amount includes the cost of replacing part of an existing Investment Property at the time that the cost is incurred if the recognition criteria are met, and excludes the cost of day-to-day servicing of an investment property.

Subsequent to initial recognition, investment properties are stated at fair value, which reflects the market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise. The Company revalues investment property at least once in three years.

3.4.3. Derecognition

Investment Properties are derecognised when either they have been disposed of or when the Investment Property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gains or losses arising on the retirement or disposal of an Investment Property are recognised in the income statement in the year of retirement or disposal.

3.5. Leases

3.5.1. Right-of-Use Assets – Company as a lessee

a) Basis of recognition

The Company applies Sri Lanka Accounting Standard SLFRS 16 “Leases” (SLFRS 16) in accounting for all leasehold rights except for short-term leases, which are held for use in the provision for services.

b)Basis of measurement

The Company recognizes the right-of-use assets at the date of commencement of the lease, which is the present value of lease payments to be made over the lease term. Right-of-use assets are measured at cost less any accumulated amortisation and impairment losses and adjusted for any re-measurement of lease liabilities. The cost of the right-of-use assets includes the amount of lease liabilities recognised, initial direct cost incurred and the lease payments made at, or before the commencement date less any lease incentives received.

c) Depreciation

Right-of-use assets are depreciated over the lease term of the assets as there is no reasonable certainty that the Company will obtain the ownership of such assets by the end of the lease term.

3.5.2. Lease liability

At the commencement date of the lease, the Company recognises lease liabilities, measured at present value of lease payments to be made over the lease term. The present value of lease commitments has been calculated using the weighted average incremental borrowing rate.

Details of “Right-of-use asset” and “Lease liability” are given in Notes 26 and 30 respectively.

3.5.3. Operating leases – Company as a lessor

As per SLFRS 16, a lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. The Company recognises lease payments from operating leases as income on a straight-line basis. Initial direct costs incurred in negotiating the operating leases are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3.6. Intangible assets

Intangible assets acquired separately are measured initially at cost. Following the initial recognition of the intangible assets, the cost model is applied requiring the assets to be carried at cost less any accumulated amortisation and accumulated impairment losses.

3.6.1. Intangible assets with finite lives and amortisation

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function/ nature of the intangible asset. Amortisation commences when the assets are available for use.

3.6.1.1. Computer software

Computer software is amortised over four years from the date of acquisition.

3.6.2. Intangible assets with indefinite lives and amortisation

Intangible assets with indefinite useful lives are not amortised but are tested for impairment annually either individually or at the CGU level as appropriate, when circumstances indicate that the carrying value is impaired. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

3.6.2.1. Brand value

Brand value is not amortised and is tested for impairment annually.

3.6.3. Derecognition of intangible assets

Intangible assets are derecognised on disposal or when no future economic benefits are expected from its use. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net proceeds and the carrying amount of the asset and are recognised in the income statement.

3.7. Impairment of non-financial assets

3.7.1. Recognition

The carrying values of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment.

If any such indication exists, the asset's recoverable amount is estimated (see below). An impairment loss is recognised whenever the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

For the assets that have indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each reporting date.

3.7.2. Calculation of recoverable amount

The recoverable amount is the greater of their fair value less cost to sell and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects the current market assessment of their time value of money and the risk specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

3.7.3. Reversal of impairment

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.8. Deposits due to customers

These include term deposits and certificates of deposits. Subsequent to initial recognition, deposits are measured at their amortised cost using the effective interest method, except where the Company designates liabilities at fair value through profit or loss. They are stated in the statement of financial position at the amount payable. Interest paid/payable on these deposits based on the effective interest rate is charged to the income statement.

3.9. Other liabilities

Other liabilities are recorded at amounts expected to be payable at the reporting date.

3.10. Employee benefits

3.10.1. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by the employees.

3.10.1.1. Employees' Provident Fund (EPF)

The Company and employees contribute 12% and 8% respectively on the salary of each employee to the approved Provident Fund.

3.10.1.2. Employees' Trust Fund (ETF)

The Company contributes 3% of the salary of each employee to the Employees' Trust Fund.

3.10.2. Defined benefit plans

3.10.2.1. Retirement benefit obligations

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that the employees have earned in return for their service in the current and prior periods

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and that benefit is discounted to determine its present value. Any unrecognised past service costs are deducted.

The calculation is performed by a qualified actuary using a "Projected Unit Credit" method. For the purpose of determining the charge for any period before the next regular actuarial valuation falls due, an approximated estimate provided by the qualified actuary is used. The assumptions based on which the results of actuarial valuation were determined are included in the Note 32 to the Financial Statements.

The Company recognises all actuarial gains and losses arising from the defined benefit plan and all expenses related to defined benefit plans in the income statement and actuarial gains and losses in the other comprehensive income.

This retirement benefit obligation is not externally funded.

However, according to the payment of Gratuity Act No. 12 of 1983, the liability for the gratuity payment to an employee arises only on the completion of 5 years of continued service with the Company.

3.10.3. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

3.11. Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of the provision can be measured reliably in accordance with the Sri Lanka Accounting Standard - LKAS 37 on 'Provisions, Contingent Liabilities and Contingent Assets'.

The amount recognised is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation at that date. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is determined based on the present value of those cash flows.

3.12. Capital commitments and contingencies

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured.

Capital commitment and contingent liabilities of the Company are disclosed in the respective notes to the Financial Statements.

3.13. Events occurring after the reporting date

Events after the reporting period are those events, favorable and unfavorable, that occur between the reporting date and the date when the Financial Statements are authorised for issue.

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

3.14 .Income statement

3.15.1. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria are ascertained before revenue is recognised.

3.15.1.1. Interest income and interest expense

Interest income and expense are recognised in the Income Statement using the effective interest rate (EIR) method.

As per SLFRS 9, the interest income and expense presented in the Income Statement include:

- Interest on financial assets measured at amortised cost calculated using EIR method;
- Interest on financial liabilities measured at amortised cost calculated using EIR method.

As per SLFRS 09, the interest income and expense recognised in the Income Statement included:

- Interest on loans and receivables calculated using EIR method;
- Interest on financial liabilities measured at amortised cost calculated using EIR method.

Effective Interest Rate (EIR)

The EIR is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the EIR for financial instruments other than credit-impaired assets, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses (ECLs). For credit-impaired financial assets which are classified under Stage 3, a credit-adjusted EIR is calculated using the estimated future cash flows including ECLs. The credit-adjusted EIR is the interest rate that, at original recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost.

The calculation of the EIR includes transaction costs and fees and points paid or received that are an integral part of the EIR.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted EIR to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

3.15.1.2. Dividend income

Dividend income is recognised when the Company's right to receive the payment is established.

3.15.1.3. Fees and commission income and expense

Fees and commission income and expense that are integral to the EIR on a financial asset or liability are included in the measurement of the EIR. Other fees and commission income are recognised as the related services are performed.

3.15.1.4. Interest on overdue rentals

Overdue interest is charged on loans and advances which are not paid on the due date and accounted for on cash basis.

3.15.1.5. Profit or loss on disposal of property, plant and equipment

Profits or losses resulting from disposal of property, plant and equipment have been accounted for in the income statement.

3.15.1.6. Recovery of bad and doubtful debts written off

Recovery of amounts written off as bad and doubtful debts are recognised on a cash basis.

3.15.2. Expenditure

All expenditure incurred in running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to revenue in arriving at the profit/(loss) for the year.

Expenditure incurred for the purpose of acquiring, expanding or improving the assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenditure.

Repairs and renewals are charged to revenue in the year in which the expenditure is incurred.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability.

The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

The profit earned by the Company before taxation as shown in the Income Statement is after making provision for all known liabilities and for the depreciation of property, plant and equipment.

3.15.2.1. Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets that take a substantial period of time to get ready for the intended use or sale, are capitalised as part of the asset.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3.16. Taxes

3.16.1. Income tax expense

Income tax on the profit for the year comprises current and deferred tax. Income tax is recognised directly in the income statement except to the extent that it relates to items recognised directly in equity, in which case, it is recognised in equity.

Current taxes

Current tax assets and liabilities consist of amounts expected to be recovered from, or paid to the taxation authorities in respect of the current as well as prior years. The tax rates and tax laws used to compute the amounts are those that are enacted or substantially enacted by the reporting date. Accordingly, provision for taxation is made on the basis of the accounting profit for the year as adjusted for taxation purposes in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and the amendments thereto, at the rates specified in the Note 12 to the Financial Statements. This note also includes the major components of tax expense, the effective tax rates and a reconciliation between the profit before tax and tax expense as required by the Sri Lanka Accounting Standard – LKAS 12 on 'Income Taxes'.

Deferred tax

Deferred tax is provided on all 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. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted by the reporting date.

Deferred tax assets including those related to temporary tax effects of income tax losses and credits available to be carried forward, are recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised. 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.

3.16.2. Value Added Tax on financial services

VAT on financial services is calculated in accordance with the amended VAT Act No.07 of 2003. The base for the computation of VAT on financial services is the accounting profit before income tax is adjusted for the economic depreciation and emoluments of employees computed on prescribed rate.

3.16.3. Crop Insurance Levy (CIL)

As per the provisions of Section 14 of the Finance Act No. 12 of 2013, the CIL was introduced with effect from April 01, 2013 and is payable to the National Insurance Trust Fund. Currently, the CIL is payable at 1% of the profit after tax.

3.16.4. Social Security Contribution Levy(SSCL)

Social Security Contribution Levy (SSCL) was imposed with effect from October 01, 2022, at the rate of 2.5% by the Social Security Contribution Levy Act No. 25 of 2022 (SSCL Act).

3.17. Earnings per share

The Financial Statements present basic earnings per share (EPS) for its ordinary shareholders. The basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares.

3.18. Cash flow statement

The cash flow statement has been prepared using the "indirect method". Interest paid is classified as operating cash flows, interest and dividend received are classified as investing cash flows while dividends paid are classified as financing cash flows for the purpose of presenting of the cash flow statement.

3.19. Regulatory provisions

3.19.1. Deposit insurance scheme

In terms of the Finance Companies Direction No 02 of 2010 "Insurance of Deposit Liabilities" issued on 27th September 2010, all registered finance companies are required to insure their deposit liabilities in the deposit insurance scheme operated by the Monetary Board in terms of Sri Lanka Deposit Insurance Scheme Regulations No 01 of 2010, issued under Sections 32A to 32E of the Monetary Law Act with effect from 01st October 2010. Deposits to be insured include demand, time and savings deposit liabilities and exclude the following.

- deposit liabilities to member institutions
- deposit liabilities to Government of Sri Lanka
- deposit liabilities to shareholders, directors, key management personnel and other related parties as defined in Finance Companies Act Direction No 03 of 2008 on Corporate Governance of registered finance companies
- deposit liabilities held as collateral against any accommodation granted
- deposit liabilities falling within the meaning of dormant deposits in terms of the Finance Companies Act, funds of which have been transferred to the Central Bank of Sri Lanka

Registered finance companies are required to pay a premium of 0.15% on eligible deposit liabilities as at the end of the month to be payable within a period of 15 days from the end of the respective month.

3.20. Reserves

3.20.1. Statutory reserve fund

The statutory reserve fund is maintained in terms of a licensed finance Company (Capital Funds) direction No.01 of 2003. Accordingly, the Company should transfer funds out of net profits of each year in the following manner, after due provision has been made for taxation and bad and doubtful debts.

- If capital funds are not less than twenty five percent of total deposit liabilities, a sum equal to not less than five percent of the net profits
- If capital funds are less than twenty five percent of total deposit liabilities but not less than ten percent thereof, a sum equal to not less than twenty percent of the net profits
- If capital funds are less than ten percent of total deposit liabilities, a sum equal to not less than fifty percent of the net profits

3.20.2. Fair value/Available for sale reserve

This has been created in order to account the fair value changes of financial assets at Fair Value Through Other Comprehensive Income/ Available for sale financial assets.

3.20.3. Non distributable regulatory loss allowance reserve

As per the section 7.1.3 of the Finance Business Act Direction 1 of 2020, issued by the Central Bank of Sri Lanka (CBSL), a licensed finance company shall maintain an additional loss allowance in a non-distributable regulatory loss allowance reserve through an appropriation of its retained earnings, where the loss allowance for expected credit loss as per SLFRS 9 falls below the regulatory provision determined by the CBSL. Accordingly, the Company has recognised the regulatory loss allowance reserve in the statement of changes in equity. When the loss allowance for expected credit loss as per SLFRS 9 exceeds the regulatory provision, the Company transfers the excess amount to retained earnings.

3.21. Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, whose operating results are reviewed regularly by the Company's management to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

For each of the strategic divisions, the Company's management monitors the operating results separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profits or losses which, in certain respects, are measured differently from operating profits or losses in the Financial Statements. Income taxes are managed on a Company basis and are not allocated to operating segments.

NOTES TO THE FINANCIAL STATEMENTS

4. INCOME

For the year ended 31st March	2025 Rs.	2024 Rs.
Interest income (Note 5)	4,463,848,627	4,601,526,873
Fee and commission income (Note 7)	161,223,502	162,374,288
Other operating income (Note 8)	102,513,354	104,336,799
	4,727,585,483	4,868,237,960

5. INTEREST INCOME

For the year ended 31st March	2025 Rs.	2024 Rs.
Finance lease	2,910,085,973	2,421,038,699
Hire purchase	-	49,296
Factoring	1,828,201	4,527,559
Loans	79,264,463	115,269,839
Gold loans	1,303,664,603	1,368,369,363
Income on investments	169,005,387	692,272,117
	4,463,848,627	4,601,526,873

6. INTEREST EXPENSES

For the year ended 31st March	2025 Rs.	2024 Rs.
Interest expense on		
Borrowings	468,843,963	441,987,437
Customer deposits	1,792,931,632	2,299,214,601
Bank overdrafts	27,718,099	38,511,198
Lease liabilities - right-of-use assets	27,959,965	27,405,890
	2,317,453,659	2,807,119,126

7. FEE AND COMMISSION INCOME

For the year ended 31st March	2025 Rs.	2024 Rs.
Documentation income - lease and hire purchases	82,526,926	74,387,831
Administration charges - factoring	-	7,552,730
Charges on recovery follow up	35,495,519	51,435,410
Insurance commission	43,201,057	28,998,317
	161,223,502	162,374,288

8. OTHER OPERATING INCOME

For the year ended 31st March	2025 Rs.	2024 Rs.
Collections from written off contracts	43,225,291	20,995,082
Profit on disposal of property, plant and equipment	366,800	-
Rent income	9,492,000	9,382,703
Fair value gain on investment properties	27,050,000	31,083,537
Dividend income	1,460,104	418,500
Sundry income	20,919,159	42,456,977
	102,513,354	104,336,799

9. IMPAIRMENT CHARGES/ (REVERSALS) FOR LOANS AND RECEIVABLES AT AMORTISED COST

For the year ended 31st March	2025 Rs.	2024 Rs.
Finance lease receivable		
Stage 01	(957,276)	(46,696,645)
Stage 02	(73,021,170)	4,623,709
Stage 03	150,963,859	223,401,789
	76,985,413	181,328,853
Hire purchase receivable		
Stage 01	-	-
Stage 02	-	-
Stage 03	2,569,127	3,532,941
	2,569,127	3,532,941
Other loans receivable		
Stage 01	(588,410)	(2,268,669)
Stage 02	(911,491)	(11,137,009)
Stage 03	(934,611)	(22,019,788)
	(2,434,512)	(35,425,466)
Factoring receivable		
Stage 01	-	-
Stage 02	-	(1,903,464)
Stage 03	-	(15,982,130)
	-	(17,885,594)
Gold loans receivable		
Stage 01	2,766,413	(931,783)
Stage 02	(332,191)	(928)
Stage 03	(5,034,067)	4,630,986
	(2,599,845)	3,698,275

