



# UNLEASHING POTENTIAL

ANNUAL REPORT 2024/25





# UNLEASHING POTENTIAL

Like a fingerprint, distinct, precise and uniquely ours, Janashakthi Group's (JXG) impact on the financial landscape is unmistakable. As a powerhouse in investment and finance, we transcend beyond transactions to create lasting value, shaping industries and driving economic transformation.

Trust and security form the foundation of our success, ensuring that every decision is guided by integrity and governance. Connectivity and influence define our reach, linking markets, businesses, and opportunities. Innovation and growth propel us forward, leveraging technology and financial expertise to unlock new frontiers of wealth creation.

Every investment we make, every partnership we build and every solution we craft is a testament to our vision - one that turns potential into prosperity and ambition into achievement.

**This is our signature. This is our legacy.**

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FROM THE GROUP  
CHAIRMAN

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As part of our global expansion plans, we have set our sights on the SAARC and ASEAN markets, recognizing that opportunities within Sri Lanka are progressively being exhausted, particularly given long-term demographic shifts. By diversifying our presence, we aim to tap into emerging growth avenues, ensuring sustained scalability and resilience.



GROUP CHIEF  
EXECUTIVE  
OFFICER'S REVIEW

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Our ethos extends beyond mere profit generation. By leveraging the collective strength that lies within the Group, which stems from our perfected expertise in the respective financial services field over decades, we are driving economic prosperity.

## ROOTED LOCALLY, RISING GLOBALLY

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# ROOTED LOCALLY, RISING GLOBALLY

From humble beginnings, we've built trust in every corner of our nation. Today, that same trust fuels our journey beyond borders. By staying true to who we are, we connect with a world of diverse opportunity. Our unique identity is not a limit but a launchpad. Rooted in local strength, we rise on the global stage.

**ABOUT US**



# ABOUT THIS REPORT

## Welcome to the 2nd edition of the Integrated Annual Report of Janashakthi Limited.



This report highlights the progress we have made on our new path towards being the leading financial conglomerate in Sri Lanka.

The report itself has been designed and vetted to reiterate our commitment to transparency, accountability, and excellence in corporate reporting.

This Integrated Annual Report reflects JXG's unwavering commitment to financial excellence, innovation, and responsible growth. Covering the financial year 2024/25, it provides a comprehensive review of our performance, key milestones, and strategic direction.

In an eventful year of transformation, JXG has not only strengthened its market position but has also set the foundation for future growth. The objective of this report, which serves as the Group's primary communication with its stakeholders, is to present a balanced, transparent, and concise account of the Group's environmental, social, governance, and financial performance during the past year.

We hope that it offers you valuable insights into our financial results, governance framework, and the values that drive us forward.

As mentioned, we are committed to upholding transparency and accountability, ensuring that our stakeholders - shareholders, employees, partners, and the broader community - have a clear understanding of our journey and aspirations. As we move ahead, this report will serve as a testament to our resilience, adaptability, and vision for a thriving financial future.

### Prepared with Improved Content Clarity

We utilize concise and engaging language, free of jargon, incorporate graphical representations and infographics to highlight key insights for better visual clarity, and present a thorough and well-structured narrative that enhances overall comprehension.

### Prepared with Strengthened Transparency & Disclosures

We recognise the importance of comprehensive transparency and have therefore expanded our disclosures. This expansion aims to provide a deeper understanding of our operations and financial performance, foster greater stakeholder trust, and enable informed decision-making. We strive to empower our stakeholders with the information they need by presenting a clear and holistic view of our activities and strategic direction.

### Forward-looking Statements

Based on the Group's current expectations, perceptions and forecasts of future events, subject to varying degrees of inherent risks, uncertainties and assumptions which relate to factors beyond the control of the Group, forward-looking statements are included in the Report.

## Basis of Preparation

### Reporting period

The contents within this report are in accordance with the prescribed annual reporting cycle, which spans from 1 April 2024 to 31 March 2025. JXG has transparently provided the reader with all the necessary context for decision-making and analysis requirements. The comparative information in the report's audited financial statements and related notes are fundamental to these purposes.

### Reporting Scope and Boundary

The activities and financial results of the holding company JXG (referred hereafter as "the Group") and its subsidiaries are reviewed within this annual report. The results reported herein encompass all sectors covered by the Group companies broadly categorized as Insurance, Finance, and Investment Banking. Unless specified otherwise, the report contains the Group's consolidated results.





## The 7 Principles of Integrated Reporting

Sections of this report have been developed in alignment with the following principles, ensuring consistency, clarity, and a comprehensive representation of JXG's performance. These principles serve as a foundation for maintaining the integrity of our reporting while providing stakeholders with meaningful insights.

- |   |   |
|---|---|
| <p><b>1 Strategic Focus &amp; Future Orientation</b><br/>Highlighting our long-term vision and strategic direction.</p> <p><b>2 Connectivity of Information</b><br/>Demonstrating how various aspects of our business are interlinked.</p> <p><b>3 Stakeholder Relationships</b><br/>Reflecting our commitment to meaningful engagement and transparency.</p> <p><b>4 Materiality</b><br/>Focusing on the most significant factors that impact our business and stakeholders.</p> | <p><b>5 Conciseness</b><br/>Presenting key information in a clear and accessible manner.</p> <p><b>6 Reliability &amp; Completeness</b><br/>Ensuring accuracy, objectivity, and a holistic view of our performance.</p> <p><b>7 Consistency &amp; Comparability</b><br/>Enabling year-on-year analysis and benchmarking against industry standards.</p> |
|---|---|

By adhering to these principles, we reinforce our commitment to high-quality, transparent, and value-driven reporting.

## Regulatory Compliance

Our reporting adheres to the following mandatory financial and governance frameworks.

### Financial Reporting

- ◆ Sri Lanka Accounting Standards (SLFRSs/LKASs)
- ◆ Companies Act No.7 of 2007
- ◆ Regulations and Directions issued by the Central Bank of Sri Lanka (CBSL) and the Insurance Regulatory Commission of Sri Lanka (IRC SL)
- ◆ The Insurance Industry Act No. 43 of 2000 on 01 January 2002
- ◆ Inland Revenue Act No. 24 of 2017 (as amended)
- ◆ Value Added Tax Act No. 14 of 2002 (as amended)

### Corporate Governance Reporting

- ◆ Listing Rules of the Colombo Stock Exchange
- ◆ Laws and Regulations of the Companies Act No. 7 of 2007
- ◆ Securities and Exchange Commission of Sri Lanka Act No. 36 of 1987 (as amended)

- ◆ Corporate governance framework for insurers issued under Section 96A of the Regulations of the Insurance Industry Act No. 43 of 2000 (IRC SL)
- ◆ Rules promulgated under the Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021 applicable to market intermediaries published in Gazette Extraordinary No. 2271/09 dated 15 March 2022
- ◆ Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka (2017)

### Voluntary Reporting

We also subscribe to the below voluntary standards of reporting.

- ◆ **Integrated Reporting:** IIRC's Integrated Reporting Framework
- ◆ **Sustainability Reporting:** GRI Universal Standards 2021

### Integrated Reporting

- ◆ Integrated Reporting Framework of the International Integrated Reporting Council
- ◆ "A Preparer's Guide to Integrated Corporate Reporting" issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)

## ABOUT THIS REPORT

### Sustainability Reporting

- ◆ GRI Standards: This Report has been prepared in accordance with the GRI Standards
- ◆ Guide on communicating sustainability issued by the Colombo Stock Exchange
- ◆ Gender Parity Reporting Framework of CA Sri Lanka
- ◆ Guide on communicating sustainability issued by the CSE
- ◆ United Nations (UN) Sustainable Development Goals (SDGs)

### ESG and Materiality

Our commitment extends beyond financial reporting to include Environmental, Social, and Governance (ESG) metrics. This approach is consistently followed across our three listed subsidiaries, ensuring alignment in reporting standards. Each year, a comprehensive materiality assessment is conducted at the business unit level, identifying and addressing key topics, which are detailed under the Materiality Assessment. For the year under review, we have carefully identified and prioritized key stakeholder groups based on their direct and indirect impact on the Group. A detailed analysis of our stakeholder relationships can be found in the Stakeholder Engagement section.

This report strives to go beyond a retrospective look of past performance. It strives to provide our vision for the future aims - thereby reinforcing our dedication to continuous improvement and sustainable growth. As we move forward, we remain steadfast in our mission to create long-term value for all stakeholders with our dedication to transparency and accountability, ensuring that our stakeholders - shareholders, employees, partners, and the broader community, have a clear understanding of our journey and aspirations.

### Quality Assurance

The report is diligently produced according to the best reporting practices, ensuring that the data and information presented herein maintains the highest degrees of accuracy, reliability, comprehensiveness, and clarity.

We attest to the quality of this report and confirm the accuracy of its contents, ensuring the absence of material errors.

### Navigation Icons

#### Six Capitals



Financial Capital



Human Capital



Manufactured Capital



Intellectual Capital



Social & Relationship Capital



Natural Capital

#### Stakeholders



Employees



Community/ Society



Customers



Shareholders



Investors and Bankers



Environment/ Ecosystem



Regulatory Bodies



Suppliers

### Feedback and Queries



We recognize the importance of engaging with our stakeholders and welcome feedback to continuously improve our reporting practices. Please direct your feedback, queries and clarifications to:

**Pratheeb Rajasekaran**  
Senior Manager - Finance  
071 950 0005  
pratheebe@jxg.lk  
39<sup>th</sup> Floor, Mireka Tower,  
No.324, Havelock Road,  
Colombo 06.



# ABOUT US

## Introducing a New Era of Growth and Transformation

With over 30 years of estimable history in the insurance industry, Janashakthi Limited has been a steady yet low-profile presence, with Janashakthi Insurance PLC as its flagship entity. Recognising the opportunity to become Sri Lanka's first financial conglomerate, we introduced 'JXG' as the umbrella brand of Janashakthi Group in 2024, marking a new era of growth and transformation under our new target of exponential, inclusive, and sustainable growth.