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March	2025 Rs.	2024 Rs.
Alternative finance		
Stage 01	3,903,435	3,786,089
Stage 02	1,217,575	1,897,410
Stage 03	4,491,718	(753,622)
	9,612,728	4,929,877
Provision for specific item	6,609,324	-
Total impairment charge	90,742,235	140,178,886

10. PERSONNEL EXPENSES

For the year ended 31st March	2025 Rs.	2024 Rs.
Salaries and other related expenses	706,891,293	585,512,326
Defined contribution plan - EPF	65,570,235	51,382,180
- ETF	16,391,420	12,844,406
Defined benefit plan - Gratuity	19,847,790	16,620,968
	808,700,738	666,359,880

11. OTHER OPERATING EXPENSES

For the year ended 31st March	2025 Rs.	2024 Rs.
Directors' emoluments	18,498,077	10,328,625
Auditor's remuneration	2,003,326	2,166,110
Professional and legal fees	65,350,636	56,967,576
Charity and donations	370,000	172,300
Administration and establishment expenses	390,604,677	357,437,801
Advertising and business promotional expenses	55,325,277	42,073,826
Other expenses	215,868,003	152,447,830
	748,019,996	621,594,068

12. INCOME TAX EXPENSE

For the year ended 31st March	2025 Rs.	2024 Rs.
Current tax		
On current year profits (Note 12.1)	-	-
Under provision of current taxes in respect of previous years	37,759,886	-
Deferred tax		
Deferred tax charged to the income statement (Note 22)	18,456,695	954,439
Income tax expense for the year	56,216,581	954,439

12.1 Reconciliation between accounting profit and taxable income

For the year ended 31st March	2025 Rs.	2024 Rs.
Profit before income tax expense	428,012,485	349,481,589
Adjustments on disallowable expenses	4,443,139,277	4,519,384,113
Adjustments on allowable expenses	(4,668,876,311)	(4,573,648,210)
Statutory income	202,275,451	295,217,492
Less: Tax loss claimed on leasing business (Note 12.2)	-	(295,217,492)
Assessable income/ (loss)	202,275,451	-
Less: Utilisation of qualifying payments (Note 12.3)	202,301,787	-
Taxable profit for the year	-	-
Effective tax rate	30%	30%

12.2. Tax losses

For the year ended 31st March	2025 Rs.	2024 Rs.
Tax losses brought forward	91,358,707	1,042,424,897
Tax losses claimed against tax assessments	(91,358,707)	(655,848,698)
Tax losses incurred during the year	-	-
Tax losses claimed during the year	-	(295,217,492)
Tax losses carried forward	-	91,358,707

12.3. Qualifying payment on investment

For the year ended 31st March	2025 Rs.	2024 Rs.
Consideration paid to acquire former Orient Finance PLC	1,730,906,250	1,730,906,250
Less : Utilised in prior years	(389,106,733)	(478,266,312)
Less : Utilised during the year	(202,301,787)	-
Balance qualifying payment carried forward	1,139,497,730	1,252,639,938

NOTES TO THE FINANCIAL STATEMENTS

12.4. Current tax

The Company is liable for tax at the rate 30% on its liable income in accordance with the Inland Revenue Act No.24 of 2017 and subsequent amendments made thereto.

13. EARNINGS PER SHARE

13.1. Basic earnings per share

The calculation of earnings per share is based on the profit attributable to the ordinary shareholders for the year divided by the weighted average number of ordinary shares outstanding during the year.

For the year ended 31st March	2025 Rs.	2024 Rs.
Profit/ (loss) attributable to ordinary shareholders (Rs.)	371,795,904	348,527,150
Weighted average number of ordinary shares	211,101,155	211,101,155
Earnings per share (Rs.)	1.76	1.65
Weighted average number of ordinary shares	211,101,155	211,101,155

13.2 Diluted earnings per share

The Company does not possess any potentially dilutive component of earnings per share as at 31st March 2025. Therefore, the Company's diluted earnings per share will be as same as the basic earnings per share.

14. DIVIDEND PER SHARE

The dividend per share is based on the dividend paid during the year and the number of ordinary shares outstanding as at that date. However, the Company has neither declared nor paid any dividends for the year ended 31st March 2025. Thus, no dividend per share is disclosed.

15. FINANCIAL ASSETS AND LIABILITIES

15.1 Classification as at 31 March 2025

	Financial assets at fair value through other comprehensive income (FVTOCI) Rs.	Financial assets at amortised cost Rs.	Total carrying amount Rs.
Financial assets			
Cash and cash equivalents	-	492,275,401	492,275,401
Investment in government securities, quoted and unquoted shares	1,144,263,733	-	1,144,263,733
Loans and receivables at amortised cost	-	22,054,759,075	22,054,759,075
Placements with banks and other financial institutions at amortised cost	-	452,604,465	452,604,465
Total financial assets	1,144,263,733	22,999,638,941	24,143,902,674

	Financial liabilities at amortised cost Rs.	Total carrying amount Rs.
Financial liabilities		
Bank overdrafts	699,093,409	699,093,409
Deposits from customers	15,903,812,018	15,903,812,018
Interest bearing borrowings	5,901,388,374	5,901,388,374
Total financial liabilities	22,504,293,801	22,504,293,801

15.2 Classification as at 31 March 2024

	Financial assets at fair value through other comprehensive income (FVTOCI) Rs.	Financial assets at amortised cost Rs.	Total carrying amount Rs.
Financial assets			
Cash and cash equivalents	-	420,293,003	420,293,003
Investment in government securities, quoted and unquoted shares	932,991,845	-	932,991,845
Loans and receivables at amortised cost	-	15,658,738,877	15,658,738,877
Placements with banks and other financial institutions at amortised cost	-	342,772,502	342,772,502
Total financial assets	932,991,845	16,421,804,382	17,354,796,227

	Financial liabilities at amortised cost Rs.	Total carrying amount Rs.
Financial liabilities		
Bank overdrafts	233,790,663	233,790,663
Deposits from customers	13,556,431,012	13,556,431,012
Interest bearing borrowings	2,115,120,468	2,115,120,468
Total financial liabilities	15,905,342,143	15,905,342,143

NOTES TO THE FINANCIAL STATEMENTS

16 CASH AND CASH EQUIVALENTS

As at 31st March	2025 Rs.	2024 Rs.
Cash in hand	406,818,347	350,986,607
Cash at bank	85,457,054	69,306,396
	492,275,401	420,293,003
Bank overdrafts	(699,093,409)	(233,790,663)
Cash and cash equivalents for the purpose of cash flow statement	(206,818,008)	186,502,340

17 FINANCIAL ASSETS - FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

As at 31st March	2025 Rs.	2024 Rs.
Investments in government securities (Note 17.1)	1,144,033,133	932,761,245
Investments in unquoted shares (Note 17.2)	230,600	230,600
	1,144,263,733	932,991,845
17.1 Investments in government securities		
Treasury bills	1,144,033,133	932,761,245
	1,144,033,133	932,761,245

17.2 Investments in unquoted shares

	Directors' Valuation Rs.	Directors' Valuation Rs.
Finance House Consortium (Private) Limited	200,000	200,000
Credit Information Bureau of Sri Lanka	30,600	30,600
	230,600	230,600

The Directors' valuation of unquoted securities based on cost of investment less impairment amounts to Rs. 230,600/- (2024 - Rs.230,600/-).

18. LOANS AND RECEIVABLES AT AMORTISED COST

As at 31st March	2025 Rs.	2024 Rs.
Loans and receivables	29,359,281,738	21,855,738,289
Less: Unearned income	(6,192,748,501)	(5,068,271,569)
Net loans and receivables	23,166,533,237	16,787,466,720
Less: Impairment for expected credit losses (Note 18.1.11)	(1,111,774,162)	(1,128,727,843)
Net loans and receivables	22,054,759,075	15,658,738,877

18.1 Product wise analysis of net loans and receivables

18.1.1 Finance lease receivables

As at 31st March	2025 Rs.	2024 Rs.
Gross lease rentals receivable	18,540,302,377	14,675,401,321
Less: Unearned income	(5,577,982,464)	(4,583,592,665)
Net lease rentals receivable	12,962,319,913	10,091,808,656
Less: Impairment for expected credit losses (Note 18.1.11)	(986,874,197)	(926,288,951)
Net finance lease receivable	11,975,445,716	9,165,519,705
Lease rentals receivable within one year		
Gross lease rentals receivable within one year	7,823,326,514	6,214,713,271
Less: Unearned income	(2,752,915,195)	(2,170,735,881)
Net lease rentals receivable within one year	5,070,411,319	4,043,977,390
Less: Impairment for expected credit losses	(386,031,060)	(371,181,391)
Net finance lease receivable within one year	4,684,380,259	3,672,795,999
Lease rentals receivables within one to five years		
Gross lease rentals receivable within one to five years	10,716,975,863	8,456,208,178
Less: Unearned income	(2,825,067,269)	(2,412,507,252)
Net lease rentals receivable within one to five years	7,891,908,594	6,043,700,926
Less: Impairment for expected credit losses	(600,843,136)	(554,728,452)
Net finance lease receivable within one to five years	7,291,065,458	5,488,972,474
Lease rentals receivable later than five years		
Gross lease rentals receivable later than five years	-	4,479,872
Less: Unearned income	-	(349,532)
Net lease rentals receivable later than five years	-	4,130,340
Less: Impairment for expected credit losses	-	(379,108)
Net finance lease receivable later than five years	-	3,751,232
Total	11,975,445,717	9,165,519,705

NOTES TO THE FINANCIAL STATEMENTS

18.1.2. Hire purchase receivable

As at 31st March	2025 Rs.	2024 Rs.
Gross hire purchase rentals receivable	22,205,616	25,704,522
Less: Unearned income	-	-
Net hire purchase rentals receivable	22,205,616	25,704,522
Less: Impairment for expected credit losses (Note 18.1.11)	(10,645,616)	(11,575,395)
Net hire purchase receivable	11,560,000	14,129,127
Hire purchase rentals receivable within one year		
Gross hire purchase rentals receivable within one year	22,205,617	25,704,522
Less: Unearned income	(10,645,617)	-
Net hire purchase rentals receivable within one year	11,560,000	25,704,522
Less: Impairment for expected credit losses	-	(11,575,395)
Hire purchase rentals receivable within one year	11,560,000	14,129,127

18.1.3. Other loans receivable

As at 31st March	2025 Rs.	2024 Rs.
Gross other loans rentals receivable	983,161,117	866,569,967
Less: Unearned income	(104,266,118)	(95,104,871)
Net other loans rentals receivable	878,894,999	771,465,096
Less: Impairment for expected credit losses (Note 18.1.11)	(83,515,701)	(167,137,730)
Net other loans receivable	795,379,298	604,327,366
Other loans receivable within one year		
Gross other loans rentals receivable within one year	798,987,604	537,909,721
Less: Unearned income	(71,333,068)	(37,391,225)
Net other loans rentals receivable within one year	727,654,536	500,518,496
Less: Impairment for expected credit losses	(71,081,451)	(126,675,940)
Net other loans receivables within one year	656,573,085	373,842,556
Other loans receivable within one to five years		
Gross other loans rentals receivable within one to five years	184,173,513	328,660,246
Less: Unearned income	(32,933,050)	(57,713,647)
Net other loans rentals receivable within one to five years	151,240,463	270,946,599
Less: Impairment for expected credit losses	(12,434,249)	(40,461,789)
Net other loans receivables within one to five years	138,806,214	230,484,810
Total	795,379,299	604,327,366

18.1.4. Factoring receivable

As at 31st March	2025 Rs.	2024 Rs.
Factoring receivable	49,530,598	58,820,883
Less: Impairment for expected credit losses (Note 18.1.11)	(10,442,458)	(10,442,458)
Net factoring receivable	39,088,140	48,378,425

18.1.5 Gold loan receivable

Gold loan receivable	7,723,281,907	4,895,028,555
Less: Impairment for expected credit losses (Note 18.1.11)	(3,003,125)	(5,602,970)
Net gold loan receivable	7,720,278,782	4,889,425,585

18.1.6. Alternative finance receivable

As at 31st March	2025 Rs.	2024 Rs.
Gross Alternative finance receivable	2,038,527,738	1,334,213,040
Less: Unearned income	(508,227,535)	(389,574,032)
Net Alternative finance receivable	1,530,300,203	944,639,008
Less: Impairment for expected credit losses (Note 18.1.11)	(17,293,066)	(7,680,338)
Net Alternative finance receivable	1,513,007,137	936,958,670
Alternative finance receivables within one year		
Gross Alternative finance receivable within one year	1,092,979,029	658,736,775
Less: Unearned income	(272,371,511)	(198,232,078)
Net Alternative finance receivable within one year	820,607,518	460,504,697
Less: Impairment for expected credit losses	(9,273,226)	(3,744,109)
Net Alternative finance receivable within one year	811,334,292	456,760,588
Alternative finance receivables within one to five years		
Gross Alternative finance receivable within one to five years	943,945,499	675,476,265
Less: Unearned income	(235,730,124)	(191,341,954)
Net Alternative finance receivable within one to five years	708,215,375	484,134,311
Less: Impairment for expected credit losses	(8,003,146)	(3,936,229)
Net Alternative finance receivable within one to five years	700,212,229	480,198,082
Alternative finance receivables later than five years		
Gross Alternative finance receivable later than five years	1,603,210	-
Less: Unearned income	(125,900)	-
Net Alternative finance receivable later than five years	1,477,310	-
Less: Impairment for expected credit losses	(16,694)	-
Net Alternative finance receivable later than five years	1,460,616	-
Total	1,513,007,137	936,958,670

NOTES TO THE FINANCIAL STATEMENTS

18.1.7. Credit exposure movement - ECL stage wise

Loans and receivables	2025			
	Stage 01 Rs.	Stage 02 Rs.	Stage 03 Rs.	Total Rs.
Gross carrying amount as at 01st April 2024	11,355,945,418	3,386,117,128	2,045,404,175	16,787,466,722
Transfer to Stage 01	236,992,732	(224,044,838)	(12,947,895)	-
Transfer to Stage 02	(150,013,184)	88,419,817	61,593,368	-
Transfer to Stage 03	(51,869,610)	14,778,110	37,091,500	-
New assets originated or purchased	15,721,878,035	1,690,108,783	37,954,123	17,449,940,941
Financial assets derecognised or repaid	(8,410,219,663)	(2,109,390,993)	(450,177,178)	(10,969,787,834)
Write-off made during the year	-	-	(101,086,590)	(101,086,590)
As at 31 March 2025	18,702,713,727	2,845,988,008	1,617,831,503	23,166,533,238

Loans and receivables	2024			
	Stage 01 Rs.	Stage 02 Rs.	Stage 03 Rs.	Total Rs.
Gross carrying amount as at 01st April 2023	10,505,453,741	2,052,707,976	1,422,369,711	13,980,531,427
Transfer to Stage 01	94,884,413	(79,759,076)	(15,125,337)	-
Transfer to Stage 02	(296,443,164)	265,062,341	31,380,823	-
Transfer to Stage 03	(34,587,396)	20,732,513	13,854,883	-
New assets originated or purchased	7,335,844,327	2,020,250,689	860,071,151	10,216,166,167
Financial assets derecognised or repaid	(6,249,206,502)	(892,877,314)	(216,175,836)	(7,358,259,652)
Write-off made during the year	-	-	(50,971,220)	(50,971,220)
As at 31 March 2024	11,355,945,418	3,386,117,128	2,045,404,175	16,787,466,722

18.1.8. Product wise analysis of net loans and receivables

	As at 31 March 2025			As at 31 March 2024		
	Gross Receivables Rs.	ECL Allowance Rs.	Net Receivables Rs.	Gross Receivables Rs.	ECL Allowance Rs.	Net Receivables Rs.
Stage 01	9,670,951,994	(108,236,726)	9,562,715,268	6,237,183,191	(109,194,002)	6,127,989,189
Stage 02	1,985,856,317	(117,262,169)	1,868,594,148	2,339,308,189	(190,283,339)	2,149,024,850
Stage 03	1,305,511,602	(777,775,469)	527,736,134	1,515,317,276	(626,811,610)	888,505,666
	12,962,319,913	(1,003,274,364)	11,959,045,550	10,091,808,656	(926,288,951)	9,165,519,705
Stage 01	-	-	-	-	-	-
Stage 02	-	-	-	-	-	-
Stage 03	22,205,616	(14,144,522)	8,061,094	25,704,522	(11,575,395)	14,129,127
	22,205,616	(14,144,522)	8,061,094	25,704,522	(11,575,395)	14,129,127

	As at 31 March 2025			As at 31 March 2024		
	Gross Receivables	ECL Allowance	Net Receivables	Gross Receivables	ECL Allowance	Net Receivables
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Stage 01	617,533,626	(1,704,990)	615,828,636	416,653,755	(2,293,400)	414,360,355
Stage 02	32,398,930	(1,698,328)	30,700,602	21,849,694	(2,609,819)	19,239,875
Stage 03	228,962,444	(161,299,900)	67,662,544	332,961,647	(162,234,511)	170,727,136
	878,895,000	(164,703,218)	714,191,782	771,465,096	(167,137,730)	604,327,366
Stage 01	-	-	-	-	-	-
Stage 02	-	-	-	-	-	-
Stage 03	49,530,598	(10,442,458)	39,088,140	58,820,883	(10,442,458)	48,378,425
	49,530,598	(10,442,458)	39,088,140	58,820,883	(10,442,458)	48,378,425
Stage 01	6,974,116,886	(2,942,066)	6,971,174,821	3,796,062,603	(175,653)	3,795,886,950
Stage 02	744,393,715	(61,059)	744,332,656	988,016,157	(393,250)	987,622,907
Stage 03	4,771,306	-	4,771,306	110,949,795	(5,034,067)	105,915,728
	7,723,281,907	(3,003,125)	7,720,278,783	4,895,028,555	(5,602,970)	4,889,425,585
Stage 01	1,440,111,221	(9,276,313)	1,430,834,908	906,045,870	(5,372,878)	900,672,992
Stage 02	83,339,047	(3,114,985)	80,224,062	36,943,088	(1,897,410)	35,045,678
Stage 03	6,849,935	(4,901,768)	1,948,166	1,650,050	(410,050)	1,240,000
	1,530,300,203	(17,293,066)	1,513,007,136	944,639,008	(7,680,338)	936,958,670
Total	23,166,533,237	(1,212,860,753)	21,953,672,485	16,787,466,720	(1,128,727,842)	15,658,738,878

18.1.9. Movement in impairment charges during the year

As at 31 March 2025	Finance Lease	Hire Purchase	Loans and Others	Factoring	Alternative Finance	Gold Loan	Provision for Specific Item	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01st April 2024	926,288,951	11,575,395	167,137,730	10,442,459	7,680,338	5,602,970	-	1,128,727,843
Charges for the year	76,985,413	2,569,127	(2,434,512)	-	9,612,728	(2,599,845)	6,609,324	90,742,235
Written off during the year	(16,400,168)	(3,498,906)	(81,187,517)	-	-	-	-	(101,086,591)
Balance as at 31st March 2025	986,874,196	10,645,616	83,515,701	10,442,459	17,293,066	3,003,125	6,609,324	1,118,383,487

NOTES TO THE FINANCIAL STATEMENTS

18.1.10. Movement in specific and collective impairment charges for the year ended 31st March 2024

	Finance Lease	Hire Purchase	Loans and Others	Factoring	Alternative Finance	Gold Loan	Provision for Specific Item	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01st April 2023	744,960,098	8,042,454	202,563,196	79,299,273	2,750,461	1,904,695	-	1,039,520,177
Charge for the year	181,328,853	3,532,941	(35,425,466)	(17,885,594)	4,929,877	3,698,275	-	140,178,886
Written off during the year	-	-	-	(50,971,220)	-	-	-	(50,971,220)
Balance as at 31st March 2024	926,288,951	11,575,395	167,137,730	10,442,459	7,680,338	5,602,970	-	1,128,727,843

18.1.11. Impairment for Expected Credit Losses (Stage Composition) as at 31st March 2025

	Finance Lease	Hire Purchase	Loans and Others	Factoring	Alternative Finance	Gold Loan	Provision for Specific Item	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Stage 01 ECL	108,236,726	-	1,704,990	-	9,276,313	2,942,066	-	122,160,095
Stage 02 ECL	117,262,169	-	1,698,328	-	3,114,985	61,059	-	122,136,541
Stage 03 ECL	777,775,469	14,144,522	161,299,900	10,442,458	4,901,768	-	6,609,324	968,564,117
	1,003,274,364	14,144,522	164,703,218	10,442,458	17,293,066	3,003,125	6,609,324	1,212,860,753

19. PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS AT AMORTISED COST

As at 31st March	2025	2024
	Rs.	Rs.
Investments in fixed deposits	452,604,465	342,772,502
	452,604,465	342,772,502

20. OTHER ASSETS

As at 31st March	2025	2024
	Rs.	Rs.
Advances paid	165,640,724	127,285,245
Insurance commissions receivable	20,554,362	23,712,542
ESC and WHT recoverable	82,480,393	102,486,284
Deposits and prepayments	524,473,172	686,880,605
	793,148,651	940,364,676

21. REAL ESTATE STOCK

As at 31st March	2025 Rs.	2024 Rs.
Naranwala project	1,767,497	1,767,497
Kiriberiya project	-	2,887,113
Matale project	13,045,845	13,045,845
Maddawaththa project	-	865,459
Chillaw project	-	1,793,927
Dambulla project	6,600,956	7,393,146
Fall in fair value of real estate stock	-	(16,784,729)
	21,414,298	10,968,258

22. DEFERRED TAX ASSET

As at 31st March	2025 Rs.	2024 Rs.
Balance at the beginning of the year	366,568,600	369,577,434
Deferred tax effect on actuarial gain/ (loss) on retirement benefits obligation	177,191	(2,054,395)
Charge for the year	(18,456,695)	(954,439)
Balance at the end of the year	348,289,096	366,568,600

22.1. Deferred tax assets

The amounts recognised as deferred tax assets are as follows:

As at 31st March	2025 Rs.	2024 Rs.
Property, plant and equipment and intangible assets	(11,899,324)	(16,252,180)
Fair value changes in investment property	(46,952,816)	(38,846,816)
Right-of-use assets	(29,179,654)	(19,811,548)
Retirement benefits obligation	23,786,614	19,581,262
Tax losses carried forward	-	27,407,612
Qualifying payment on purchase consideration of amalgamation	340,146,222	375,791,981
Unclaimed impairment provision	72,388,053	18,698,289
	348,289,096	366,568,600

Deferred tax assets and liabilities as at 31st March 2025 were assessed based on the effective tax rate of 30% (2024 - 30%).

NOTES TO THE FINANCIAL STATEMENTS

23. GOODWILL ON ACQUISITION

There was a premium amounting to Rs. 800,425,746/- on the amalgamation of former Orient Finance PLC with former Bartleet Finance PLC during the quarter ended 30th June 2015 which has been computed as follows:

	Rs.
Total consideration paid	1,730,906,250
Total identifiable net assets	930,480,504
Total premium	800,425,746

23.1 Brand value

Out of the total premium on the acquisition of former Orient Finance PLC, Rs. 235,880,000/- was attributed as Brand Value of former Orient Finance PLC based on a valuation carried out by an independent professional valuer.

Valuation methodology and principal assumptions used for the brand valuation

"Income approach" has been considered for the valuation of the brand by the independent professional valuer and the following principal assumptions were used.

- Implied royalty rate - 1.68%
- Cost of equity - 16.54% (risk free rate - 11.04% + equity risk premium - 5% + alpha 5%)
- Terminal growth rate - 3%
- Terminal multiplier - 5.77

To determine appropriate royalty rates for the trade names, the independent professional valuer has considered royalty rates available in the international markets for banking and finance related brands/ trade marks.

23.2 Goodwill

Pursuant to recognition of brand value as described in note 23.1 above, the remainder of the premium on acquisition amounting to Rs. 564,545,746/- has been recognised as the goodwill on acquisition.

23.3. Impairment

The management has assessed to ascertain whether there could be any impairment on the brand value and/ or goodwill. A separate assessment of value in use of brand value and the goodwill is not practicable as the future cash flows attached to the cash generating unit pertaining to pre-acquisition of Orient Finance PLC due to the following reasons:

(a) Departments of the two entities have been merged post amalgamation.

(b) Certain employees resigned and the remaining employees took over the responsibilities of the areas of the employees who left.

Consequently, the management has taken the approach of assessing impairment on a combined approach of both the brand value and the goodwill. For this purpose, the management assessed the recoverable amount of the goodwill and the brand based on value in use taking into consideration the future estimated cash flows to equity.

Management has determined to forecast operating results based on past performance and expectations for the future. The pre-tax discount rate used is 12% and the growth rate used to extrapolate cash flow projections beyond five years is 5% per annum. Value in Use (VIU) is computed based on these data and assumptions support the carrying value of goodwill.

The summary of assessments is as follows:

	Rs.
Value in use as per management's assessment	40,043,764,014
Carrying value of brand value and goodwill	800,425,746
Carrying value of tangible assets	3,181,786,651
Total carrying value (net assets)	3,982,212,397

Since the carrying value is less than the value in use, the management concluded that there was no impairment of the brand value and goodwill taken together as at 31st March 2025.

24. OTHER INTANGIBLE ASSETS

As at 31st March	2025 Rs.	2024 Rs.
Computer software		
Cost		
Balance at the beginning of the year	64,050,121	62,710,601
Additions during the year	46,704,173	1,339,520
Balance at the end of the year	110,754,294	64,050,121
Accumulated amortisation		
Balance at the beginning of the year	51,364,466	37,612,656
Amortised during the year	17,422,286	11,811,127
Transferred from property, plant and equipment	-	1,940,683
Balance at the end of the year	68,786,752	51,364,466
Carrying amount at the end of the year	41,967,542	12,685,655

NOTES TO THE FINANCIAL STATEMENTS

25. PROPERTY, PLANT AND EQUIPMENT

	Furniture & Fittings	Office equipment	Computer equipment	Motor vehicles	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Cost					
Balance at the beginning of the year	136,660,962	135,693,063	78,588,224	500,857	351,443,106
Additions during the year	21,159,251	103,318,979	136,594,066	-	261,072,296
Disposal - loss and damages	(223,556)	-	-	-	(223,556)
Balance at the end of the year	157,596,657	239,012,042	215,182,290	500,857	612,291,846
Accumulated depreciation					
Balance at the beginning of the year	79,800,554	82,913,062	44,608,002	467,323	207,788,941
Charge for the year	27,893,062	34,721,397	32,820,137	33,534	95,468,130
Disposal - loss and damages	(223,556)	-	-	-	(223,556)
Balance at the end of the year	107,470,060	117,634,459	77,428,139	500,857	303,033,515
Carrying amount as at 31st March 2025	50,126,597	121,377,583	137,754,151	-	309,258,331
Carrying amount as at 31st March 2024	56,860,408	52,780,001	33,980,222	33,534	143,654,165

25.1. Property, plant and equipment included fully depreciated assets having a gross amount of Rs. 153,130,027/- as at 31st March 2025. (31st March 2024 - Rs. 97,660,338/-).

25.2. There were no capitalised borrowing costs related to the acquisition of property, plant and equipment during the year (2023/2024 - Nil).

25.3. There were no restrictions on the title of the property, plant and equipment as at 31st March 2025.

25.4. There were no items of property, plant and equipment pledged as security as at 31st March 2025.

25.5. There were no temporary idle items of property, plant and equipment as at 31st March 2025.

26. RIGHT OF USE ASSETS

As at 31st March	2025	2024
	Rs.	Rs.
Cost		
Balance at the beginning of the year	**314,375,579**	235,036,299
Additions made during the year	**69,985,665**	79,339,280
Balance at the end of the year	**384,361,244**	314,375,579
Accumulated depreciation		
Balance at the beginning of the year	**187,881,866**	138,243,617
Charge for the year	**45,661,700**	49,638,249
Balance at the end of the year	**233,543,566**	187,881,866
	150,817,678	126,493,713

27. INVESTMENT PROPERTIES

As at 31st March	2025 Rs.	2024 Rs.
Balance at the beginning of the year	721,400,000	690,316,463
Additions during the year	-	-
Disposal during the year	-	-
Fair value gain on investment properties	27,050,000	31,083,537
Balance at the end of the year	748,450,000	721,400,000

27.1. The details of lands and buildings

Location and address	Method of Valuation	No of Buildings	Building Area (Sq.Ft)	Land Extent (Perches)	Fair Value as at 31st March 2025 Rs.	Fair Value as at 31st March 2024 Rs.
38, Station Road, Matara	Market Approach	1	9,400	37.8	150,000,000	143,000,000
197/4, Galle Road, Kalutara	Contractor's Test Method	1	36,141	39.87	305,500,000	303,000,000
Eluwila, Panadura	Comparison Method	-	-	A1-R3-P22	88,000,000	85,500,000
3rd Lane, Pubudu Kreedangana Mawatha, Halbarawa, Malabe	Contractor's Test Method	1	2,623	R1-P11	76,350,000	71,650,000
Homagama, Kuruduwaththe Wala Kumbure Peellewa, Kiriwattuduwa	Residual Method	-	-	1A-R0-P32	51,000,000	46,500,000
Katupotha, Dambulla	Comparison Method	-	-	R1-P32.62	31,000,000	29,000,000
No.5675, Naigalawatta, Ibbankatuwa, Dambulla	Market Approach	-	-	1A-2R 32.4 P	33,000,000	30,000,000
Beligahawatta, Gunasekara Mawatha, Habaraduwa	Contractor's Test Method	1	2,400	R1-P6.5	13,600,000	12,750,000
Total					748,450,000	721,400,000

27.2. The amounts recognised in profit or loss for rental income from investment properties and direct operating expenses arising from investment properties are as follows:

For the year ended 31st March 2025

Location and address	No.of Buildings	Rental income from investment properties Rs.	Direct operating expense Rs.
38, Station Road, Matara	1	996,000	-
197/4, Galle Road, Kalutara	1	8,496,000	998,790

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2024

Location and address	No.of Buildings	Rental income from investment properties Rs.	Direct operating expense Rs.
38, Station Road, Matara	1	941,352	-
197/4, Galle Road, Kalutara	1	8,441,352	737,852

27.3. Information on investment properties - Valuations

Valuation of investment properties of the Company was carried out by H.B. Manjula Basnayaka. AIV (Sri Lanka), N.C.T., QS, (COT), incorporated valuer. The comparison method, market approach, contractor's test method and residual method of valuation have been used by the independent valuer for this valuation.