### What Makes Us Unique

#### Sri Lanka's first Financial Conglomerate

##### Innovative Approach

We embrace forward-thinking strategies and cutting-edge solutions to stay ahead in a dynamic market.

##### Proven Commitment to Excellence

Our unwavering focus on quality, integrity, and performance drives sustainable success.

##### Strong Stakeholder Relationships

We foster meaningful connections with shareholders, employees, customers, and partners, ensuring mutual growth.

##### Sustainability & Responsibility

Our operations prioritise long-term value creation, ethical practices, and environmental consciousness.

##### Resilience & Adaptability

We navigate industry shifts with agility, turning challenges into opportunities for growth.

##### People-centric Culture

Our talented workforce and leadership team drive our success through collaboration, innovation, and expertise.

##### Proven Track Record

With a history of consistent performance and strategic achievements, we continue to set new benchmarks.



# ABOUT US

## Our Commitment to Providing Sustainable Value to Our Stakeholders

At JXG, our approach to sustainable value creation is rooted in a deep commitment to our stakeholders. We actively engage with customers, employees, communities, and investors to understand their priorities and integrate them into our strategic decisions.

We continuously innovate, developing products and services that drive progress while optimising our operations to reduce environmental impact and enhance

resource efficiency. Every decision is made with a long-term perspective, carefully considering its environmental, social, and economic implications to ensure a positive legacy for future generations.

Above all, we uphold the highest ethical standards, reinforced by strong governance structures that promote transparency, accountability, and responsible business practices. Through this unwavering commitment, we create lasting value that benefits both our stakeholders and the world around us.

## Sustainable Value Creation





## Vision

Breaking Barriers  
and Forging Futures

## Goal

Becoming a growth-  
oriented financial  
conglomerate with a  
global presence.

## JXG Core Values

Our strength is derived from the solid values we have upheld since we began our journey. These core values reflect the morals and philosophy of JXG, and we ensure that every action and decision across JXG measure up to these values. They establish balance and conformity in everything we do including how we treat our people, customers, and other stakeholders.



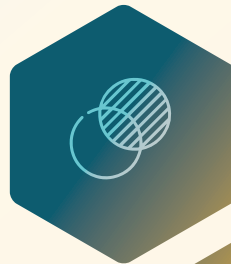
### ETHICAL AND HONEST

Uphold the highest ethical standards and balance the interests of all our stakeholders in a fair and equitable manner



### TRANSPARENT

Maintain a consistently high level of quality across all your work and deliver results on all your commitments



### CORPORATE VALUES



### RESPECTFUL

Treat others the way you expect to be treated. Respect and value everyone's opinion, time and space



### COLLABORATIVE

Always work as one team across all functions to deliver the best possible experience to our stakeholders



### PERFORMANCE-DRIVEN

Maintain a consistently high level of quality across all your work and deliver results on all your commitments

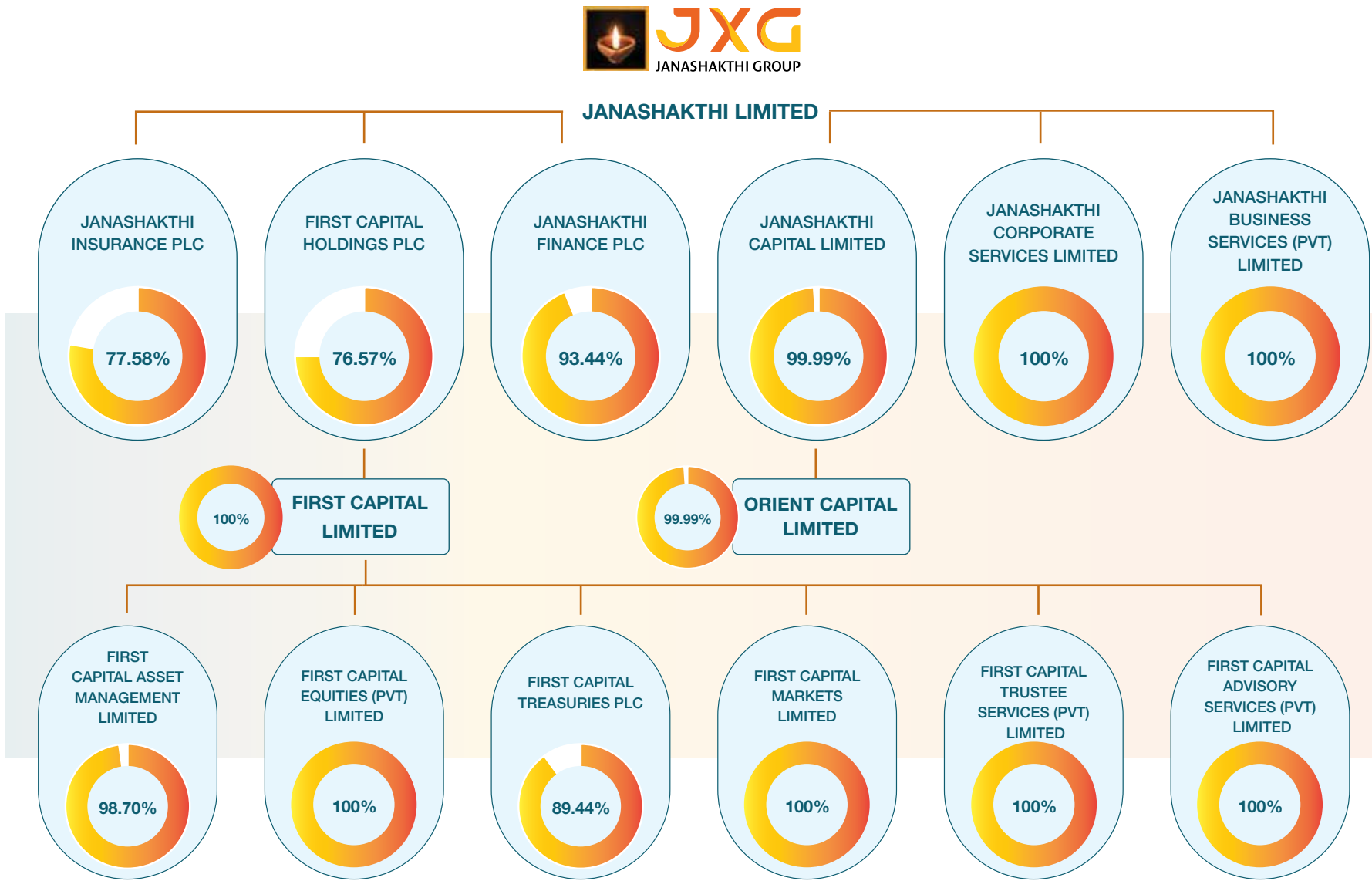


# ABOUT OUR GROUP

Within the expansive landscape of the Insurance, Finance, and Investment Banking sectors, the Janashakthi Group emerges as a prominent entity, encompassing First Capital Holdings PLC, Janashakthi Insurance PLC, Janashakthi Finance PLC, and Beckett Capital Private Limited. As an investment holding company, we are dedicated to nurturing our subsidiaries while consistently delivering vital services.

## Radiating possibilities through our Subsidiaries

- ◆ Janashakthi Insurance PLC
- ◆ Janashakthi Corporate Services Ltd
- ◆ First Capital Holdings PLC
- ◆ Janashakthi Business Services (Pvt) Ltd
- ◆ Janashakthi Finance PLC
- ◆ Orient Capital Limited
- ◆ Janashakthi Capital Limited



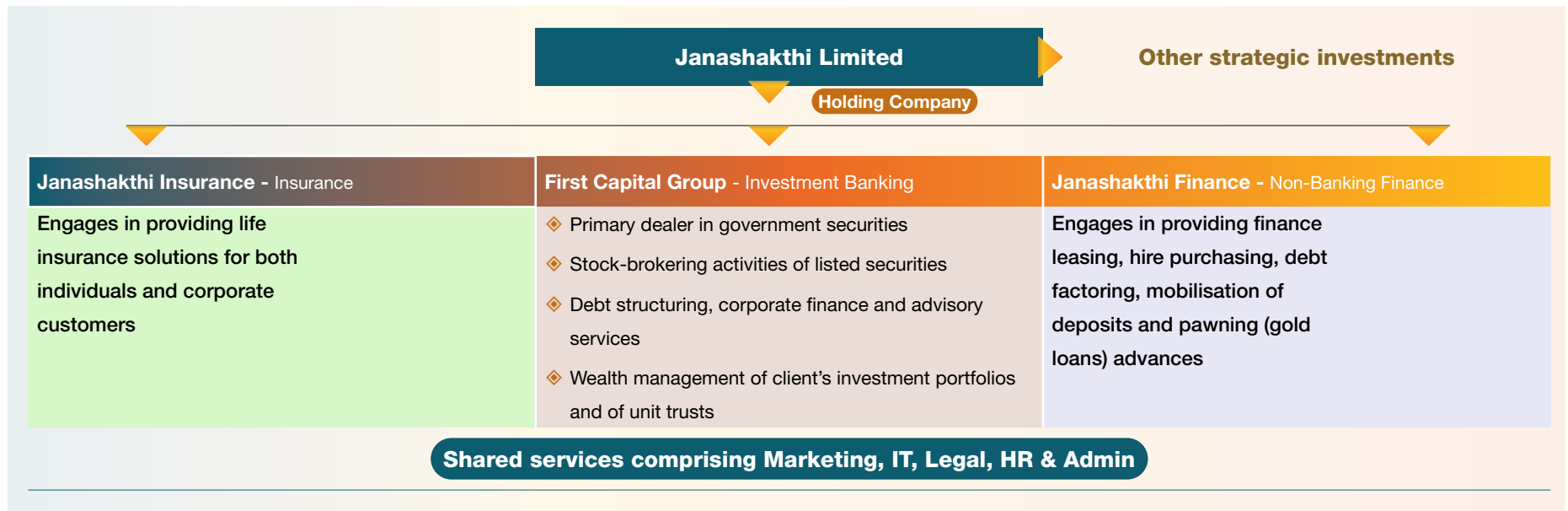




## Synergy and Innovation – Our Product Offerings

### Company

The principal activity of the Company is investing in subsidiaries and providing related services.