Investment properties of the Company are considered under Level 3 of fair value hierarchy

Name of independent professional valuer/ location and address	Method of valuation and significant unoberverable inputs	Ranges of estimates for unobserverable inputs	Fair value of the investment property - land Rs.	Fair value of the investment property - building Rs.	Fair value gains/ (losses) recognised in the income statement - land Rs.	Fair value gains/ (losses) recognised in the income statement - building Rs.
H.B, Manjula Basnayaka	Market Approach					
No.38, Station Road, Matara	Price per perch	Rs. 3,000,000/- per perch	113,250,000	-	9,250,000	-
	DRC value of the building	Rs. 3,000/- per sq ft	-	36,750,000	-	(2,250,000)
H.B, Manjula Basnayaka	Contractor's test method					
197/4, Galle Road, Kalutara	Price per perch	Rs. 4,350,000/- per perch	167,500,000	-	5,800,000	-
	DRC value of the building	Rs. 4,300/- per sq ft	-	138,000,000	-	(3,300,000)
H.B, Manjula Basnayaka	Comparison method					
Eluwila, Panadura	Price per perch	Rs. 950,000/- per perch of commercial land and Rs. 500,000/- per perch for rear land	88,000,000	-	2,500,000	-

Name of independent professional valuer/ location and address	Method of valuation and significant unoberverable inputs	Ranges of estimates for unobserverable inputs	Fair value of the investment property - land	Fair value of the investment property - building	Fair value gains/ (losses) recognised in the income statement - land	Fair value gains/ (losses) recognised in the income statement - building
			Rs.	Rs.	Rs.	Rs.
H.B, Manjula Basnayaka	Contractor's test method					
3rd Lane, Pubudu Kreedangana Mawatha, Halbarawa, Malabe	Price per perch	Rs. 1,250,000/- per perch	63,750,000	-	5,100,000	-
	DRC value of the building	Rs. 4,500/- per sq ft	-	12,600,000	-	(400,000)
H.B, Manjula Basnayaka	Residual method					
Homagama, Kuruduwaththe Wala Kumbure Peellewa, Kiriwattuduwa	Price per perch	Rs.600,000/- per perch	51,000,000	-	4,500,000	-
H.B, Manjula Basnayaka	Comparison method					
Katupotha, Dambulla	Price per perch	Rs. 425,000/- per perch	31,000,000	-	2,000,000	-
H.B, Manjula Basnayaka	Market approach					
No.5675, Naigalawatta, Ibbankatuwa, Dambulla	Price per perch	Rs. 250,000/- per perch	33,000,000	-	3,000,000	-
H.B, Manjula Basnayaka	Contractor's test method					
Beligahawatta, Gunasekara Mawatha, Habaraduwa	Price per perch	Rs.250,000/- per perch of front land and Rs.175,000/- per perch for rear land	10,350,000	-	950,000	-
	DRC value of the building	Rs. 1,350/- per sq ft	-	3,250,000	-	(100,000)

NOTES TO THE FINANCIAL STATEMENTS

27.4. Valuation techniques and sensitivity of the fair value measurement of the investment properties

Valuation techniques	Significant unobservable valuation inputs	Sensitivity of the fair value measurement to inputs
Comparison 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.	Price per perch for land	Estimated fair value would increase/ (decrease) if price per perch of land is increased/ (decreased)
Market Approach The market approach is a method of determining the value of an asset based on the selling price of similar assets. It is one of three popular valuation methods, along with the cost approach and discounted cash-flow analysis (DCF).	Price per perch DRC value of the building	Estimated fair value would increase/ (decrease) if price per perch of land is increased/ (decreased)
Contractor's Test Method The Contractor's method is a cost method of valuation, and can sometimes be used when comparative profits or investments methods cannot be used. The situation often occurs if a property has a specialist nature, meaning there are no market transactions.	Price per perch DRC value of the building	Estimated fair value would increase/ (decrease) if price per perch of land is increased/ (decreased)
Residual Method The residual method is used to determine the value of the property through the potential available after a scenario of exploitation. A typical example of the residual method is the possible demolition of an old house and the creation of a brand new building in this location. It is realised that the value of the land in this case is changing.	Price per perch DRC value of the building	Estimated fair value would increase/ (decrease) if price per perch of land is increased/ (decreased)

28. DEPOSITS FROM CUSTOMERS

As at 31st March	2025	2024
	Rs.	Rs.
Fixed deposits (Note 28.1)	15,839,034,339	13,496,640,669
Savings deposits	64,777,679	59,790,343
	15,903,812,018	13,556,431,012

28.1. The composition of fixed deposits is as follows:

As at 31st March	2025	2024
	Rs.	Rs.
Public deposits	15,284,712,455	12,874,143,623
Interest accrued	554,321,884	622,497,046
Public deposits at amortised cost	15,839,034,339	13,496,640,669

28.2. Rs. 12,569,286,102/- (31st March 2024 - Rs.10,847,646,770/-) of deposits from customers are expected to mature within a 12 month period from the reporting date, 31st March 2025.

29. INTEREST BEARING BORROWINGS

As at 31st March	2025	2024
	Rs..	Rs..
Institutional borrowings (Note 29.1)	5,901,388,374	2,115,120,468
	5,901,388,374	2,115,120,468
29.1 Movement in institutional borrowings		
Balance at the beginning of the year	2,107,898,334	2,593,374,234
Obtained during the year	9,588,200,431	5,346,000,000
Payments made during the year	(5,897,197,101)	(5,831,475,900)
Balance before adjusting for amortised interest (Note 29.3)	5,798,901,664	2,107,898,334
Net effect on amortised interest payable (Note 29.3)	102,486,709	7,222,134
Balance at the end of the year	5,901,388,373	2,115,120,468
29.2 Interest bearing borrowings - Current and non-current		
Payable within one year	2,690,533,892	1,244,034,364
Payable after one year (1-5 years)	3,210,854,482	871,086,104
	5,901,388,374	2,115,120,468

NOTES TO THE FINANCIAL STATEMENTS

29.3. Institutional borrowings

Bank	Facility amount	Capital outstanding as at 31.03.2025	Finance cost payable as at 31.03.2025	Total payable at amortised cost as at 31.03.2025	Tenure of loan (months)
	Rs.	Rs.	Rs.	Rs.	
Long-term loans					
Union Bank PLC	700,000,000	301,041,670	282,985	301,324,655	48
Sampath Bank PLC	1,100,000,000	633,200,000	1,048,295	634,248,295	48
Hatton National Bank PLC	500,000,000	414,000,000	486,659	414,486,659	60
Bank of Ceylon	700,000,000	556,805,542	2,681,826	559,487,368	36
Cargills Bank PLC	300,000,000	243,750,000	301,315	244,051,315	48
National Development Bank PLC	800,000,000	524,960,009	164,392	525,124,401	48
Sanasa Developmnent Bank	500,000,000	444,444,444	527,489	444,971,933	36
NDB Trust 01 (Capital One)	930,700,000	830,700,000	83,795,810	914,495,810	24
PABC - New Term Loan	350,000,000	350,000,000	2,363,699	352,363,699	48
Sub Debt Type A - 13% p.a.	147,000,000	147,000,000	2,951,205	149,951,205	60
Sub Debt Type B - 12.28% (payable monthly)	119,000,000	119,000,000	53,829	119,053,829	60
Sub Debt Type C - T.Bill WAYR + 4.5%	734,000,000	734,000,000	7,424,548	741,424,548	60
Short-term loans - Revolving					
Sampath Bank PLC	100,000,000	100,000,000	151,233	100,151,233	Revolving Loan
Union Bank PLC	400,000,000	400,000,000	253,425	400,253,425	Revolving Loan
		5,798,901,665	102,486,710	5,901,388,375	

30. LEASE LIABILITY-RIGHT-OF-USE-ASSETS

As at 31st March	2025	2024
	Rs.	Rs.
Balance at the beginning of the year	**60,455,219**	46,222,825
During the year additions	**69,985,665**	79,339,280
Interest charged for the year	**27,959,965**	27,405,890
Payment made during the year	**(104,848,684)**	(92,512,776)
	53,552,165	60,455,219
Payable within one year	**26,867,046**	17,805,398
Payable after one year	**26,685,119**	42,649,821
	53,552,165	60,455,219

31. OTHER LAIBILITIES

As at 31st March	2025	2024
	Rs.	Rs.
Vendor payable	**322,246,434**	386,613,466
Insurance payable	**513,410**	3,924,637
Accrued expenses and other payables	**392,259,141**	424,392,171
Advances for real estates	**23,898,590**	28,428,306
	738,917,575	843,358,580

32. RETIREMENT BENEFITS OBLIGATION

As at 31st March	2025	2024
	Rs.	Rs.
Balance at the beginning of the year	**65,270,872**	52,448,752
Amount recognised in the total comprehensive income (Note 32.1)	**19,257,152**	23,468,951
Payments during the year	**(5,829,946)**	(10,646,831)
Balance at the end of the year	**78,698,078**	65,270,872

The amount recognised in the total comprehensive income is as follows:

As at 31st March	2025	2024
	Rs.	Rs.
Interest cost	**7,832,505**	7,867,313
Current service cost	**12,015,285**	8,753,655
Actuarial (gain)/ loss recognised	**(590,638)**	6,847,983
	19,257,152	23,468,951

32.2. An actuarial valuation of the retirement benefits obligation was carried out as at 31st March 2025 by Actuarial and Management Consultants (Private) Limited. The Company has estimated its gratuity liability as at 31st March 2025 based on the forecast given by the actuary using the census and assumptions as at 31st March 2025.

The principal assumptions used were as follows:

As at 31st March	2025	2024
Discount rate	**12.00%**	12.00%
Future salary increases	**5%**	9%
Staff turnover factor	**25%**	32%
Retirement age	**60 years**	60 years

32.3. Sensitivity of assumptions employed in actuarial valuation

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 income statement and the statement of financial position is the effect of the assumed changes in discount rate and salary increment rate on the profit or loss and employment benefit obligation for the year.

Increase/ decrease in discount rate	Increase/ decrease in salary increment	2024/2025 Sensitivity effect on income statement increase/ (reduction) in results for the year	2023/2024 Sensitivity effect on income statement increase/ (reduction) in results for the year
		Rs.	Rs.
1%	-	**(2,014,852)**	(1,544,292)
-1%	-	**2,141,499**	1,630,472
-	1%	**2,640,662**	1,972,031
-	-1%	**(2,520,485)**	(1,897,056)

33. STATED CAPITAL

As at 31st March	2025	2024
	Rs.	Rs.
Ordinary shares (Note 33.1)	**2,431,879,039**	2,431,879,039
	2,431,879,039	2,431,879,039
No. of shares (Note 33.2)	**211,091,155**	211,091,155

33.1. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

33.2. All ordinary shares rank equally with regard to the Company's residual assets.

34. STATUTORY RESERVE FUND

As at 31st March	2025	2024
	Rs.	Rs.
At the beginning of the year	393,163,104	375,736,747
Transfers during the year	18,589,795	17,426,357
At the end of the year	411,752,900	393,163,104

34.1. Statutory reserve fund is a capital reserve which contains profits transferred as required by Section 3 (b) (i) of Finance Companies Capital Funds Direction No. 01 of 2003 issued by the Central Bank of Sri Lanka.

34.2. Regulatory Loss Allowance Reserve

The expected credit loss allowance recognized by the Company based on SLFRS 9 guidelines, has fallen below the regulatory provision determined by the Central Bank of Sri Lanka (CBSL). Therefore, the difference between these two allowances has been transferred to a non distributable regulatory loss allowance reserve through an appropriation of the retained earnings, as per the section 7.1.3 to the Finance Business Act Direction 1 of 2020.

As at 31st March	2025
	Rs.
Regulatory provision determined by CBSL	1,329,128,129
Allowance for expected credit loss as per SLFRS 9 requirements	1,135,168,217
Amount transferred to the non distributable regulatory loss allowance reserve	193,959,912

35. REVALUATION RESERVE

As at 31st March	2025	2024
	Rs.	Rs.
At the beginning of the year	141,120,773	141,120,773
At the end of the year	141,120,773	141,120,773

36. FINANCIAL REPORTING BY SEGMENTS

Business Segments

The Company has five reportable segments, as described below, which are the Company's strategic divisions. The strategic divisions offer different products and services, which are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the Company's management reviews internal management reports at least on a monthly basis. The following summary describes the operations in each of the Company's reportable segments.

a) Finance leases and hire purchases - Provision of hire purchase and leasing facilities to customers

b) Loans - Provision of loan facilities to customers

c) Factoring - Debt factoring

d) Gold Loan - Provision of loans against gold

e) Others

	Finance Leases and Hire Purchases		Loans	
For the year ended 31st March	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Interest income	2,910,085,973	2,421,087,995	79,264,463	115,269,839
Fee and commission income	138,862,057	129,005,539	1,834,902	2,307,586
Other income	26,752,083	32,283,325	4,981,336	12,135,320
Total segmental income	3,075,700,113	2,582,376,859	86,080,701	129,712,745
Less: Interest expense	(1,507,702,506)	(1,489,047,892)	(42,196,600)	(74,794,850)
Segmental results	1,567,997,607	1,093,328,967	43,884,101	54,917,895
Depreciation and amortisation	(103,151,760)	(44,179,292)	(2,886,945)	(2,219,125)
Impairment charge	79,554,540	184,861,795	(2,434,512)	(35,425,466)
Other expenses	(1,012,780,447)	(683,200,472)	(28,345,043)	(34,317,148)
Income Tax and tax on financial services	(151,144,642)	(106,713,075)	(4,230,138)	(5,360,196)
Profit after tax	380,475,298	444,097,923	5,987,463	(22,404,040)
Segmental assets	16,016,791,111	7,857,567,100	981,094,345	605,754,288
Segmental liabilities	13,685,369,804	6,475,051,477	838,285,199	499,173,618

	Factoring		Gold Loan		Others		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	1,828,201	4,527,559	1,303,664,603	1,368,369,363	169,005,387	692,272,117	4,463,848,627	4,601,526,873
	-	7,552,730	20,533,527	-	(6,984)	23,508,433	161,223,502	162,374,288
	11,491,873	-	-	-	59,288,062	59,918,154	102,513,354	104,336,799
	13,320,074	12,080,289	1,324,198,130	1,368,369,363	228,286,465	775,698,704	4,727,585,483	4,868,237,960
	(6,529,476)	(6,965,726)	(649,119,474)	(789,027,948)	(111,905,603)	(447,282,710)	(2,317,453,659)	(2,807,119,126)
	6,790,598	5,114,563	675,078,656	579,341,415	116,380,862	328,415,994	2,410,131,824	2,061,118,834
	(446,724)	(206,669)	(44,410,496)	(23,410,078)	(7,656,192)	(13,270,651)	(158,552,117)	(83,285,795)
	-	(17,885,594)	(2,599,845)	3,698,275	9,612,728	4,929,877	(90,742,235)	(140,178,886)
	(4,386,094)	(3,195,994)	(436,037,951)	(362,019,428)	(75,171,200)	(205,220,907)	(1,556,720,734)	(1,287,953,948)
	(654,569)	(499,201)	(65,073,136)	(56,545,931)	(11,218,349)	(32,054,653)	(232,320,834)	(201,173,055)
	1,303,211	(16,672,895)	126,957,228	141,064,253	31,947,849	82,799,660	371,795,904	348,527,150
	61,050,153	31,621,321	8,534,203,753	4,483,270,142	1,764,534,654	7,499,144,189	27,357,674,016	20,477,357,040
	52,163,627	26,057,644	7,291,955,894	3,694,452,060	1,507,687,096	6,179,692,015	23,375,461,619	16,874,426,814

NOTES TO THE FINANCIAL STATEMENTS

37. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

As at 31st March	Less than 3 months	3-12 months	1-3 years	3-5 years	Over 5 years	Total	
						2025	2024
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
ASSETS							
Cash and cash equivalents	492,275,401	-	-	-	-	**492,275,401**	420,293,003
Financial assets at fair value through other comprehensive income	1,144,263,733	-	-	-	-	**1,144,263,733**	932,991,845
Loans and receivables at amortised cost	8,814,736,069	4,131,717,064	5,803,893,064	2,796,878,229	507,534,648	**22,054,759,074**	15,658,738,877
Placements with banks and other financial institutions at amortised cost	20,148,088	432,456,377	-	-	-	**452,604,465**	342,772,502
Other assets	186,195,086	524,473,172	-	82,480,393	-	**793,148,651**	940,364,676
Real estate stock	-	21,414,297	-	-	-	**21,414,297**	10,968,258
Deferred tax asset	-	-	-	348,289,096	-	**348,289,096**	366,568,600
Brand value	-	-	-	-	235,880,000	**235,880,000**	235,880,000
Goodwill	-	-	-	-	564,545,746	**564,545,746**	564,545,746
Intangible assets	-	-	-	-	41,967,542	**41,967,542**	12,685,655
Property, plant and equipment and right-of-use of assets	-	-	150,817,678	309,258,330	-	**460,076,008**	270,147,878
Investment properties	-	-	-	-	748,450,000	**748,450,000**	721,400,000
Total assets	10,657,618,377	5,110,060,910	5,954,710,742	3,536,906,049	2,098,377,936	**27,357,674,013**	20,477,357,040
LIABILITIES							
Bank overdrafts	699,093,409	-	-	-	-	**699,093,409**	233,790,663
Deposits from customers	5,696,996,135	6,872,289,967	2,785,266,990	549,258,926	-	**15,903,812,018**	13,556,431,012
Interest bearing borrowings	1,059,946,694	1,630,587,198	1,879,127,783	1,331,726,699	-	**5,901,388,374**	2,115,120,468
Lease Liability - Right-of- use assets	23,388,218	66,091,958	122,112,389	37,997,593	-	**249,590,158**	60,455,219
Other liabilities	709,492,645	29,398,590	-	-	-	**738,891,235**	843,358,580
Retirement benefits obligation	-	-	-	-	78,698,078	**78,698,078**	65,270,872
Total liabilities	8,188,917,101	8,598,367,713	4,786,507,162	1,918,983,218	78,698,078	**23,571,473,271**	16,874,426,814
Maturity Gap	2,468,701,276	(3,488,306,803)	1,168,203,580	1,617,922,831	2,019,679,858		

38. RELATED PARTY TRANSACTIONS

The Company carries out transactions in the ordinary course of business with parties who are defined as related parties according to Sri Lanka Accounting Standard on " Related Party Disclosures" (LKAS 24), and the details of such related party transactions are reported below.

38.1. Parent and ultimate controlling party

The parent and ultimate controlling party of the Company is Janashakthi Limited.

38.2. Transactions with key management personnel

According to LKAS 24, "Related Party Disclosures", key management personnel are those having the authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Board of Directors (including Executive and Non-Executive Directors) and their immediate family members have been classified as key management personnel of the Company.

The Company has paid Rs. 18,498,077/- (2023/2024 -Rs. 10,328,625/-) to the directors as emoluments, all of which comprise short-term employment benefits and no post-employment benefits have been paid during the year (2023/2024 – Nil). There are no direct transactions, arrangements and agreements involving key management personnel of the Company other than those disclosed in other related party transactions.

The Company accepts and holds fixed deposits from key management personnel and their relatives in the normal course of its business and the amount outstanding on such deposits as at 31st March 2025 is Rs. 33,851,047/- (2023/2024 - Rs. 45,962,948/-).

38.3. Other related party transactions

The following transactions have been carried out with related parties during the year ended 31st March 2025.

38.3.1. Recurrent related party transactions

Company	Relationship	Nature of transactions	Aggregate value of related party transactions entered into during the financial year	Aggregate value of related party transactions as a % of gross revenue/ income	Terms and conditions of the related party transactions
			2025		
			Rs.		
Janashakthi Insurance PLC	Affiliate	Life insurance policies for customers and staff members	(6,817,789)	-0.1%	As per the insurance policies
		Rent,water and electricity bills of Trinco and Kilinochchi branches	(3,002,350)	-0.1%	As per the rent agreements
		Insurance refund	50,000	0.00%	As per the agreements
		Rent income received	1,992,000	0.04%	As per the agreements
Janashakthi Corporate Services Limited	Affiliate	Professional fee and registar fee	(439,600)	-0.01%	As per the agreements
Janashakthi Limited	Parent	Corporate guarantee fees	(577,083)	-0.01%	As per the agreements
		Hoarding renewal charges	(785,000)	-0.02%	As per the agreements
Dicklark (Private) Limited	Common Director	Cash back loan settlement	49,757,979	1.05%	As per the agreements
Orient Capital Limited	Affiliate	Collected onbehalf of OCL and paid during the year	(312,805)	-0.01%	As per the agreements

39. CAPITAL COMMITMENTS

The Company does not have material capital commitments outstanding as at the reporting date.

40. CONTINGENT LIABILITIES

The Company does not anticipate any contingent liabilities to arise out of any contingent events as at the reporting date except as disclosed below.

The Inland Revenue Department has issued assessments for Value Added Tax on Financial Services and Nation Building Tax on Financial Services amounting to Rs. 192,806,365/- (including penalties of Rs. 84,843,148/-) and the Board of Directors is confident that there will not be any additional tax liability on that.

41. ASSETS PLEDGED AS SECURITIES

The following assets have been pledged as securities against the long-term and short-term borrowings that have been disclosed under Note 29 to the financial statements.

Funding Institution	Nature of assets	Nature of liability	Balance outstanding as at 31st March 2025	Value of assets pledged	Included under
			Rs.	Rs.	
Bank Of Ceylon	Lease Receivable	Permanent Overdraft	**36,900,905**	66,500,000	Future Capital Receivable
Commercial Bank of Ceylon PLC	Lease Receivable	Permanent Overdraft	**308,085,721**	253,500,000	Future Capital Receivable
DFCC Bank PLC	Lease Receivable	Permanent Overdraft	**223,047**	112,500,000	Future Capital Receivable
Hatton National Bank PLC	Lease Receivable	Permanent Overdraft	**157,632,135**	286,000,000	Future Capital Receivable
National Development Bank PLC	Lease Receivable	Permanent Overdraft	**21,605,290**	32,500,000	Future Capital Receivable
Peoples Bank	Lease Receivable	Permanent Overdraft	**22,131,473**	93,750,000	Future Capital Receivable
Sampath Bank PLC	Lease Receivable	Permanent Overdraft	**69,152,864**	112,500,000	Future Capital Receivable
Seylan Bank PLC	Lease Receivable	Permanent Overdraft	**83,361,975**	127,500,000	Future Capital Receivable
Union Bank PLC	Lease Receivable	Permanent Overdraft	-	97,500,000	Future Capital Receivable
Union Bank PLC	Lease Receivable	Term Loan	**301,041,670**	391,354,171	Future Capital Receivable
Sampath Bank PLC	Lease Receivable	Term Loan	**633,200,000**	949,800,000	Future Capital Receivable
Hatton National Bank PLC	Lease Receivable/ Property Mortgage	Term Loan	**414,000,000**	496,532,000	Future Capital Receivable/ Property Mortgage
Bank of Ceylon	Lease Receivable	Term Loan	**556,805,542**	740,551,371	Future Capital Receivable

Funding Institution	Nature of assets	Nature of liability	Balance outstanding as at 31st March 2025	Value of assets pledged	Included under
			Rs.	Rs.	
Cargills Bank PLC	Lease Receivable	Term Loan	243,750,000	365,625,000	Future Capital Receivable
National Development Bank PLC	Lease Receivable	Term Loan	524,960,009	787,440,014	Future Capital Receivable
Sanasa Developmnent Bank	Lease Receivable	Term Loan	444,444,444	533,333,333	Future Capital Receivable
Pan Asia Banking Corporation PLC	Lease Receivable	Term Loan	350,000,000	455,000,000	Future Capital Receivable
Sampath Bank PLC	Lease Receivable	Short-Term Loan	100,000,000	150,000,000	Future Capital Receivable
Union Bank PLC	Lease Receivable	Short-Term Loan	400,000,000	520,000,000	Future Capital Receivable
NDB Trust 01	Lease Receivable	Securitisation	830,700,000	1,240,217,110	Future Capital Receivable
Subordinated loan	Unsecured	Term Loan	1,000,000,000	-	Unsecured

41.1. In the ordinary course of business, the Company entered into transactions that resulted 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.

41.2. The Company has transferred future rental receivable of lease and hire purchases, but has retained substantially all of the credit risks 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 stock out on hire.

42. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No circumstances have arisen since the end of the reporting date, which would require adjustment or disclosures in the Financial Statements except for below.

Change of Company Name

Subsequent to the reporting date, at the Extraordinary General Meeting of shareholders held on 29th April 2025, it was resolved that the name of the Company, Orient Finance PLC, be changed to Janashakthi Finance PLC, subject to the necessary regulatory approvals and formal registration.The change of name does not affect the legal entity status of the Company and has no impact on the operations or financial position reported as at 31st March 2025.The Company is in the process of effecting this change through the Registrar of Companies in accordance with applicable laws and regulations.

43. PENALTIES IMPOSED BY THE CENTRAL BANK OF SRI LANKA

The Company was not subject to any penalties imposed by Central Bank of Sri lanka for the period.

44. COMPARATIVE INFORMATION

Comparative information of the Financial Statements has been re-classified wherever necessary to conform to the current year's presentation/ classification.

NOTES TO THE FINANCIAL STATEMENTS

45. DIRECTORS' RESPONSIBILITY

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

46. NUMBER OF EMPLOYEES OF THE COMPANY AS AT THE YEAR END

The number of employees of the Company as at 31st March 2025 is 650 (2024 - 555).

47. DETERMINATION OF FAIR VALUE AND FAIR VALUE HIERARCHY

For all financial instruments where fair values are determined by referring to externally quoted prices or observable pricing inputs to models, independent price determination or validation is obtained. In an inactive market, direct observation of a traded price may not be possible. In these circumstances, the Company uses alternative market information to validate the financial instrument's fair value, with greater weight given to information that is considered to be more relevant and reliable.

Fair values are determined according to the following hierarchy:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques are based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

The following table shows an analysis of financial instruments recorded at fair value by the level of the fair value hierarchy.

As at 31st March 2025	Level 1	Level 2	Level 3	Total
	Rs.	Rs.	Rs.	Rs.
Financial assets - fair value through other comprehensive income				
Government securities	1,144,033,133	-	-	1,144,033,133
Investments in unquoted shares	-	230,600	-	230,600
	1,144,033,133	230,600	-	1,144,263,733

48. FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT AMORTISED COST

The following table summarises the carrying amounts and the Company's estimate of fair values of those financial assets and liabilities not presented in the Company's statement of financial position at fair value. Fair value is the the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values in the table below may be different from the actual amounts that will be received/ paid on the settlement or maturity of the financial instrument. For certain instruments, the fair value may be determined using assumptions which are not observable in the market.

As at 31st March	2025		2024	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	Rs.	Rs.	Rs.	Rs.
ASSETS				
Cash and cash equivalents	492,275,401	492,275,401	420,293,003	420,293,003
Loans and receivables at amortised cost	22,054,759,075	22,054,759,075	15,658,738,877	15,658,738,877
Placements with banks and other financial institutions at amortised cost	452,604,465	452,604,465	342,772,502	342,772,502
	22,999,638,941	22,999,638,941	16,421,804,382	16,421,804,382
LIABILITIES				
Bank overdrafts	699,093,409	699,093,409	233,790,663	233,790,663
Deposits from customers	15,903,812,018	15,903,812,018	13,556,431,012	13,556,431,012
Interest bearing borrowings	5,901,388,374	5,901,388,374	2,115,120,468	2,115,120,468
	22,504,293,801	22,504,293,801	15,905,342,143	15,905,342,143

Given below are the methodologies and assumptions used in fair value estimates.

Cash and cash equivalents

The carrying amounts of cash and cash equivalents, approximate their fair value as they are short-term in nature and are receivable on demand.

Placements with banks and other financial institutions at amortised cost

The carrying amounts of fixed deposits with banks and other reverse repurchase agreements, approximate their fair value as those are short-term in nature. Almost all of these balances have a remaining maturity of less than six months from the reporting date.

Loans and receivables at amortised cost

Fair value of the loans and receivables to customers is the present value of future cash flows expected to be received from such loans and receivables calculated based on interest rates at the reporting date for similar types of loans and receivables. The Company has calculated the fair value of the loans and receivables to customers based on interest rates at the reporting date for similar types of loans and receivables. Accordingly, fair value of such loans does not materially differ from its carrying value amounting to Rs.21,854,496,512/-.

Bank overdrafts

The carrying amounts of bank overdrafts, approximate their fair value as those are short term in nature.

Deposits from customers

More than 79.36% of the customers deposits have a remaining contractual maturity of less than one year. Customer deposits with a contractual maturity of more than one year are subject to pre-mature uplift. Amounts paid to customers in the event of pre-mature uplift would not be materially different to its carrying value as at the reporting date. Therefore, the fair value of customer deposits approximates their carrying value as at the reporting date.

Interest bearing borrowings

Interest bearing borrowings include only floating rate borrowings. The carrying value of the floating rate borrowings approximates their fair values as at the reporting date.

49. FINANCIAL RISK MANAGEMENT

Risk is the most important factor considered in the strategic decision making process at Janashakthi Finance PLC. Therefore, all possible risks are properly evaluated before taking any strategic or operational decision and the best options which minimise the risk are chosen. Risk management framework of the Company is discussed in detail in this report. The major categories of financial risks are:

1. Credit risk
2. Liquidity risk
3. Operational risk
4. Market Risk

49.1. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's loans and advances to customers. For risk management reporting purposes, the Company considers and consolidates all elements of credit risk exposures (such as individual obligor, default risk, country and sector risk).