| Name of subsidiary                       | Service offering  |
|--|---|
| Janashakthi Insurance PLC                | Engages in providing life insurance solutions for both individuals and corporate customers  |
| Janashakthi Finance PLC                  | Engages in providing finance leasing, hire purchasing, debt factoring, mobilisation of deposits and pawning (gold loans) advances |
| First Capital Holdings PLC               | Investing in and management of subsidiaries   |
| First Capital Limited                    | Engages in debt structuring, corporate finance and advisory services and investing in and management of subsidiaries              |
| First Capital Treasuries PLC             | Engages in business operations as a primary dealer in government securities   |
| First Capital Markets Limited            | Engages in general investments (fixed income securities) and fee-based activities   |
| First Capital Asset Management Limited   | Engages in the management of clients' investment portfolios and the management of unit trust                                      |
| First Capital Equities (Private) Limited | Engages in stock broking activities of listed securities  |
| First Capital Trustees (Private) Limited | Engages in the business of providing trustee services for corporate debt securities.  |
| Janashakthi Capital Limited              | Engages in investing activities   |
| Orient Capital Limited                   | Engages in investing activities   |

# AWARDS



From vision to impact, JXG turns purpose into progress and excellence into legacy.

## Great Place to Work Certification

The Great Place to Work (GPTW) Trust Index is a survey that measures employee experience, focusing on trust, pride, and camaraderie in organizations, and is used to identify and recognize "Best Workplaces."



## The Great HR Quiz

**Category Runners-up - Finance and Investment**

JXG secured the runners-up position in the Finance/Insurance, and Investment Sector category at 'Great HR Quiz 2025' organized by the Chartered Institute of Personnel Management. Each team member was a representative of each Business Unit and Shared Service Unit. The Quiz covered aspects such as labour law, functions of HR, contemporary HR and general knowledge.



## People Development Awards

**Gold - First Capital Holdings PLC  
Silver - Janashakthi Insurance**

SLITAD People Development Awards – Gold Award for First Capital Holdings PLC and Silver Award for Janashakthi Insurance



## "She Thrives" Satyn Women Friendly Workplace Award

Creating an Exceptionally Female Friendly Work Environment. This accolade underscores the company's ongoing efforts to empower women at all organizational levels and set benchmarks in gender inclusivity



## Best Management Practices Company Awards

**Category Winner of Diversified Group of Companies**

The Best Management Practices Company Awards 2025, organized by CPM Sri Lanka, recognize outstanding companies for excellence in leadership, strategy, and management practices.







First Capital Holdings PLC stands strong on a proven track record of resilience, innovation, and unmatched performance.

### SLIM Brand Excellence Awards 2024

Strengthening First Capital's digital presence through innovative IT and digital initiatives. This strong IT-driven transformation was instrumental in securing the Brand of the Year award, as digital presence and innovation were one of many key evaluation criterias.



### Technology Resilient Company Of The Year 2024 - Capital Markets

Information Systems Audit and Control Association, ISACA is an independent, nonprofit, global association that engages in the development, adoption and use of globally accepted information system(IS) knowledge and practices.



### National ICT Awards NBQSA 2024 - Gold Award Winner - WhatsApp Transacting

The most recognized local IT awards, National ICT Awards NBQSA 2024 - Gold Award Winner (in-house non-ICT category) - WhatsApp Transacting. First time in Sri Lanka, invest and redeem, bid through WhatsApp along with balance enquiries. and many other valuable features.



### National ICT Awards NBQSA 2024 - Merit Award - First Capital Online Portal

The most recognized local IT awards, National ICT Awards NBQSA 2024 – Merit award for new online portal.



### Best Management Practices Company Awards 2025

Winner investment banking sector. Won for : First Capital Holdings PLC Digital Transformation Journey, Leadership and Management.

The "Best Management Practices Company Awards 2025" competition is organized by the Institute of Chartered Professional Managers of Sri Lanka (CPM Sri Lanka) recognizing public and private sector Companies/ Institutions for their growth and success.





## AWARDS



Consistently recognised, Janashakthi Insurance delivers award-winning care for generations to come.

### SLITAD People Development Awards 2023/24

Silver Award



### 5th Asia's Best & Emerging Insurance Company Awards

Asia's Best Insurance Company for innovations (Sri Lanka)

### Business Pinnacle Awards

Most Comprehensive Life Insurance Provider - Sri Lanka 2024

### Business Tabloid Awards

Best Life Insurance Company – Sri Lanka 2024

### TAGS Awards 2024

Insurance Sector (Gross Premium upto LKR 10 BN – Silver Award)



### Digital Trust Awards 2024

Technology Resilient Company of the Year Category” for the Insurance as the Gold award winner.

### Top 25 Digital Transformation Leaders

JXG CIO, K.V. Kuganathan was recognized as one of the “Top 25 Digital Transformation Leaders” at DIGITALCONFEX - Beyond DIGITAL 2024, held in Dubai, United Arab Emirates.

### Top 25 Digital Transformation Leaders

Recognized Janashakthi Life Insurance PLC in the “Technology Resilient Company of the Year Category” for the Insurance as the Gold award winner. The Digital Trust Awards 2024 was organized by ISACA (Information System Audit and Control Association) Sri Lanka.

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JXG CIO, K.V. Kuganathan was recognized as one of the “Top 25 Digital Transformation Leaders” at DIGITALCONFEX - Beyond DIGITAL 2024, held in Dubai, United Arab Emirates.

### International Finance Awards

Best Marketing Initiative – Life Insurance – Sri Lanka 2024 (Nidahas Adahas Art Competition and Exhibition 2023)

### Global Banking Finance Awards 2024

Excellence in Innovation - Insurance Plan (Janashakthi Life Unlimited) Sri Lanka 2024





Janashakthi Finance champions transparency and collaboration, creating a foundation for sustainable success.

### SLIBFI Awards 2024

We're honored to have received six prestigious awards at SLIBFI 2024, recognizing our commitment to excellence and innovation. This achievement reflects our team's dedication and the trust of our clients as we continue to drive progress and set new standards in the financial sector.



### Best Website

Janashakthi Finance PLC is proud to have received the Bronze Award for Best Website in the Insurance and Finance category at the BestWeb.lk Awards. This recognition reflects our commitment to digital excellence, client engagement, and continuous innovation in enhancing our online presence.



### IFFSA Awards 2024

We are honored to be recognized at the IFFSA Awards 2024 with multiple accolades, reflecting our commitment to excellence, innovation, and the trust of our clients. We remain focused on driving value and setting new industry benchmarks.



### Great Place to Work

Janashakthi Finance PLC has once again earned the Great Place to Work® certification, reaffirming our dedication to cultivating a positive, inclusive, and empowering workplace culture. This recognition reflects our ongoing commitment to employee well-being, growth, and a collaborative work environment.



### TAGS Awards 2024

Janashakthi Finance PLC was honored with the Bronze Award at the TAGS Awards 2024 and received recognition for excellence in Integrated Reporting and Corporate Governance Disclosure. These accolades reflect our ongoing commitment to transparency, ESG standards, and responsible business practices.





# THE YEAR IN REVIEW

Here are some notable milestones and achievements of JXG pertaining to the financial year under review.



JXG maintained its Great Place to Work status, with employee satisfaction and engagement levels reaching 90%.



An inspiring day of connection and collaboration, bringing together employees across the Group to celebrate shared achievements and align with JXG's purpose and future direction.



JXG launched its official podcast series, creating a dynamic platform to share insights, experiences, and thought leadership across the organisation and beyond.



Recognised for creating an exceptionally female-friendly work environment, underscoring JXG's commitment to empowering women and championing gender inclusivity.

**Group Asset Base**  
**LKR 168 Bn**

**ROE 30%**

**JXG**  
**Records Over**  
**LKR 5 Bn**  
**in Post-Tax Profit**

**Group Revenue**  
**LKR 24.7 Bn**

**Finance Cost**  
**LKR 2.2 Bn**  
**2024 LKR 3.6 Bn (37%)**





No. of Employees  
**1,243**

No. of Branches  
**122**

JXG Maintains  
**Fitch 'BBB-'  
Rating**

First Capital  
Holdings PLC Maintains  
**Fitch 'A+(Ika)'  
Rating**

Equity  
**LKR 17.2 Bn**

**ROA 3%**



Conducted the second edition of JXG-PIM's eXplore Leadership Development Programme



Introduced to develop future leaders, the JXG Xcelerate program focuses on accelerating managerial capabilities and strengthening leadership across the Group.



First Capital Holdings PLC is recognized as the Brand of the Year at **SLIM Brand Excellence 2024**.



# MILESTONES

**1992**

Established Janashakthi Insurance Co. Ltd in Sri Lanka, marking the beginning of our magnificent journey by being the first specialised life insurance company in the country.

**1995**

Another First - Incorporated Janashakthi General Insurance Co. Ltd. - the first specialised general insurance company in Sri Lanka.

# M I L E S

A true leader in the industry. Throughout our rich history, we have been the first to reach new heights, go on new paths while facing unknown challenges and ultimately emerge victorious.

**2015**

Janashakthi Insurance managed to acquire 100% of AIA General Insurance Lanka Limited. Janashakthi Limited strengthened its finance segment with the acquisition of Bartleet Finance Company, amalgamating it with its existing finance company to reverse list it on the Colombo Stock Exchange as Janashakthi Finance PLC.