Management of credit risk

The Board of Directors has delegated responsibility for the oversight of credit risk to the Board Credit Committee. The Company's credit department, reporting to the credit committee, is responsible for management of the Company's credit risk, including:

i. Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment criteria, risk grading and reporting, documentary and legal procedures and compliance with regulatory and statutory requirements.

ii. Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to business unit credit officers. Larger facilities require approval by the Management Credit Committee or the Board Credit Committee as appropriate.

iii. Reviewing and assessing credit risk - the Company's credit division assesses and approves all credit exposures. Any credit facilities in excess of designated limits are reviewed within the approved framework, prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.

iv. Limiting concentrations of exposure to counterparties, geographies and industries within the approved framework.

v. Providing advice, guidance and specialised skills to business units to promote best practices throughout the Company in the management of credit risk.

vi. The Company conducted an indepth analysis on the probable customers who would get affected and the scale of the impact it may have on the Company's lending portfolio due to the prevailing macroeconomic situations and the related impacts to customer's on account of elevated inflation and interest rates. The Company manages this by diversifying the lending portfolio across a wide range of product and customer segments which in turn would ensure the resiliense of the Company in an economic shock of this nature. The Company is comforable with the existing composition of its loan portfolio and continuous monitoring activities are being carried out to avoid accumulation of exposures to risky segments.

Regular audit of business units and the Company's credit processes are carried out by the internal audit.

Loans and advance to customers

As at 31st March	2025 Rs.	2024 Rs.
Carrying amount at amortised cost		
Individually significant impaired loans and advances (Note 49.1.1)	7,308,741,652	4,246,447,130
Unimpaired loans and advances (Note 49.1.2)	15,846,813,638	12,541,019,590
	23,155,555,290	16,787,466,720

49.1.1. Individually significant impaired loans and advances

As at 31st March	2025 Rs.	2024 Rs.
Gross receivable	7,308,741,652	4,246,447,130
Allowance for impairment	(1,007,234,522)	(780,617,467)
Individually significant impaired loans and advances	6,301,507,130	3,465,829,663

49.1.2. Unimpaired loans and advances

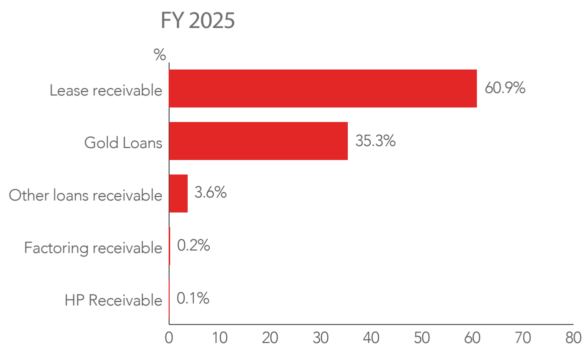
As at 31st March	2025 Rs.	2024 Rs.
Gross receivable	15,846,813,638	12,541,019,590
Allowance for collective impairment	(253,762,228)	(348,110,376)
Carrying amount of unimpaired loan advances	15,593,051,410	12,192,909,214

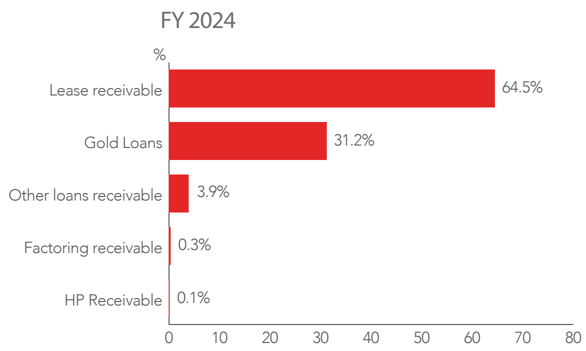
Write-off policy

The Company writes off a loan or an investment debt security balance, and any related allowances for impairment losses, when the Company's recovery division determines that the loan or security is uncollectible. This determination is made after considering the information such as the occurrence of significant changes in the borrower's/ issuer's financial position so that the borrower/ issuer can no longer pay the obligation, or that the proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardised loans, decisions to write off are generally based on a product-specific past due status.

Concentration of credit risk

The Company monitors concentrations of credit risk by sector and by geographic location.
An analysis of concentrations of credit risk from loans and advances at the reporting date is shown below:





49.1.3. Collateral and Other Credit Enhancement

The table below provides an analysis of the current fair values of collaterals held and credit enhancements for stage 1 to 3 assets. However, the Stage 3 ECL can be higher than net exposure shown below when the future value of collaterals, measured using multiple economic scenarios, is expected to decline.

Revaluation of immovable properties obtained as collaterals against any accommodation granted are assessed based on the requirements in Direction No 04 of 2018 on 'Valuation of Immovable Properties' and subsequent amendments thereto issued by the Central Bank of Sri Lanka (CBSL). The assessment of immovable properties is carried out by independent professional valuers as required by the said direction issued by CBSL.

As at March 31st 2025	Fair value of collateral under base case scenario					
	Maximum Exposure to Credit risk	Immovable Collateral	Movable Collateral	Total Collateral	Net Exposure	Associated ECL
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Stage 01	18,542,513,193	523,950,000	30,395,496,775	30,919,446,775	(12,376,933,582)	122,160,095
Stage 02	2,845,988,008	81,500,000	4,993,147,977	5,074,647,977	(2,228,659,969)	122,136,541
Stage 03	1,767,054,088	604,940,000	2,779,643,527	3,384,583,527	(1,617,529,439)	1,016,700,114
	23,155,555,289	1,210,390,000	38,168,288,279	39,378,678,279	(16,223,122,990)	1,260,996,750

As at March 31st 2024	Fair value of collateral under base case scenario					
	Maximum Exposure to Credit risk	Immovable Collateral	Movable Collateral	Total Collateral	Net Exposure	Associated ECL
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Stage 01	11,355,945,418	395,000,000	13,335,470,105	13,730,470,105	(2,374,524,687)	117,035,934
Stage 02	3,386,117,128	192,000,000	4,774,862,403	4,966,862,403	(1,580,745,275)	195,183,818
Stage 03	2,045,404,174	542,750,000	2,533,024,502	3,075,774,502	(1,030,370,328)	816,508,091
	16,787,466,720	1,129,750,000	20,643,357,010	21,773,107,010	(4,985,640,290)	1,128,727,843

49.2. Liquidity risk

Liquidity is the ability to efficiently accommodate reduction in deposits and liabilities as well as to fund the loan growth and possible funding of the off-balance sheet claims. Liquidity risk arises through maturity mismatch of loans and deposits.

Management of liquidity risk

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquid assets to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's treasury receives information from other business units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. The treasury then maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities to ensure that sufficient liquidity is maintained within the Company as a whole.

The daily liquidity position is monitored and regular liquidity stress testing conducted under a variety of scenarios covering both the normal and more severe market conditions. All liquidity policies and procedures are subject to review and approval by ALCO. Daily reports cover the liquidity position of the Company and branches. A summary report, including any exceptions and remedial action taken, is submitted regularly to ALCO which in turn submits a monthly summary to the Board.

The Company relies on deposits from customers and bank borrowings as its primary sources of funding. While the Company's institutional borrowings have maturities of over one year, deposits from customers generally have shorter maturities. The short-term nature of these deposits increases the Company's liquidity risk and the Company actively manages this risk through maintaining competitive pricing and constant monitoring of market trends and maintaining unutilised credit lines.

Exposure to liquidity risk

The key measure used by the Company for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose, net liquid assets are considered as including cash and cash equivalents and investment grade debt securities for which there is an active and liquid market less any deposits from banks, debt securities issued, other borrowings and commitments maturing within the following month. A similar, but not identical, calculation is used to measure the Company's compliance with the liquidity limit established by the Company's lead regulator, CBSL. Details of the reported Company ratio of net liquid assets to deposits from customers at the reporting date and during the year were as follows:

As at 31st March	2025	2024
	Rs.	Rs.
Time deposits	**15,839,034,339**	13,496,640,669
Savings deposits	**64,777,679**	59,790,343
Unsecured borrowings	**-**	-
Available liquid assets	**2,088,912,999**	1,695,826,750
Cash in hand	**406,818,347**	350,986,607
Balances in current accounts (favourable)	**85,457,054**	69,306,396
Deposits in commercial banks	**452,604,465**	342,772,502
Approved securities	**1,144,033,133**	932,761,245
Average month-end deposit liabilities	**12,479,419,007**	9,708,349,979
Average month-end outstanding borrowings	**28,216,750**	96,663,667
	12,507,635,757	9,805,013,646
Required minimum amount of liquid assets	**1,593,620,086**	1,358,632,618
10% of fixed deposits	**1,583,903,434**	1,349,664,067
15% of savings deposits	**9,716,652**	8,968,551
10% of unsecured borrowings	**-**	-
Required minimum amount of approved securities	**938,072,682**	735,376,023

Period 01/04/2023 to 31/03/2025, fixed deposit 10%, borrowing 10% and savings deposit 15%

NOTES TO THE FINANCIAL STATEMENTS

Maturity analysis for financial liabilities

Contractual maturity of the assets and the liabilities of the Company is disclosed in Note 37 to the Financial Statements.

To manage the liquidity risk arising from the financial liabilities, the Company holds liquid assets comprising cash and cash equivalents and investment grade investment securities for which there is an active and liquid market. These assets can be readily sold to meet liquidity requirements. In addition, undrawn credit lines are also maintained to meet any unexpected liquidity requirement.

49.3. Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's involvement with financial instruments, including processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

Compliance with Company standards is periodically reviewed by internal audit. The results of internal audit reviews are discussed with the management of the business unit to which they relate, while internal audit reports are submitted to the Board Audit Committee.

Capital Management

The Company manages its capital base to comply with regulatory capital requirements and to act as a buffer for unforseen losses.

CBSL has set minimum capital requirements for the finance companies as discussed below:

Tier 1 Capital, which includes stated capital, retained and audited earnings, after deductions for the goodwill and intangible assets, and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes; and

Tier 2 Capital, which includes qualifying subordinated liabilities, collective impairment allowances and the element of the fair value reserve relating to unrealised gains/ losses on equity instruments measured at fair value through other comprehensive income.

According to these regulations, the minimum capital requirement under Tier 1 Capital Ratio is 8.50% of the Total Capital Ratio requirement is 12.50% of the total risk weighted assets (for LFCs with total assets less than Rs. 100 billion category).

The Company's Capital Adequacy Ratios as at 31st March 2025 were 12.09% (2024 - 15.22%) and 14.19% (2024 - 15.63%) for Tier 1 Capital and Total Capital respectively.

49.4. Market Risk

Market risk is the risk arising from fluctuations in market variables such as interest rates, foreign currencies, equity prices and gold prices. As the Company's operations involve granting accommodations, accepting deposits and obtaining funding facilities, the movements in interest rates constitute the most important market risk to the Company.

This risk is reviewed periodically by ALCO and by the Board Integrated Risk Management Committee.

Market risk is identified by the Company as the possibility of loss to the Company caused by changes in the market variables. Market risk mainly includes interest rate risk, liquidity risk, foreign exchange risk and country risk.

49.4.1. Interest rate risk

Interest rate risk is the potential negative impact on the net interest income based on rate fluctuations and impact on the profitability of the Company. The movements in interest rates are exposed to fluctuations in Net Interest Income (NII) and have the potential to impact the underlying value of interest earning assets and interest-bearing liabilities and off-balance sheet items. The main types of IRR to which the Company is exposed to are repricing risk, yield curve risk and basis risk. The Company does not have variable interest rate products and all facilities granted are on fixed interest rates. During the year, the interest rates reached unprecedented levels that subsequently came down due to monetary policy actions.

When all borrowings and lending are done on fixed rates the net interest margin is affected due to the following reasons:

Maturity mismatch/ GAP

One of the major concerns in financial business is the maturity mismatch where the average loan period is over 2 years whilst the average deposit period is less than one year. Hence, where the interests are on an increasing trend the Company's net interest margin will reduce.

Please refer Note 37 to the Financial Statements for the maturity analysis.

Re-investment risk

These are uncertainties with regard to the interest rate at which the future cash flows could be re-invested. On an increasing trend, this would be beneficial for the Company.

Net interest position

When the market rates are on a downward trend and the Company's earning assets are higher than its liabilities, the risk of net interest position falling is high.

49.4.2. Liquidity risk

The Company considers that cash flow scrutiny is paramount in the management of liquidity risk and has adopted a disciplined approach across the units including setting up of company-wide spend control and cash management measures for preserving and increasing liquidity, particularly on account of the impact of prevailing macroeconomic uncertainty.

49.4.3. Foreign exchange (FOREX) and country risk

FOREX is the risk that finance companies may suffer loss as a result of adverse exchange rate movements. Country risk is the risk that arises due to cross border transactions. The uncertainty caused by the prevailing economic condition could lead to increased pressure on the local currency resulting in higher foreign exchange risk. However, since Janashakthi Finance PLC does not have any foreign borrowings or foreign transactions overseas except for a few items of operational expenditure, the Company concludes that negative impact on prevailing economic condition will not be substantial on the Company to conduct in-depth analysis and that the impact is minimal.

TEN YEAR ACHIEVEMENTS

For the year ended 31st March	2025	2024	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Operating Results Income	**4,727,585**	4,868,238	3,820,227	2,972,209
Interest Income	**4,463,849**	4,601,527	3,593,059	2,709,169
Interest Expenses	**(2,317,454)**	(2,807,119)	(2,600,023)	(1,159,467)
Net Interest Income	**2,146,395**	1,794,408	993,036	1,549,702
Operating Expenses & Provisions	**(1,718,383)**	(1,444,926)	(1,289,770)	(1,359,745)
Profit Before Income Tax	**428,012**	349,482	(69,566)	452,997
Income Tax on Profit	**(56,216)**	(954)	(2,480)	-
Profit for the year	**371,796**	348,527	(72,046)	452,997
Balance Sheet Information				
Assets				
Loans & Advances to Customers	**22,054,759**	15,658,739	12,941,011	14,125,812
Financial Investments - Available for Sale	**1,144,264**	932,992	1,262,914	725,705
Cash and Cash Equivalents	**492,275**	420,293	307,894	296,440
Property, Plant & Equipment and Investment Assets	**1,057,708**	865,054	761,050	746,656
Other Assets	**2,608,668**	2,600,279	2,196,005	1,832,633
Total Assets	**27,357,674**	20,477,357	17,468,873	17,727,246
Liabilities				
Deposits from Customers	**15,903,812**	13,556,431	10,759,499	9,204,263
Borrowings	**6,600,482**	2,348,911	2,847,478	4,555,431
Debentures and Preference Shares	**-**	-	-	-
Other Liabilities	**871,168**	969,085	580,890	635,672
Total Liabilities	**23,375,462**	16,874,427	14,187,867	14,395,367
Capital Employed				
Stated Capital	**2,431,879**	2,431,879	2,431,879	2,431,879
Retained Profit & Reserve Fund	**1,550,333**	1,171,051	849,127	900,000
Total Capital Employed	**3,982,212**	3,602,930	3,281,006	3,331,879

2021	2020	2019	2018	2017	2016
Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
2,675,722	3,285,238	3,493,414	3,496,109	3,309,736	2,363,152
2,441,044	3,052,678	3,239,038	3,311,049	3,128,709	2,229,746
(1,333,792)	(1,799,708)	(1,949,919)	(2,116,907)	(1,836,496)	(1,096,453)
1,107,252	1,252,970	1,289,119	1,194,142	1,292,213	1,133,293
(1,148,367)	(1,922,877)	(1,511,619)	(1,482,920)	(1,171,760)	(970,838)
193,563	(437,347)	31,875	(103,718)	301,479	295,861
-	-	(2,846)	(6,528)	(43,803)	311,012
193,563	(437,347)	29,029	(110,246)	257,676	606,873
11,447,030	12,339,298	14,033,760	14,504,334	16,416,103	13,839,304
849,633	934,478	936,940	945,559	839,887	756,124
225,162	70,618	181,742	195,581	107,894	231,678
740,469	613,431	478,764	415,618	421,315	438,736
1,626,626	1,679,713	1,728,438	2,054,602	1,664,830	1,846,840
14,888,919	15,637,538	17,359,644	18,115,694	19,450,029	17,112,682
8,692,941	9,020,632	10,479,531	11,852,625	9,565,559	9,249,312
2,729,981	3,038,038	2,091,869	1,806,790	4,815,150	3,262,738
-	-	1,524,483	1,454,471	1,392,671	1,176,913
579,067	868,655	1,097,261	653,390	1,176,922	1,180,738
12,001,989	12,927,326	15,193,144	15,767,276	16,950,302	14,869,701
2,431,879	2,431,879	1,378,690	1,378,690	1,378,690	1,378,690
455,051	278,331	787,810	969,728	1,121,037	864,291
2,886,930	2,710,210	2,166,500	2,348,418	2,499,727	2,242,981

TEN YEAR ACHIEVEMENTS

RATIOS AND RELATED INFORMATION

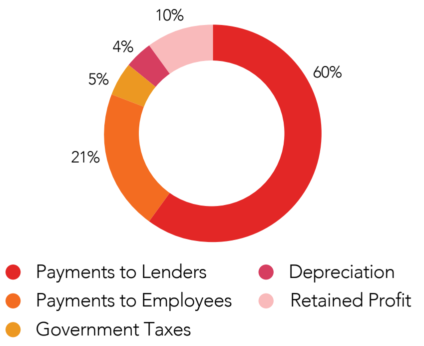
For the year ended 31st March	2025	2024	2023	2022
Operating Ratios				
ROE	**9.80%**	10.13%	-2.18%	14.57%
ROA- Before Tax	**1.79%**	1.84%	-0.40%	2.78%
Gross Profit Margin	**45.40%**	36.86%	25.99%	52.14%
Net Profit Margin	**7.86%**	7.16%	-1.89%	15.24%
Income Growth	**(2.89%)**	27.43%	28.53%	11.08%
Profit Growth	**6.68%**	583.76%	-115.90%	134.00%
Assets Growth	**33.60%**	17.22%	-1.46%	19.06%
Net Assets Growth	**10.53%**	9.81%	-1.53%	15.41%
Gearing Ratios				
Debt to Equity - Times	**5.65**	4.41	4.15	4.13
Interest Cover - Times	**1.18**	1.12	0.97	1.39
Investor Ratios				
Basic earnings per share - (Rs.)	**1.76**	1.65	(0.34)	2.15
Net assets value per share - (Rs.)	**18.86**	17.07	15.54	15.78
Dividend per share - (Rs.)	**-**	-	-	-
Dividend Cover - Times	**N/A**	N/A	N/A	N/A
Dividend Payout ratio	**-**	-	-	-

2021	2020	2019	2018	2017	2016
6.92%	-17.94%	1.29%	-4.55%	10.87%	43.15%
1.27%	-2.65%	0.18%	-0.55%	1.65%	2.47%
41.38%	38.14%	36.90%	34.16%	39.04%	47.96%
7.23%	-13.31%	0.83%	-3.15%	7.79%	25.68%
-18.55%	-5.96%	-0.08%	5.63%	40.06%	73.42%
144.00%	-1606.59%	126.33%	-142.64%	-57.54%	14412%
-4.79%	-9.92%	-4.17%	-6.86%	13.66%	151.44%
6.52%	25.10%	-7.75%	-6.05%	11.45%	293.51%
3.96	4.45	6.51	6.44	6.31	6.10
1.15	0.76	1.02	0.95	1.16	1.27
0.92	(3.06)	0.20	(0.74)	1.74	7.00
13.68	12.84	14.64	15.87	16.89	15.15
-	-	-	0.25	-	-
N/A	N/A	N/A	N/A	N/A	N/A
-	-	-	-33.68%	-	-

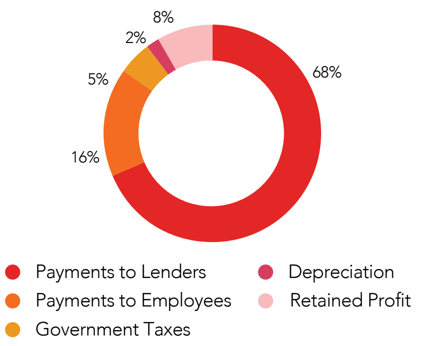
STATEMENT OF VALUE ADDED

		FY 2025 Rs. Mn	FY 2024 Rs. Mn
Income	Gross value added	4,728	4,868
	Cost of services	(799)	(617)
	Provision for Impairment losses	(91)	(140)
		3,838	4,111
Value Allocated			
Payments to lenders	Interest expenses	2,317	2,807
Payments to employees	Employee salaries and benefits	809	666
Dividends to shareholders	Dividends	-	-
Government taxes	Tax payments	181	205
Depreciation	Operation cost	159	83
Retained profit	Value creation retained	372	349
		3,838	4,111

2024/25



2023/24



SHARE INFORMATION

1. SHARE INFORMATION

	As at 31st March 2025			As at 31st March 2024		
Range	No. of Shareholders	No. of Shares	% of Shares	No. of Shareholders	No. of Shares	% of Shares
1-1000	601	104,559	0.05	578	105,810	0.05
1,001 - 10,000	147	559,971	0.27	190	762,107	0.36
10,001 – 100,000	69	2,300,856	1.09	102	3,536,745	1.68
100,001 – 1,000,000	16	4,594,592	2.18	28	7,566,207	3.58
Over 1,000,000	6	203,541,177	96.42	5	199,130,286	94.33
Total	839	211,101,155	100.00	903	211,101,155	100.00

1.1 ANALYSIS OF SHARE HOLDERS

As at 31st March	2025		2024	
	No of Shares	% of Shares	No of Shares	% of Shares
Residents	210,655,553	99.79	211,041,047	99.97
Non-Residents	445,602	0.21	60,108	0.03

1.2 PUBLIC HOLDING

Public Holding as at 31st March 2025 - 12,952,342
Number of Public Shareholders as at 31st March 2025 is 832
Public Holding of issued number of shares as at 31st March 2025 is 6.14%
Float adjusted market capitalisation Rs. 248,862,930

2. SHARE PRICE INFORMATION

	2025	2024
	Rs	Rs
Highest	20.00	9.30
Lowest	17.00	7.00
Close	19.20	8.40

3. INVESTOR RATIOS

	2025	2024
	Rs	Rs
Book Value	18.86	17.07
EPS	1.76	1.65
Price Earnings Ratio	10.91	5.09

SHARE INFORMATION

4. DIRECTORS INTEREST IN SHARES

	2025	2024
Prakash Anand Schaffter	10	10
Rajendra Thegarajah	-	-
N. S. S. Cooray	-	-
R.M.D.J. Ratnayake	-	-
Nalin Karunaratne	-	-
K.M.M. Jabir	-	-
Manohari Abeysekera	-	-
Sandamali Chandrasekara	-	-
Daniel Alphonsus	-	-
	10	10

5. CHIEF EXECUTIVE OFFICER'S /DIRECTOR SHAREHOLDING

	2025	2024
K.M.M. Jabir	-	-

6. TOP 25 SHAREHOLDERS AS AT 31ST MARCH 2025

	No. of Shares	%
Janashakthi Ltd	93,644,438	44.36
Seylan Bank PLC/Janashakthi Limited (collateral)	90,000,000	42.63
Seylan Bank PLC/Janashakthi Capital Limited	11,810,999	5.59
Peoples Leasing and Finance PLC/ Suhada Gas Distributors (Pvt) Ltd	3,907,927	1.85
First Capital Limited	2,138,299	1.01
DFCC Bank PLC/G.A.C. De Silva	2,039,514	0.97
Commercial Bank of Ceylon PLC /Janashakthi Limited	555,057	0.26
Assetline Finance Limited/Suhada Gas Distributors (Pvt) Ltd	537,017	0.25
Ransinghe Arachchige Buddhika Kapila Kumara	500,000	0.24
Samaraperuma Mudiyanselage Padmal Buddika Samarapperuma	460,690	0.22
Imiya Pathirannehalage Indrani Lalitha Gunathilaka	406,750	0.19
Lionel De Silva	385,448	0.18
Sarasvathi Vasudevan	325,759	0.15
Leslie Premal Mendis	300,000	0.14
Haloluwe Gedara Nilupul Gamini Haloluwa	246,886	0.12
Sithampalam Umeshwary	167,915	0.08
Buddhi Sudhamma Weerakoon	136,394	0.06
Kosgallana Durage Ananda Weerasinghe	133,400	0.06
Warnakulasooriya Sattambige Anthony Roshan Fernando	120,500	0.06
Assetline Finance Limited/P.C.U. Ekanayaka	112,626	0.05
Herath Mudiyanselage Saman Herath	105,450	0.05
Citizens Development Business Finance PLC/ K. D. C. Somalatha and K. Nandasiri	100,700	0.05
Assetline Finance Limited/ W. C. Dewaraja	100,000	0.05
Gunarathna Palliyaguruge Piyadasa Abeywickrama	99,950	0.05
Rupasinghe Arachchige Tharindu Rupasinghe	87,020	0.04
Others	2,678,416	1.27
Total	211,101,155	100.00

GLOSSARY OF FINANCIAL TERMS

ACCOUNTING POLICIES

The specific principles, bases, conventions, rules and practices adopted by an entity in preparing and presenting financial statements.

ACCRUAL BASIS

Recognising the effects of transactions and other events as and when they occur without waiting for receipt or payment of cash or its equivalent.

AMORTIZATION

The systematic allocation of the depreciable amount of an intangible asset over its useful life.

AVAILABLE FOR SALE (AFS)

Non-derivative financial assets that are not classified as loans and receivables, held to maturity investments or financial assets at fair value through profit or loss.

CAPITAL ADEQUACY RATIO

The relationship between capital and the risk weighted assets as prescribed by the Central Bank of Sri Lanka.

CAPITAL RESERVES

Reserves identified for specific purposes and considered not available for distribution.

CASH EQUIVALENTS

Short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

SOLELY PAYMENTS OF PRINCIPAL AND INTEREST TEST (SPPI)

The classification decision for non-equity financial assets under IFRS 9, is dependent on two key criteria:

- The business model within which the asset is held (the business model test), and
- The contractual cash flows of the asset (the SPPI test).

EXPECTED CREDIT LOSSES (ECL)

Expected credit losses are a probability weighted estimate of credit losses over the expected life of the financial instrument.

12 MONTHS EXPECTED CREDIT LOSSES (12MECL)

The portion of life time expected credit losses that represent the expected credit losses resulting from default events of a financial instrument that are possible within 12 months after the reporting date.

LIFE TIME EXPECTED CREDIT LOSS (LTECL)

The expected credit losses that result from all possible default events over the expected life of a financial instrument.

EXPOSURE AT DEFAULT (EAD)

Gross carrying amount of financial instruments subject to impairment calculation.

EXPOSURE AT CLAIM

Contingent claim or position which carries a risk of financial loss.

CONTINGENCIES

A condition or situation existing on the reporting date where the outcome will be confirmed only by the occurrence or non-occurrence of one or more future events.

CORPORATE GOVERNANCE

The process by which corporate entities are governed. It is concerned with the way in which power is exercised over the management and direction of entity, the supervision of executive actions and accountability to owners and others.

CREDIT RATING

An evaluation of a corporate's ability to repay its obligations or the likelihood of not defaulting, carried out by an independent rating agency.

CREDIT RISK

Credit risk is the potential that a borrower or counterparty will fail to meet its obligations in accordance with agreed terms and conditions.

DEFERRED TAXATION

Sum set aside for tax in the financial statements that may become payable/ receivable in a financial year other than the current financial year.

DEPRECIATION

The systematic allocation of the depreciable amount of property, plant and equipment over its useful life.

GLOSSARY OF FINANCIAL TERMS

DERECOGNITION

The removal of a previously recognized financial asset or financial liability from an entity's Statement of Financial Position.

DIVIDEND PER SHARE (DPS)

Value of the total dividend paid out and proposed to ordinary shareholders divided by the number of ordinary shares in issue; this indicates the proportion of the current year's dividend attributable to an ordinary share in issue.

EARNINGS PER SHARE (EPS)

Profit attributable to ordinary shareholders divided by the number of ordinary shares in issue; this indicates the proportion of the current year's earnings attributable to an ordinary share in issue.

ECONOMIC VALUE ADDED (EVA)

A measure of performance considering cost of total invested equity.

EFFECTIVE INTEREST RATE (EIR)

The rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

FAIR VALUE

The amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

FAIR VALUE THROUGH PROFIT OR LOSS

A financial asset or financial liability that is held for trading or upon initial recognition designated by the entity as fair value through profit or loss.

FINANCE LEASE

A lease that transfers substantially all the risks and rewards incidental to the ownership of an asset to the lessee. Title may or may not eventually be transferred.

FINANCIAL ASSET

Any asset that is cash, an equity instrument of another entity or a contractual right to receive cash or another financial asset from another entity.

FINANCIAL INSTRUMENT

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity instrument in another entity.

FINANCIAL LIABILITY

A contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity.

GROSS DIVIDEND

The proportion of profit distributed to the shareholders including the tax withheld.

GROUP

A group is a parent and all its subsidiaries and associates.

GUARANTEES

An assurance made by a third party (Guarantor) who is not a party to contract between two others, that the guarantor will be liable if the Guarantee fails to fulfill the contractual obligation.

HIRE PURCHASE

A contract between hirer and financier where the hirer takes on hire a particular article from the financier, with the option to purchase the article at the conclusion of the agreed rental payments.

IMPAIRMENT

This occurs when the recoverable amount of an asset is less than its carrying amount.

INTANGIBLE ASSET

An Intangible Asset is an identifiable non-monetary asset without physical substance.

INTEREST COVER

Earnings before interest and tax divided by interest expenses; this indicates the ability to cover or service interest charges of the debt holders.

KEY MANAGEMENT PERSONNEL (KMP)

People those who are having authority and responsibility for planning, directing and controlling the activities of the entity.

LEASE

An agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

LENDING PORTFOLIO

Total value of lending products net of unearned income, amounts received in advance and allowance for impairment.

LIQUID ASSET

Assets that are held in cash or in a form that can be converted to cash readily, such as deposits with banks and treasury bills.

LIQUID ASSETS RATIO

Liquid assets as a percentage of public deposits.

LIQUIDITY RISK

The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

MARKET RISK

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market price. Market risk comprises of currency risk, interest rate risk and other price risk.

NET ASSET VALUE PER ORDINARY SHARE

Shareholders' funds excluding preference shares, if any, divided by the number of ordinary shares in issue.