**2018**

Divested the General Insurance business to international MNC Allianz SE at unprecedented valuation multiples. The proceeds were used to acquire control of Dunamis Capital PLC, along with its Investment Banking and Real Estate Development subsidiaries, which were later amalgamated with Janashakthi Limited. This year also marked the acquisition of First Capital Holdings PLC, Sri Lanka's leading investment bank. .



**2001**

A significant growth (with more firsts) - Acquired a 51% controlling stake in National Insurance Corporation Ltd. The Life Operations Department became the first Sri Lankan insurer to receive ISO 9001 International Service Quality Accreditation.

**2008**

Janashakthi Insurance (the merged entity) listed on the Colombo Stock Exchange - the IPO was oversubscribed by 4.5(X) despite sluggish economic conditions.

**2011**

Janashakthi Limited acquired finance & leasing company Orient Financial Services Corporation.

# T O N E S

**2022**

2022 also saw the beginning of change when the initial stages of the re-branding of the Group name to JXG commenced, and also we made an exit from the real-estate segment with the divestiture of the Kelsey Group.

**2024**

Moved into purpose-built state-of-the-art office in the Mireka Tower, the newest Grade A office space in Colombo

# INVESTMENT CASE FOR JXG

JXG is a dynamic and diversified holding company with strategic investments in three publicly listed financial services entities: Janashakthi Insurance PLC, First Capital Holdings PLC, and Janashakthi Finance PLC. Together, they create a robust ecosystem across the insurance, capital markets, and lending sectors positioning JXG as a resilient value creator in Sri Lanka's financial landscape.

## 1 Diversified exposure to high-growth financial sectors with continuous returns

JXG offers investors access to three complementary verticals within financial services:

### Insurance – Janashakthi Insurance PLC

A trusted life insurance brand with over a 30 year legacy, Janashakthi Insurance PLC recorded LKR 6.6 Billion, in Gross Written Premiums in FY 2024. The company's focus on innovation, digital distribution, and customer-centric products has led to consistent performances even amid market challenges.

### Capital Markets – First Capital Holdings PLC

Sri Lanka's leading investment bank, First Capital Holdings PLC achieved a record Total Comprehensive Income of LKR 5 Billion in FY 2024/25.

Its Primary Dealer unit contributed LKR 3,04 Billion in PAT, driven by LKR 3.72 Billion in trading gains.

Assets Under Management (AUM) grew to LKR 112 Billion, more than doubling year-on-year.

Declared a total dividend of LKR 7.50 per share, reinforcing a strong shareholder return profile.

### Retail & SME Lending – Janashakthi Finance PLC

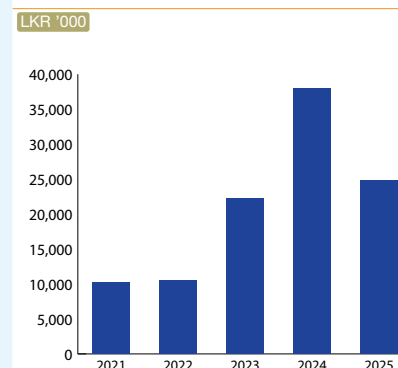
Serving underserved market segments with leasing and microfinance, Janashakthi Finance delivered a 6.68% YoY growth in after-tax profit to LKR 428 Million in FY 2024/25.

Loan book expanded to LKR 22.06 Billion (up from LKR 15.66 Billion).

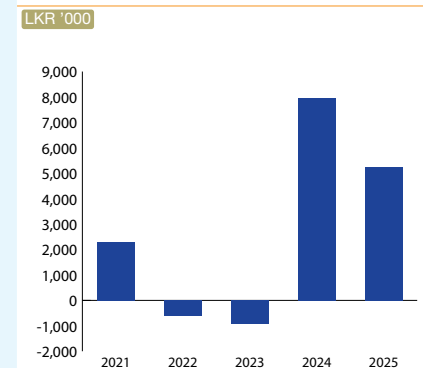
Return on Equity stood at 9.8%, compared to 10.13% in the previous year

Total Assets grew by 33.6%

### Group Revenue



### Post-tax Profit



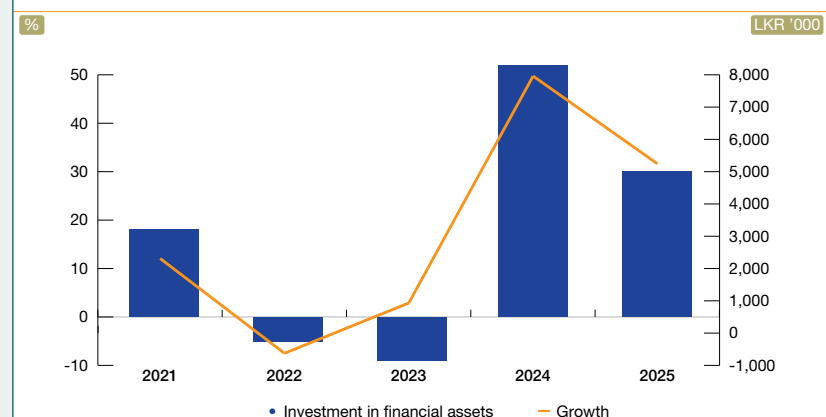
## 2 Financial strength, prudent deployment of capital and governance excellence

First Capital Holdings PLC and First Capital Treasuries PLC both maintained Fitch 'A+(lka)' ratings, with an upgraded outlook from "Stable" to "Positive" (May 2024).

JXG adopts a holding company model that ensures strategic oversight, financial prudence, and high governance standards across its subsidiaries.

The Group's philosophy balances autonomy and accountability, driving entrepreneurial agility within a sound risk-managed framework.

### Return on Equity



### 3 Established market presence

122 Direct customer touchpoints.

### 4 Positioned to capture structural growth opportunities

JXG is well-aligned with national development priorities and financial inclusion trends:

Sri Lanka's insurance penetration remains below 1.5% of GDP, providing significant room for growth.

The resurgence in government securities and growing retail investor interest have enhanced trading opportunities for First Capital Holdings PLC.

Digital lending and microfinance continue to grow, especially in the underserved informal sector where Janashakthi Finance PLC is gaining share.

JXG's ability to capitalize on these trends is already evident in the performance of its core businesses, each of which is riding its own growth wave.

### 5 Proven track record of unlocking value

In FY 2024/25, JXG's financial entities collectively:

Contributed over LKR 5.2 Billion in post-tax profits (Group consolidated).

Paid significant dividends, especially through First Capital Holdings PLC, enhancing investor returns.

Past strategic divestments and restructuring (e.g., General Insurance unit sale) demonstrate JXG's focus on shareholder value creation and operational focus.

**First Capital Holdings PLC and First Capital Treasuries PLC both maintained Fitch 'A+(lka)' ratings, with an upgraded outlook from "Stable" to "Positive" (May 2024).**

**Digital lending and microfinance continue to grow, especially in the underserved informal sector where Janashakthi Finance is gaining share.**

**The Group's philosophy balances autonomy and accountability, driving entrepreneurial agility within a sound risk-managed framework.**





# SECTORS AT A GLANCE AND SECTOR REVIEWS

## FIRST CAPITAL HOLDINGS PLC

### Strategic Significance within the Group

First Capital Holdings PLC is a leading full-service investment institution in Sri Lanka, delivering a diversified portfolio of financial solutions across capital markets. With a heritage of over four decades, the Company operates across five core verticals; fixed income, equities, wealth management, corporate advisory, and research underpinned by a strong commitment to integrity, innovation, and performance. As a member of the Janashakthi Group and licensed by the Securities and Exchange Commission of Sri Lanka (SEC), First Capital continues to drive value creation through market expertise, client-centricity, and digital-forward strategies. The Company is widely recognised for its role in deepening capital market participation, promoting financial literacy, and aligning with national development objectives through sustainable, responsible financial services.

#### Contribution to the Group

|                            | % of Assets   | % of Revenue  | % of Profit Before Tax | % Total Employees of<br>1,243 Group Employees | % of CAPEX |
|----------------------------|---------------|---------------|------------------------|---|------------|
| First Capital Holdings PLC | LKR 99,335 Mn | LKR 14,011 Mn | LKR 6,685 Mn           | LKR 146 Mn                                    | LKR 26 Mn  |
|                            | 59%           | 57%           | 77%                    | 12%   | 3%         |

### Thriving Amid a Dynamic Financial Services Sector

In 2024, amid a global backdrop of easing inflation and cautious monetary policy, Sri Lanka progressed steadily on its post-crisis recovery path, supported by IMF-led reforms, macroeconomic discipline, and renewed policy stability. Inflation fell to single digits, the rupee stabilized, and easing interest rates enhanced market liquidity and investor confidence. Against this improving macroeconomic landscape, First Capital Holdings PLC reported a Net Profit After Tax of LKR 5.0 Bn, an impressive Return on Equity of 59.0%, Earnings Per Share of LKR 11.58, and a Dividend

Per Share of LKR 7.50. While industry-wide challenges persist from regulatory complexity, margin compression, and rate volatility, to digital disruption and rising ESG expectations FCH remains well-positioned to navigate these pressures. Key opportunities lie in asset management growth, expanding investor participation, digital innovation, and ESG integration. With robust liquidity, agile technology adoption, and a focus on talent development and sustainability, FCH is poised to capitalise on shifting investor behaviour and emerging regional opportunities, reaffirming its leadership in Sri Lanka's evolving capital market landscape.

### Robust Financial Performance

The Group demonstrated strong financial performance in a stabilising macroeconomic environment:

- ◆ **Net Profit After Tax:** LKR 5.0 billion
- ◆ **Return on Equity (ROE):** 59.0%
- ◆ **Dividend Per Share:** LKR 7.50
- ◆ **Earnings Per Share (EPS):** LKR 11.58
- ◆ Results reflect effective execution of strategy amid shifting interest rate dynamics, rising investor confidence, and a more liquid market.



### Robust Financial Performance 2024/25

Scalable Market Expansion and Geographic Reach

- ◆ Domestic Reach: New branches launched in underserved areas
- ◆ Client Segmentation
- ◆ Regional Pathfinding

Fee-Led, Capital-Efficient Growth

- ◆ Asset Management (FCAM): Targeting AUM growth toward LKR 375 Billion by FY2029, underpinned by digital access, product innovation, and recurring revenue models.
- ◆ Advisory and Structured Finance: Mandate volumes are growing steadily, with corporate clients increasingly seeking differentiated structuring solutions.
- ◆ Stock Brokering: Launch of the Zag Trader platform in FY2026 will enable retail scale and research-backed execution.





## Strategic Differentiators of First Capital Holdings PLC

### 1. Diversified and Resilient Business Model

- ◆ A well-balanced mix of fund-based and fee-based income streams enables revenue resilience and cushions against market volatility.
- ◆ Consistently high return on equity (ROE) and robust profitability metrics reflect strong financial discipline and value-focused execution.
- ◆ Operational efficiency is underpinned by healthy cost-to-income dynamics, delivering scalable performance with optimized resource utilization.
- ◆ Sustained growth in net asset value (NAV), driven by disciplined earnings retention, strengthens long-term shareholder value.

### 2. Future-Ready Infrastructure and Technology Leadership

- ◆ Purpose-built digital infrastructure enables agile operations and positions the business for scale and innovation.
- ◆ A transformative IT function and frontier technology adoption—including AI, automation, and analytics—support a digital-first growth agenda.
- ◆ First-class cybersecurity and technology governance reinforce client confidence and brand trust.
- ◆ Strategic investment in digital platforms enhances customer experiences and expands reach across market segments.

### 3. Brand Equity and Market Trust

- ◆ A well-established, respected brand within the capital markets space, known for consistency, credibility, and regulatory compliance.

### People First Performance Driven Culture

- ◆ First Capital is a destination employer with a compelling Employee Value Proposition (EVP), enabling the attraction and retention of high-performing talent.
- ◆ A culture of professionalism and strong governance supports consistent delivery, ethical conduct, and transparent operations.
- ◆ Recognized for compliance and reporting excellence, particularly in navigating complex regulatory, accounting, and ESG landscapes.
- ◆ External assurance and diagnostic tools guide strategic direction, enabling responsive decision-making and performance benchmarking

### Forward Looking Financial Strategy

#### Scalable Market Expansion and Geographic Reach

- ◆ Domestic Reach: New branches launched in underserved areas
- ◆ Client Segmentation
- ◆ Regional Pathfinding

#### Fee-Led, Capital-Efficient Growth

- ◆ Asset Management (FCAM): Targeting AUM growth toward LKR 375 Bn by FY2029, underpinned by digital access, product innovation, and recurring revenue models.
- ◆ Advisory and Structured Finance: Mandate volumes are growing steadily, with corporate clients increasingly seeking differentiated structuring solutions.
- ◆ Stock Brokering: Launch of the Zag Trader platform in FY2026 will enable retail scale and research-backed execution.

- ◆ Deep-rooted stakeholder trust—earned through decades of dependable service and ethical conduct remains a core competitive advantage.
- ◆ Proactive financial literacy initiatives and community engagement elevate the brand's social value and public goodwill.
- ◆ Strong brand legitimacy is reinforced through credible ESG practices and consistent delivery on stakeholder expectations.

### 4. Strategic Focus and Market Engagement

- ◆ A focused operational footprint across high-impact business verticals enables depth, agility, and responsiveness to market shifts.
- ◆ Expanding digital and community engagement platforms deepen relationships with clients, investors, and regulators.
- ◆ Continued investment in ESG transparency, sustainability initiatives, and responsible innovation enhances brand differentiation.
- ◆ Strong alignment with stakeholder values and sustainability principles positions First Capital as a trusted long-term partner.

## ESG and Community Impact

- ◆ **ESG Filters in Product Design:** ESG integration in asset management and advisory mandates is expanding, with plans to launch sustainable and climate-aligned funds.
- ◆ **Inclusive Outreach:** Women-led investor education, Room to Read partnerships, and support for university career development
- ◆ **Climate Readiness:** Carbon footprint tracking (Scope 1, 2 and Scope 3, excluding financed emissions), digital documentation, and nature-based programmes are now part of our operational roadmap.



## SECTORS AT A GLANCE AND SECTOR REVIEWS

### FIRST CAPITAL HOLDINGS PLC

#### Outlook : Positioned for Scalable and Sustainable Growth



**Short Term  
Strategic  
Period  
2024-2025**

- Government Securities
- Maintain resilient performance amid lower trading volumes.
- Stabilize yields within the 5–10% corridor.
- Corporate Advisory
- Capitalize on expected deal flow in debt capital markets, M&A, and restructuring.
- Enhance execution quality and attract top talent.
- Dealing Securities
- Strengthen transparency and governance.
- Leverage internal research to optimise fixed income and equity strategies.
- Asset Management
- Respond to lower interest rates by promoting equity and balanced funds.
- Drive investor awareness via “InvestED” financial literacy series.
- Stock Brokering
- Launch next-gen trading platform.
- Integrate AI-powered analytics for client personalization.
- Continue targeted outreach to expand retail investor base.



**Long-Term  
Strategies**

**Strategic  
Period 2025  
Long term  
Growth  
Trajectory**

- Corporate Advisory
- Embed ESG principles into all deal structuring and due diligence.
- Position as a leader in sustainable finance and green investment advisory.
- Dealing Securities
- Build long-term competitive positioning in fixed income and equity trading.
- Stock Brokering
- Introduce new investment products like short selling and stock borrowing/lending.
- Expand market reach through nationwide financial literacy initiatives.
- Market Outlook & Positioning
- Leverage emerging FDI and valuation recovery in Sri Lankan equity markets.
- Attract sustained foreign institutional flows with improved sovereign ratings.

#### Investment Rationale

- ◆ Diversified revenue streams across fixed income, equities, wealth management, and advisory.
- ◆ Market leadership as a top-tier non-bank primary dealer and capital market intermediary.
- ◆ Strong financial performance in FY2024 with LKR 5.0 Bn PAT and 59% ROE.
- ◆ Scalable digital infrastructure supporting operational efficiency and client-centric innovation.
- ◆ Established brand trust built over four decades with a reputation for reliability and compliance.
- ◆ Proactive ESG integration, including early adoption of SLFRS S1 & S2 standards.
- ◆ Positioned for growth amid Sri Lanka's economic recovery and capital market expansion.
- ◆ Strong liquidity and capital base, enabling agility and future expansion.
- ◆ Committed to financial literacy and inclusion, strengthening long-term social impact.





## JANASHAKTHI INSURANCE PLC

### Strategic Significance within the Group

Janashakthi Insurance PLC is a cornerstone of the broader Group, delivering substantial contributions across revenue, profits, asset base, and capital expenditure. It also represents a major share of the Group's human capital, reflecting its deep operational scale and capacity. Its performance reinforces its role as a value-creating engine within the Group's portfolio.

#### Contribution to the Group

|                                  | % of Assets          | % of Revenue        | % of Profit Before Tax | % Total Employees of<br>1,243 Group Employees | % of CAPEX       |
|----------------------------------|----------------------|---------------------|------------------------|---|------------------|
| <b>Janashakthi Insurance PLC</b> | <b>LKR 37,897 Mn</b> | <b>LKR 6,690 Mn</b> | <b>LKR 5,704 Mn</b>    | <b>LKR 372 Mn</b>                             | <b>LKR 34 Mn</b> |
|                                  | <b>23%</b>           | <b>27%</b>          | <b>66%</b>             | <b>30%</b>                                    | <b>3%</b>        |

### Thriving Amid a Transforming Industry Landscape

Sri Lanka's life insurance sector, while smaller in scale compared to global markets, is undergoing significant transformation. Rising financial literacy, increasing awareness of insurance as a financial protection tool, and strong digital adoption are driving growth opportunities. Janashakthi is well-positioned to capitalize on:

- ◆ Surging demand for health and protection-oriented insurance products
- ◆ Personalized and need-based insurance solutions
- ◆ Digital transformation across customer engagement, underwriting, and claims
- ◆ Greater emphasis on risk resilience and sustainable insurance

Despite macroeconomic headwinds and a competitive market, Janashakthi has demonstrated resilience and adaptability through timely strategic pivots and innovative offerings.