NET INTEREST INCOME

The difference between income earned from interest-bearing assets and cost incurred on financial instrument/ facilities used for funding the interest-bearing assets.

NON-PERFORMING ADVANCES

Loans and advances of which rentals are in arrears for three months or more.

NPL RATIO

Total non-performing loans as a percentage of the total lending portfolio.

PARENT

A parent is an entity that has one or more subsidiaries.

PAST DUE

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

RELATED PARTY

Parties where one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, directly or indirectly.

RELATED PARTY TRANSACTIONS

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

RETURN ON AVERAGE ASSETS (ROA)

Net profit for the year expressed as a percentage of average total assets; indicates overall effectiveness in generating profits with available assets.

RETURN ON AVERAGE EQUITY (ROE)

Net profit attributable to owners, expressed as percentage of average ordinary shareholders' equity.

REVERSE REPURCHASE AGREEMENT

Transactions involving the purchase of securities by the Company and resale back to the seller at a future date and specified price.

RISK WEIGHTED ASSETS

Sum total of assets as per the Statement of Financial Position and the credit equivalent of assets that are not on the Statement of Financial Position multiplied by the relevant risk weighting factors prescribed by the Central Bank of Sri Lanka.

SEGMENTAL ANALYSIS

Analysis of financial information by segments of an organisation specifically, the different industries and the different business lines in which it operates.

SHAREHOLDERS' FUNDS (EQUITY)

Consist of issued and fully-paid ordinary share capital plus capital and revenue reserves.

SUSTAINABILITY REPORT

Sustainability reporting is a practice of measuring, disclosing, and being accountable for organisational performance while working towards the goal of sustainable development. A sustainability report provides a balanced and reasonable representation of the sustainability performance of the reporting organisation.

GLOSSARY OF FINANCIAL TERMS

TIER I CAPITAL

Core capital representing permanent shareholders' equity and reserves created or increased by appropriations of retained earnings or other surpluses.

TOTAL CAPITAL

Supplementary capital representing revaluation reserves, general provisions and other capital instruments, which combine certain characteristics of equity and debts, such as unsecured subordinate term debts and other hybrid capital instruments.

VALUE ADDED

Value of wealth created by providing financial and other related services less the cost of providing such services.

BRANCH NETWORK

Branch	Address	Telephone	Fax	E-mail
Head Office	No. 61, Dharmapala Mawatha, Colombo 07	+94 117 577 577	+94 117 577 551	headoffice@jfplc.lk
Corporate Office	No. 19, Railway Avenue, Nugegoda	+94 117 577 577	+94 117 577 551	info@jfplc.lk
City Branch	No. 53A, D. S. Senanayake Mawatha, Colombo 08	+94 117 677 601	+94 117 577 593	borella@jfplc.lk
Ampara	No. 3, D. S. Senanayake Road, Ampara	+94 637 577 571	N/A	ampara@jfplc.lk
Anuradhapura	No. 561/3, Maithreepala Senanayake Mawatha, New Town, Anuradhapura	+94 257 577 571	N/A	anuradhapura@jfplc.lk
Avissawella	No. 20, Rathnapura Road, Avissawella	+94 367 577 571	N/A	avissawella@jfplc.lk
Balangoda	No. 86, Barnes Rathwatta Mawatha, Balangoda	+94 457 577 571	N/A	balangoda@jfplc.lk
Bandarawela	No. 374, Badulla Road, Bandarawela	+94 577 577 571	N/A	bandarawela@jfplc.lk
Batticaloa	No. 290, Thirumalai Road, Batticaloa	+94 657 577 571	N/A	batticaloa@jfplc.lk
Chilaw	No. 3B, Bazaar Street, Chilaw	+94 327 577 571	N/A	chilaw@jfplc.lk
Embilipitiya	No. 77/1, New Town Road, Pallegama, Embilipitiya	+94 477 577 571	N/A	embilipitiya@jfplc.lk
Galle	No. 60B, Colombo Road, Kaluwella, Galle	+94 917 577 571	N/A	galle@jfplc.lk
Gampaha	No. 11, Ranathunga Mawatha, Gampaha	+94 337 577 571	N/A	gampaha@jfplc.lk
Hambantota	No. 103, Tissa Road, Hambantota	+94 477 577 551	N/A	hambantota@jfplc.lk
Horana	No. 254, Panadura Road, Horana	+94 347 577 571	N/A	horana@jfplc.lk
Jaffna	No. 53/2, Hospital Road, Jaffna	+94 217 577 571	N/A	jaffna@jfplc.lk
Kalutara	No. 294/A, Galle Road, Kalutara North, Kalutara	+94 347 577 551	N/A	kalutara@jfplc.lk
Kandy	No. 319, D. S. Senanayake Street, Kandy	+94 817 577 571	N/A	kandy@jfplc.lk
Kegalle	No. 218, Main Street, Kegalle	+94 357 577 571	N/A	kegalle@jfplc.lk
Kilinochchi	A9, Jaffna Road, Kilinochchi	+94 217 577 551	N/A	kilinochchi@jfplc.lk
Kiribathgoda	No. 159, Kandy Road, Kiribathgoda	+94 117 576 564	N/A	kiribathgoda@jfplc.lk
Kochchikade	No. 162/4, Chilaw Road, Kochchikade	+94 317 577 571	N/A	kochchikade@jfplc.lk
Kurunegala	No. 16, St Anne's Street, Kurunegala	+94 377 577 571	N/A	kurunegala@jfplc.lk
Matara	No. 38, Station Road, Matara	+94 417 577 571	N/A	matara@jfplc.lk
Monaragala	No. 145, Wellawaya Road, Monaragala	+94 557 500 307	N/A	monaragala@jfplc.lk
Negombo	No. 38, St. Joseph Street, Negombo	+94 317 577 551	N/A	negombo@jfplc.lk
Nugegoda	No. 19, Railway Avenue, Nugegoda	+94 117 577 671	N/A	nugegoda@jfplc.lk
NuwaraEliya	No. 72, Kandy Road, NuwaraEliya	+94 524 700 601	N/A	nuwaraeliya@jfplc.lk
Panadura	No. 05, Cyril Jansz Mawatha, Panadura	+94 387 577 571	N/A	panadura@jfplc.lk
Piliyandala	No. 23/1, Sri Devananda Road, Thubowila, Piliyandala	+94 117 576 561	N/A	piliyandala@jfplc.lk
Polonnaruwa	No. 13/2, Hospital Junction, Polonnaruwa	+94 277 577 571	N/A	polonnaruwa@jfplc.lk
Puttalam	No. 116/1/1 Kurunegala Road, Puttalam	+94 327 577 551	N/A	puttalam@jfplc.lk
Ratnapura	No. 172, Main Street, Ratnapura	+94 457 577 551	N/A	rathnapura@jfplc.lk
Trincomalee	No. 323/1A, Ehambaram Road, Trincomalee	+94 267 577 571	N/A	trincomalee@jfplc.lk
Vavuniya	No. 115, 02nd Cross Street, Kandy Road, Vavuniya	+94 247 577 571	N/A	vavuniya@jfplc.lk
Wattala	No. 460, Negombo Road, Wattala	+94 117 566 271	N/A	wattala@jfplc.lk
Chankalady	Trincomalee Road, Chenkalady	+94 657 755 570	N/A	chenkalady@jfplc.lk
Kaluwanchikudy	No. 116/A, Main Street, Kaluwanchikudy	+94 657 755 576	N/A	Kaluwanchikudy@jfplc.lk

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 42nd Annual General Meeting of Janashakthi Finance PLC will be held as a virtual meeting on Monday, 30th June 2025 at 11.00 a.m. to transact the following businesses.

1. To receive and consider the Report of the Board of Directors and the Audited Financial Statements of the Company for the year ended 31st March 2025, together with the report of the Auditors thereon.

2. To re-elect Prakash Schaffter- Director who retires by rotation in terms of Article 25(7) of the Articles of Association of the Company and being eligible offers himself for re-election.

3. To re-elect Darshana Ratnayake -Director who retires by rotation in terms of Article 25(7) of the Articles of Association of the Company and being eligible offers himself for re-election.

4. To re-elect Sriyan Cooray -Director who retires by rotation in terms of Article 25(7) of the Articles of Association of the Company and being eligible offers himself for re-election.

5. To appoint Messrs. KPMG Sri Lanka, Chartered Accountants, who have consented to be appointed Auditors of the Company until the conclusion of the next Annual General Meeting in place of the retiring Auditors Messrs. BDO Partners - Sri Lanka, Chartered Accountants and to authorize the Directors to determine their remuneration.

6. To authorize the Directors to determine donations for charities for the ensuing year.

By Order of the Board

Janashakthi Finance PLC

Ayesha Jeewanti
Company Secretary

6th June 2025

Notes:

1. The Shareholders are requested to register with their first names and last names via the below link before 4.00 p.m., on Wednesday, 25th June 2025, to receive the link to join the AGM. The same names should be used to log in to participate in the AGM on 30th June 2025.

   https://www.janashakthifinance.lk/agm-registration-2025/

2. A member entitled to attend and vote at the above Meeting is entitled to appoint a Proxy to attend and vote on behalf of him/her.

3. A Proxy need not be a member of the Company.

4. A Form of Proxy is enclosed for this purpose.

5. The completed Form of Proxy must be forwarded by email to ayeshak@orient.lk, WhatsApp to +94 773647178 or directly deposited at the Registered Office of the Company at No. 61, Dharmapala Mawatha, Colombo 07.

   No registration of proxies will be accommodated after this deadline.

6. Shareholders who are unable to participate at the Meeting through the online meeting platform are encouraged to appoint a director as his/ her/its proxy by forwarding the duly completed Proxy Form clearly indicating their vote under each matter set out in the Proxy Form to the Company Secretary as specified above in order that their vote may be identified and recorded as if he/she/it were present at the Meeting.

FORM OF PROXY

I/ We, ... of ....

being a Member/s of the Company, hereby appoint ....

(holder of NIC No. ....) of .... failing him/her,

1.	Rajendra Theagarajah	failing him	6.	Manohari Abeyesekera	failing her
2.	Prakash Schaffter	failing him	7.	Sandamali Chandrasekera	failing her
3.	Sriyan Cooray	failing him	8.	Daniel Alphonsus	failing him
4.	Darshana Ratnayake	failing him	9.	K. M. M. Jabir	
5.	Nalin Karunaratne	failing him			

as my/our Proxy to represent me/us and vote on my/our behalf at the Annual General Meeting of the Company to be held as a virtual meeting on Monday, 30th June 2025 at 11.00 a.m. and at any adjournment thereof and at every poll which may be taken in consequence thereof.

Please indicate your preference by placing a 'X' in the box of your choice against each Resolution.

	FOR	AGAINST
1. To receive and consider the Report of the Board of Directors and the Audited Financial Statements of the Company for the year ended 31st March 2025, together with the report of the Auditors thereon.	☐	☐
2. To re-elect Prakash Schaffter- Director who retires by rotation in terms of Article 25(7) of the Articles of Association of the Company and being eligible offers himself for re-election.	☐	☐
3. To re-elect Darshana Ratnayake -Director who retires by rotation in terms of Article 25(7) of the Articles of Association of the Company and being eligible offers himself for re-election.	☐	☐
4. To re-elect Sriyan Cooray -Director who retires by rotation in terms of Article 25(7) of the Articles of Association of the Company and being eligible offers himself for re-election.	☐	☐
5. To appoint Messrs. KPMG Sri Lanka, Chartered Accountants, who have consented to be appointed Auditors of the Company until the conclusion of the next Annual General Meeting in place of the retiring Auditors Messrs. BDO Partners - Sri Lanka, Chartered Accountants and to authorize the Directors to determine their remuneration.	☐	☐
6. To authorize the Directors to determine donations for charities for the ensuing year.	☐	☐

Signed on this .... day of .... 2025.

Signature/s..

....
Shareholder's N.I.C./P.P./Co. Reg. No.

FORM OF PROXY

INSTRUCTIONS AS TO COMPLETION

1. Please perfect the Form of Proxy overleaf, after filling in legibly your full name and address, by signing in the space provided and filling the date of signature and your National Identity Card Number.

2. The completed Form of Proxy must be forwarded to the Company Secretary by email ayeshak@orient.lk, WhatsApp to +94 773647178 or directly deposited at the Registered Office of the Company at No. 61, Dharmapala Mawatha, Colombo 07, not less than 48 hours before the time fixed for the Meeting.

   No registration of proxies will be accommodated after this deadline.

3. If an Attorney has signed the Form of Proxy, the relative Power of Attorney should also accompany the completed Form of Proxy for registration, if such Power of Attorney has not already been registered with the Company.

4. If the Shareholder is a company or a corporate body, the Proxy should be executed in accordance with its Articles of Association or Constitution. The Company may but shall not be bound to, require evidence of the authority of any such attorney or officer.

5. If there is any doubt as to how the vote is to be exercised, by reason of the manner in which the Form of Proxy has been completed, no vote will be recorded by the Form of Proxy.

CORPORATE INFORMATION

NAME OF THE COMPANY

Janashakthi Finance PLC (Formerly known as "Orient Finance PLC")

LEGAL FORM

A public limited liability company incorporated on 24th July 1981 under the Companies Ordinance No. 51 of 1938 and was re-registered in terms of the Companies Act No. 07 of 2007 on 27th July 2009.

The Company is registered under the Finance Business Act No. 42 of 2011 and the Finance Leasing Act No. 56 of 2000.

COMPANY REGISTRATION NUMBER

PB 1079 PQ (previous PVS/PBS 7651)

TAX PAYER IDENTIFICATION NUMBER

104076513

BOARD OF DIRECTORS

Rajendra Thegarajah
N.S.S. Cooray
Prakash Anand Schaffter
R.M.D.J. Ratnayake
Nalin Karunaratne
Manohari Abeysekera
Sandamali Chandrasekara
Daniel Alphonsus
K.M.M. Jabir

STOCK EXCHANGE LISTING

The Company is listed on the Second Board of the Colombo Stock Exchange of Sri Lanka.

REGISTERED OFFICE

61, Dharmapala Mawatha, Colombo 07.
+94 117 577 577
+94 117 577 511

HEAD OFFICE

61, Dharmapala Mawatha, Colombo 07.
+94 117 577 577
+94 117 577 511
www.janashakthifinance.lk
janashakthifinance@orient.lk

CORPORATE OFFICE

19, Railway Avenue, Nugegoda.
+94 117 577 577
+94 117 577 511

COMPANY SECRETARY

Ayesha Jeewanti
No. 61, Dharmapala Mawatha, Colombo 07.
+94 117 577 577
ayeshak@orient.lk

EXTERNAL AUDITORS

BDO Partners, Chartered Accountants,
"Charter House",
65/2, Sir Chittampalam A Gardiner Mawatha, Colombo 02.
+94 112 421 878
+94 112 336 064

BANKERS

Commercial Bank of Ceylon PLC
Bank of Ceylon
NDB Bank PLC
Seylan Bank PLC
Sampath Bank PLC
People's Bank
Nations Trust Bank PLC
Pan Asia Bank PLC
DFCC Bank PLC
Union Bank of Colombo PLC
Cargills Bank PLC
Hatton National Bank PLC
Sanasa Development Bank

CREDIT RATING AGENCY

BB+ Positive Outlook by LRA (SL)

ACCOUNTING YEAR END

31st March

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Annual Reports

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