### Robust Financial Performance (2024)

Janashakthi delivered a standout performance in 2024, underscoring its financial strength and operational momentum:

- ◆ Gross Written Premium: LKR 6.6 billion (44% YoY)
- ◆ Profit After Tax: LKR 4.5 billion
- ◆ Profit Before Tax LKR 5.7 Billion
- ◆ Return on Equity: 27% – demonstrating strong shareholder value creation
- ◆ Market Value per Share: LKR 55 (43%) – reflecting investor confidence and capital market appeal

- ◆ Capital Adequacy Ratio (CAR): 277% – significantly above regulatory requirements, ensuring long-term solvency and risk resilience
- ◆ Employee Engagement Score: 89%, GPTW certified – a testament to a motivated and high-performing workforce

### Strategic Differentiators Driving Sustainable Growth

#### 1. Customer-centric Product Innovation

Janashakthi has a long-standing reputation for innovation, having introduced several industry firsts in Sri Lanka, including:

- ◆ Pioneering the insurance industry with revolutionary firsts - war risk cover, AIDS cover, and global hospitalisation benefits
- ◆ Products aligned to evolving lifestyle and health needs

- ◆ Revamped loyalty programs and targeted marketing to strengthen policyholder relationships

#### 2. Digital-First Transformation

The Company has made significant strides in digitizing the customer journey and backend processes:

- ◆ CRM upgrades, video KYC, mobile apps, WhatsApp servicing, and RPA
- ◆ AI integration in underwriting and claims – improving turnaround time and efficiency
- ◆ Enhanced dashboards and data-driven insights guiding customer engagement and sales strategies

#### 3. Distribution and Accessibility

- ◆ Omni-channel reach including digital platforms, telesales, regional officers, and 76 physical branches across Sri Lanka

## SECTORS AT A GLANCE AND SECTOR REVIEWS

### JANASHAKTHI INSURANCE PLC

- ◆ Collaborations with banks and financial institutions to expand market penetration
- ◆ Regional development focus ensures strong presence beyond urban centers

#### 4. Strong Brand Equity and Recognition

- ◆ Recognized as the Best Life Insurance Company in Sri Lanka 2024
- ◆ Winner of ISACA's Technology Resilient Company of the Year
- ◆ Maintains a legacy of trust, resilience, and performance over two decades

#### 5. Resilient Risk and Compliance Framework

A strong governance culture underpins all operations:

- ◆ Embedded enterprise risk management framework
- ◆ Rigorous compliance with IRCSL and international best practices
- ◆ Ethical practices and transparency at the heart of operations

#### People-First, Performance-Driven Culture

Janashakthi invests in its people as a strategic advantage:

- ◆ High engagement and productivity (89% engagement score, GPTW certified)
- ◆ AI-powered HR analytics guiding recruitment, retention, and performance management

- ◆ Strong focus on learning, inclusion, mental well-being, and leadership development

#### Forward-Looking Financial Strategy

- ◆ Asset diversification and rebalancing aligned to macroeconomic dynamics
- ◆ Proactive cost optimization driving operational efficiency
- ◆ Focused on sustaining returns while balancing risk prudently

#### ESG & Community Impact

Janashakthi's commitment extends beyond insurance:

- ◆ Janashakthi Foundation spearheads financial literacy, health initiatives, and sports development
- ◆ Embeds ESG principles in underwriting and investment decisions
- ◆ Builds brand purpose through meaningful social contribution

#### Outlook: Positioned for Scalable and Sustainable Growth

##### Short-Term Strategic Priorities (2024–2025):

- ◆ Leverage digital platforms to enhance customer acquisition and service
- ◆ Expand usage of AI and analytics in decision-making
- ◆ Launch new products tailored for post-inflationary recovery trends
- ◆ Build strategic partnerships for broader market access

#### Long-Term Growth Trajectory:

- ◆ Expand sustainable and green insurance offerings
- ◆ Recalibrate capital models to align with IRCSL and IFRS 17

- ◆ Strengthen investment performance amid market volatility
- ◆ Deepen brand loyalty and retention through personalization and value-added services

#### Investment Rationale

- ◆ Strong financials with high return on equity and robust CAR
- ◆ Trailblazer in digital innovation and product design
- ◆ Operationally agile with a data-driven, customer-centric approach
- ◆ Resilient governance and compliance culture
- ◆ Recognized brand with market credibility and awards
- ◆ Scalable platform with clear growth roadmap and nationwide presence
- ◆ ESG-aligned business with impactful community engagement



## JANASHAKTHI FINANCE PLC

### Strategic Significance Within the Group

Janashakthi Finance's focus on non-banking financial services, such as leasing, gold loans, and deposit-taking, complements the group's existing insurance business. This diversification helps mitigate risks and ensures stable revenue streams across different sectors.

#### Contribution to the Group

|                         | % of Assets   | % of Revenue | % of Profit Before Tax | % Total Employees of 1,243 Group Employees |
|-------------------------|---------------|--------------|------------------------|--|
| Janashakthi Finance PLC | LKR 27,358 Mn | LKR 4,465 Mn | LKR 428 Mn             | LKR 650 Mn                                 |
|                         | 16%           | 18%          | 5%                     | 52%  |

### Thriving Amid a Dynamic Financial Services Sector

Janashakthi Finance has consistently demonstrated its ability to adapt. The financial institution has responded effectively to economic pressures, such as interest rate reductions and inflationary risks, by refining its operational strategy and enhancing its risk management framework.

### Context to Performance, Challenges, and Opportunities in the Market

Sri Lanka's macroeconomic outlook remains cautiously optimistic, with improvements in structural reforms and debt negotiations fostering economic momentum. However, external risks, such as global volatility, commodity price fluctuations, and geopolitical tensions, persist. In the Non-Bank Financial Institutions (NBFIs) sector, Janashakthi Finance has demonstrated resilience and growth in 2024.

### Robust Financial Performance

- ◆ **Total Assets:** Rs. 27.36 billion (+33% YoY growth)
- ◆ **Profit After Tax:** Rs. 371.80 million
- ◆ **Gold Loan Portfolio Growth:** +58%
- ◆ **Leasing Segment Growth:** +33%

- ◆ **Deposit Growth:** +17.32%
- ◆ **Non-Performing Advances (NPA) Ratio:** Consistently below industry average
- ◆ **Deposit Retention Rate:** Exceeds 80%, demonstrating strong customer trust

### Strategic Differentiators

- ◆ **Technological Infrastructure Enhancement:** Integration of AI for customer segmentation and sales optimization, improved IT security, and business intelligence advancements.
- ◆ **Branch Network Optimization:** Expansion into underserved regions like Kalawanchikudy and Chenkalady, and branch renovation in key locations.
- ◆ **Green Financing and Sustainable Products:** Introduction of EV loans, solar energy loans, and women-focused products like the "Penmani" scooter leasing.
- ◆ **Cost Optimization & Operational Efficiency:** Reduction of cost-to-income ratio below 55% through automated workflows and high availability architecture.
- ◆ **Strengthening Digital Touchpoints:** Continued investment in mobile and online platforms to enhance customer access.

### Key Strengths:

- ◆ Strong financial position with robust capital and asset growth
- ◆ Clear growth targets with KPIs and strategic direction
- ◆ Integration with the Janashakthi Group, boosting credibility and resilience
- ◆ Significant investment in digital transformation
- ◆ Expanding branch network, reaching rural and underserved areas
- ◆ Solid risk and credit management practices
- ◆ Focus on customer retention and trust, with a deposit retention rate exceeding 80%
- ◆ Strong governance practices with a commitment to ESG integration

### Outlook – Positioned for Scalable and Sustainable Growth

Janashakthi Finance offers a compelling investment case based on:

- 1. Strong Growth Trajectory:** The company has consistently expanded its asset base and financial performance.

#### 2. Technology & Innovation:

Leveraging digital transformation and AI integration provides a competitive edge.

#### 3. Market Position:

A customer-centric approach and strong brand integration with the Janashakthi Group reinforce its competitive advantage.

#### 4. Resilient Business Model:

The strategic expansion into underserved areas and the shift to a digitally-enabled financial ecosystem will drive growth while maintaining strong customer relationships.

- 5. Future Outlook:** With a focus on improving ROE to 15%, reducing cost-to-income ratio, and expanding product offerings for emerging customer segments.

Janashakthi Finance has demonstrated robust financial performance, operational efficiency, and a clear strategic vision for future growth. With its emphasis on digital transformation, sustainable finance, and expanding market reach, the company presents a strong investment opportunity in Sri Lanka's evolving financial services sector.



## REFLECTIONS FROM THE GROUP CHAIRMAN

As part of our global expansion plans, we have set our sights on the SAARC and ASEAN markets, recognizing that opportunities within Sri Lanka are progressively being exhausted, particularly given long-term demographic shifts. By diversifying our presence, we aim to tap into emerging growth avenues, ensuring sustained scalability and resilience.

### Dear Stakeholders

I am delighted to share this message as we reflect on a year of consolidation and remarkable performance at Janashakthi Limited. The financial year 2024/25 was a historic one for Sri Lanka for all the right reasons, and Janashakthi Limited, referred to as the Janashakthi Group (JXG), delivered exceptional results, closely aligning with the country's improving macroeconomic conditions.

### Operating context

The financial year ended 31 March 2025 was marked by significant political and economic developments in Sri Lanka. Two key elections took place, the Presidential election in September 2024, followed by the Parliamentary election in November 2024. The incumbent president secured victory, signaling a shift in the country's political landscape with a strong mandate to combat corruption and ease austerity measures affecting the lower-income groups. The ruling party's two-thirds majority in Parliament provided the legislative strength needed to drive economic reforms, bringing political stability and a conducive environment for accelerating Sri Lanka's post-crisis economic recovery.

In June 2024, the International Monetary Fund (IMF) completed Sri Lanka's 2024 Article IV Consultation and the second review under the Extended Fund Facility (EFF), unlocking a USD 336 million disbursement, bringing the total IMF support to USD 1 billion. The IMF commended Sri Lanka's programme performance, with all quantitative targets met except for social spending. In February 2025, the third review was approved, releasing an additional USD 334 million and increasing total disbursements to USD 1.3 billion. This followed Sri Lanka's commitment to achieving a 2.3% primary surplus target for 2025 and the successful completion of a USD 25 billion debt restructuring.





Additionally, in December 2024, Sri Lanka secured a USD 12.55 billion debt restructuring deal featuring Governance-Linked and Macro-Linked Bonds, designed to enhance financial resilience. A separate USD 2.5 billion restructuring agreement with Japan outlined repayments between 2028 and 2042.

In this context, as a result of the prudent and decisive policy measures taken by the Government of Sri Lanka (GoSL) and the Central Bank of Sri Lanka (CBSL), key economic indicators improved during the year. The deflationary trend that began in September 2024 continued, with Headline Inflation (CCPI) closing at -2.60%, largely due to reductions in power tariffs. The CBSL maintained the Overnight Policy Rate (OPR) at 8.00%, supporting economic recovery while guiding inflation towards its 5% target. Prior to implementing the OPR on 21 November 2024, the CBSL reduced the Standing Deposit Facility Rate (SDFR) and Standing Lending Facility Rate (SLFR) by 100 basis points, to 7.50% and 8.50%, respectively. This expansionary monetary policy led to a reduction in market-wide interest rates, with the monthly Average Weighted Prime Lending Rate (AWPR) declining 272 basis points to 8.39% by the end of the financial year.

Gross Official Reserves increased by USD 1 billion from USD 5.4 billion in 2023. The increase in worker remittances and tourism earnings greatly contributed to enhancement of reserves. The Sri Lankan Rupee remained stable during the year up to end May 2024.

With political stability setting in post-elections, investor confidence soared, leading to historic performance at the Colombo Stock Exchange (CSE). The All Share Price Index (ASPI) surged from 10,654.16 points at the beginning of

2024 to 15,944.61 points by year-end, marking a remarkable 49.66% increase.

These events had varying degrees of impact on our subsidiaries' businesses, which we prudently navigated and effectively managed, ensuring strong performance across the board.

### Group Performance

Positioned as a premier financial services conglomerate in Sri Lanka, with presence in insurance, non-banking and financial institutions (NBFI) and capital markets, JXG performed exceptionally well, posting record results during the year. This was on account of the Group's three key subsidiaries, First Capital Holdings PLC, Janashakthi Insurance PLC and Janashakthi Finance PLC posting respective record-breaking performance, and upstreaming the same to JXG as the parent entity. Accordingly, JXG posted a pre-tax profit of LKR 8,743 Billion, with a year-on-year (YoY) Decrease of 43.15%.

While the Group Chief Executive Officer provides a more detailed analysis of the performance of our key subsidiaries in his message on pages 31 to 33 of this Report, below is a concise overview of how each subsidiary strengthened its industry position, navigated the year's risks and opportunities, and enhanced JXG's reputation as a diverse, competent, and trustworthy group of companies in Sri Lanka, transforming potential into prosperity for every Sri Lankan who engages with us.

### First Capital Holdings PLC

First Capital Holdings PLC (FCH) is JXG's largest and highest-performing subsidiary, comprising six specialized subsidiaries offering full-spectrum capital market services. FCH operates through four key pillars: primary dealing in government securities, asset

management regulated by the Securities and Exchange Commission of Sri Lanka, stockbroking, and investment banking/corporate advisory. As the highest contributor to JXG's revenue and profitability, FCH accounted for 56.58% and 76.47% of the Group's revenue and pre-tax profitability, respectively, during the financial year under review.

In 2024/25, FCH delivered its second-highest performance, recording a pre-tax profit of LKR 6,685 Billion, reflecting a YoY decrease of 59.01%. Return on equity (ROE) stood at 59% (136% in 2023/24), while earnings per share reached LKR 11.58 (LKR 22.15 in 2023/24). The Company's strong results were driven by its ability to swiftly adapt to economic developments, supported by robust research, business intelligence, and a prudent risk-reward management approach, closely guided by the Board of Directors and effectively managed through the team of professionals.

### Janashakthi Insurance PLC

Janashakthi Insurance PLC (JI) delivered impressive results during the financial year, driven by improving economic conditions and strengthened by robust Board and management oversight. The Company significantly outperformed the industry, achieving a 44% growth in Gross Written Premium (GWP) to LKR 6.6 billion in 2024, well above the industry average of 20%.

Additionally, JI successfully expanded its investment income, reaching LKR 3.7 Billion by year-end. This growth was facilitated by prudent strategies, including strategic equity market investments post-election, enabling the Company to navigate prevailing market uncertainties effectively. JI contributed 27.02% to JXG's total revenue and 34.97% to its pre-tax profitability.

### Janashakthi Finance PLC

The NBFI arm of JXG, Janashakthi Finance PLC is engaged in full-spectrum services including deposit mobilization, savings accounts, leasing, hire purchase, pledge loans, factoring, gold loans, working capital, corporate financing and a range of Islamic Finance products. During the year, Janashakthi Finance posted a pre-tax profit of LKR 428.01 Million. The Company's balance sheet grew by 33.60% to LKR 27,358 billion, strengthening its dynamism and stature. Whilst vehicle import restrictions prevailed for the majority of the financial year, the Company ensured solid profitability through a variety of strategic initiatives such as timely repricing of the deposits book, cost management and advancing growth in high demand product segments such as pledge loans and gold loans. Janashakthi Finance contributed 18.03% to JXG's total revenue and 4.90% to its pre-tax profitability.

### Advancing the Strength of the JXG

Entering our 3rd year of formally capitalising on the JXG brand, we further strengthened its positioning across the sectors in which we operate. This strategic branding effort yielded remarkable results, particularly for FCH, which successfully doubled its customer base during the year. It is encouraging to witness the trust and confidence our customers place in the JXG identity, which stands for integrity, sustainability, and quality.

The shared services structure introduced at the group level also proved to be a significant enabler of efficiency and excellence. By centralising HR, IT, Administration, and Legal functions, all our subsidiaries now benefit from uniform access to high-quality services. This approach has enhanced operational efficiency, optimized costs, and ensured a consistent standard of excellence across the Group.

## REFLECTIONS FROM THE GROUP CHAIRMAN

**This governance structure brings together a wealth of expertise spanning business, finance, insurance, marketing, accounting, engineering, and capital markets. The Board also benefits from international perspectives, with Directors bringing experience from developed markets, ensuring that JXG remains well-positioned to navigate both local and global challenges.**

### Good Governance

JXG is steered by a highly-competent and diverse Board of Directors, comprising a balanced mix of independent and Non-Executive Directors. This governance structure brings together a wealth of expertise spanning business, finance, insurance, marketing, accounting, engineering, and capital markets. The Board also benefits from international perspectives, with Directors bringing experience from developed markets, ensuring that JXG remains well-positioned to navigate both local and global challenges.

Diversity is a key strength of JXG's governance framework, with a healthy mix of age and gender representation, enabling the Board to approach decision-making with a broad range of perspectives, an essential factor in guiding a group of JXG's stature through evolving economic and industry landscapes.

To ensure rigorous oversight and alignment with best practices for listed entities, the Board is supported by key sub-committees, including the Audit Committee, Related Party Transactions Review Committee, Remuneration Committee, and Nominations Committee. These committees play a pivotal role in enhancing governance, transparency, and accountability across the Group.

During the year, the Board convened 6 times times, engaging in in-depth discussions on the impact of evolving economic and political conditions, strategic initiatives to drive sustainable growth, stakeholder value creation, risk management, and the exploration of local and offshore opportunities. Employee well-being and talent development were also key areas of focus, ensuring that JXG remains a resilient, forward-thinking, and responsible corporate entity.

### Way Forward

Since establishing JXG as a flagship financial services conglomerate in Sri Lanka, we have embarked on an ambitious journey to rank among the top 10 listed groups on the Colombo Stock Exchange within the next decade, by year 2035. This bold vision is at the core of our growth agenda, and during the year, we took a significant step toward this goal by initiating the formulation of a comprehensive business strategy centered on exponential growth. Supported by a renowned international consultancy, this strategy will serve as a detailed, time-bound blueprint, guiding the performance and expansion of all our subsidiaries.

As part of our global expansion plans, we have set our sights on the SAARC and ASEAN markets, recognizing that opportunities within Sri Lanka are progressively being exhausted, particularly given long-term demographic shifts. By diversifying our presence, we aim to tap into emerging growth avenues, ensuring sustained scalability and resilience.

We remain acutely aware of Sri Lanka's economic trajectory and its long-term aspirations, particularly in boosting foreign exchange revenues and developing its capital markets to attract foreign investment. JXG is fully committed to deploying its collective expertise and deep-rooted industry insights to support these national priorities, helping shape a robust and investor-friendly financial ecosystem.

At the heart of our strategy lies an unwavering focus on stakeholder value creation. We will continue to place the well-being of our employees, the financial prosperity of our customers, and the interests of all stakeholders at the forefront of our journey. As we chart

a new course in Sri Lanka's financial services landscape, we remain steadfast in our commitment to innovation, growth, and national progress.

### Appreciation

A year of excellence and an organisation that builds an enduring legacy are made possible through the collective effort of many. I wish to place on record my deep appreciation to my fellow Board members and the Boards of all our subsidiaries for their invaluable contributions. I extend my gratitude to the executive management teams and the dedicated staff across the JXG and its subsidiaries for their unwavering passion and perseverance.

I also extend my sincere thanks to the regulators across the sectors we operate in for their guidance and support, which have been instrumental in our journey. To all Sri Lankans, may they be our customers, policyholders or business partners - thank you for placing your trust in us and supporting our growth.

Together, let us continue to traverse the path of success and prosperity.

Wishing you well

**Chandana de Silva**  
Group Chairman

Janashakthi Group (JXG)

16th June 2025



## GROUP CHIEF EXECUTIVE OFFICER'S REVIEW

**Our ethos extends beyond mere profit generation. By leveraging the collective strength that lies within the Group, which stems from our perfected expertise in the respective financial services field over decades, we are driving economic prosperity.**

### Dear Stakeholders

Janashakthi Group (JXG) made considerable strides in its operations through the financial year 2024/25, enabled by strategic agility and strong business acumen. It is my pleasure to place before you a detailed account of how JXG steered through opportunities that arose in the Sri Lankan economy, whilst generating enduring value for all.

### JXG Financial Performance

I would like to refer to year FY 2024/25 as the culmination of a trilogy of performance. We withstood unprecedented challenges in FY 2022/23 due to the aftermath of the COVID-19 pandemic and the Sri Lankan economic crisis, we stabilized our performance through FY 2023/24 attuned to improving economic conditions placing ourselves on a springboard for growth, and in FY 2024/25 we achieved turnaround performance, accelerating growth and profitability.

Despite a challenging operating environment, JXG demonstrated resilience and agility in navigating a year marked by both external pressures and internal transitions. While our profit after tax declined by 24% to LKR 5.24 billion, down from LKR 7.96 billion, this outcome reflects the strategic decisions made to strengthen our long-term positioning over short-term gains.

Key performance indicators such as net profit margin, return on assets, and return on equity saw contractions; net profit margin reduced to 35% from 41%, return on assets to 3.13% from 5.93%, and return on equity to 32.18% from 61.76%. These shifts are a result of calculated investments made during the year to future-proof our operations, diversify our business portfolio, and reinforce our risk resilience frameworks.



## GROUP CHIEF EXECUTIVE OFFICER'S REVIEW

Importantly, our total asset base expanded by 24%, reaching LKR 167.52 billion. This growth reflects our continued focus on asset acquisition and portfolio strengthening across core verticals, laying a firm foundation for future value creation.

As we move forward, our strategic priorities remain centered around operational excellence, innovation-driven transformation, and prudent capital allocation. We are confident that these efforts will enable us to regain growth momentum and deliver enhanced stakeholder value in the years ahead.

### Performance of Subsidiaries

Whilst the Chairman commented briefly on the financial performance of our subsidiaries on page 29 under the Reflections from the Group Chairman, given below is an analysis of overall performance of the subsidiaries.

#### First Capital Holdings PLC (FCH)

We continued to leverage the strength of our group of companies through our market standings, viz. largest primary dealer in Government securities out of 10 licensed primary dealers, third largest Securities and Exchange Commission (SEC) regulated private asset management company, stock broking business with a market share of 5% with a standing within the top 10 stock brokers in the Colombo Stock Exchange (CSE) and strong presence in the corporate advisory/ debt structuring operations.

FCH advanced its efforts in financial inclusion, capital market literacy and making capital markets more approachable and accessible to a broader segment of Sri Lankans. Our efforts in these lines are reflected in over

## The Group's strong growth orientation and dynamic work culture provide employees with a rewarding workplace experience and promising career progression.

6,500 new clients being added to our active customer base during the year 2024/25, increasing it to 21,225.

During the year, we also drove digitisation of customer interactions whereby our customers can now open accounts and invest seamlessly using their smart devices connected to their e-wallets.

FCH won an impressive 23 awards during the year, elevating us as the most awarded investment bank in Sri Lanka.

#### Janashakthi Insurance PLC (JI)

JI posted a pre-tax profit of LKR 5.7 Billion and post-tax profit of LKR 4.5 Billion for the financial year ended 31 December 2024, a growth of 9% over the prior year (year-on-year/YoY). The value of JI's share in the CSE increased by 43% to LKR 55/- by the close of the financial year, denoting enhanced total shareholder returns. Reflecting our strength, capital adequacy was reported at 277%, total assets closed in at LKR 37,897 Billion, reflecting a 5% YoY growth. Continuing its spirit of product innovation, JI introduced Janashakthi Health Guard and a new channel dubbed as Metro. JI achieved the "Great Place To Work" status for the second consecutive year, with a significant increase to 89% in satisfaction and engagement levels of the staff. The JI branch network continued to expand to

76 branches, reaching new communities, taking the message of insurance and providing unparalleled services to our valued clients across the country. The new branches added during the year were Nuwara-Eliya, Kaluwanchikudy and Chenkalady.

#### Janashakthi Finance PLC (JFP)

At JFP, strategic initiatives, including our focus on SME and microfinance sectors accelerated, taking vital financial support to the sector in the awakening economy. This contributed to an increase in the customer base. Expansion of the branch network and digital transformation efforts further solidified JFP market position. Additionally, the company maintained a healthy credit risk profile, with Non-Performing Loan levels remaining below industry averages, and capital adequacy ratios comfortably above regulatory requirements, underscoring prudent risk management practices.

#### Delivering value to our stakeholders

JXG continued to generate meaningful value for its stakeholders through its diverse portfolio of businesses, spanning capital markets, insurance, and financial services, along with the impactful initiatives of the Janashakthi Foundation.

### Empowering Customers Through Financial Solutions

FCH supported investors and businesses by offering a range of capital market services, including primary dealing in Government securities, asset management, stock broking, and corporate advisory. FCH's research-backed investment strategies empowered customers to make informed financial decisions. JI provided security and peace of mind to customers through innovative life insurance solutions. JI outperformed industry growth rates offering enhanced financial protection to individuals and businesses. Meanwhile, Janashakthi Finance facilitated financial inclusion by providing customised leasing, factoring, and loan solutions for individuals and SMEs, supporting economic growth and entrepreneurship.

### Creating Opportunities for Employees

JXG promotes a dynamic and inclusive work environment across its subsidiaries, empowering its team of over 1,243 employees with career development opportunities, leadership training, and continuous skills enhancement programmes. Each subsidiary within the Group, First Capital Holdings PLC, Janashakthi Insurance PLC, and Janashakthi Finance PLC within the space of financial services, employs highly-qualified professionals in their respective fields, ensuring expertise-driven excellence in capital markets, insurance, and financial services. The Group's strong growth orientation and dynamic work culture provide employees with a rewarding workplace experience and promising career progression. Furthering its commitment to employee well-being and professional development, JXG was accredited as a "Great Place to Work" for the third





consecutive year. Notably, in this year's evaluation, all assessed indicators achieved scores exceeding 90%, affirming the Group's dedication to fostering a high-trust, high-performance work environment.

We strongly advocate for diversity across gender and age within our workforce. At the Group level, 38% of our employees are female, with 3% representation in senior management. Additionally, a minimum of 09 female Directors serve on the JXG Board and the Boards of our subsidiary companies. Our workforce is also characterised by a dynamic mix of experience and youthful energy. The average age of our employees across the Group is 35 years, with 68% of our staff under the age of 40, ensuring a vibrant, future-focused organisation that thrives on innovation and diverse perspectives.

### Driving Community Impact through the Janashakthi Foundation

The Janashakthi Foundation played a pivotal role in driving social empowerment through education, healthcare, and disaster relief initiatives. Over the years, we have invested in financial literacy programmes to educate communities on wealth management, investment, and risk protection, enabling long-term economic resilience. Furthermore, we have extended support to underprivileged communities by funding scholarships, healthcare initiatives, and livelihood development programmes. The JXG Foundation is strengthened by the collective support of the Group's subsidiaries, with 2.5% of their pre-tax profits annually contributed to the Foundation. These funds are strategically deployed towards impactful and sustainable initiatives in creating long-term value for communities and driving meaningful social change.

### Strengthening the economy through subsidiary operations and tax contribution

Our ethos extends beyond mere profit generation. By leveraging the collective strength that lies within the Group, which stems from our perfected expertise in the respective financial services field over decades, we are driving economic prosperity. FCH has over the years proved its expertise in government securities and capital markets and is positioned as a formidable player in the financial services sector. Furthermore, FCH is on a relentless mission of taking the message of capital market investment options to the masses, thereby delivering on twin goals of opening up unforeseen investment opportunities for investors to enhance their financial prosperity and also driving demand and development of Sri Lanka's capital market. JI enhanced insurance accessibility, ensuring financial protection for a broader segment of society. Furthermore, Janashakthi Finance provided critical financial support to SMEs and individuals, driving entrepreneurship and economic inclusivity.

As a Group we also made significant contribution to fiscal revenue, with the aggregate tax amount paid to GoSL being LKR 5.7 Billion for the year.

### Awards

JXG and its subsidiaries continued to chart new paths in their respective industries, collectively earning 39 awards, an affirmation of our balanced and well-articulated performance. These accolades spanned technology, human resource management, and corporate reporting. We value this independent recognition, which strengthens the confidence of both existing and

prospective customers in our Group. Staying true to our values, we remain committed to continuous improvement and delivering sustained value to all stakeholders.

### Way Forward

As highlighted by the Chairman, our ambition is to rank among the top 10 listed groups on the Colombo Stock Exchange by the year 2035, as measured by total market capitalisation. To this end, our three publicly listed subsidiaries are actively pursuing their own strategic blueprints, each well-aligned with the Group's overarching growth agenda. We are also formulating strategies to expand into overseas markets within the SAARC and ASEAN regions. However, we remain cautious in our approach, mindful of the political and civil unrest in parts of the region, further intensified by the economic policies of the U.S. administration, factors that may have cascading effects on our industry and target markets. We will adopt a calculated approach to risk, aligned with potential expected returns, while continuing to strengthen our balance sheet and reduce leverage.

### Appreciation

The success we have achieved this year is the result of the collective commitment and dedication of many. I extend my heartfelt gratitude to our Chairman and the Board of Directors of JXG for their visionary leadership, which has been instrumental in guiding our Group forward. I also deeply appreciate the Boards and executive management teams of our subsidiaries, whose strategic direction and operational excellence have contributed immensely to our continued growth.

To our employees across the Group, you are the driving force behind our achievements. Your passion, expertise, and unwavering commitment to excellence strengthen our position as a leading force in Sri Lanka's corporate landscape.

I also extend my sincere thanks to our valued customers, business partners, and key stakeholders across the industries in which we operate. Your trust and collaboration inspire us to push boundaries and innovate continuously. Additionally, we acknowledge the regulators and policymakers whose support and guidance have provided a stable and conducive environment for us to thrive.

At JXG, we believe that our success is deeply intertwined with national progress. Through our businesses and initiatives, we are committed to driving economic growth, empowering communities, and contributing to a more sustainable future. As we look ahead, we remain steadfast in our purpose, to advance our Group and to be a partner in progress for the nation, shaping a future of shared prosperity for years to come.

**Ramesh Schaffter**  
Managing Director/ Group Chief  
Executive Officer

Janashakthi Group (JXG)

16th June 2025

# BOARD OF DIRECTORS



*Left to Right*

**Minette Perera**

Independent Non-Executive Director,

**Vishnu Balachandran**

Independent Non-Executive Director,

**Prakash Schaffter**

Deputy Chairman

**Chandana de Silva**

Group Chairman

**Saliya Wickramasuriya**

Independent Non-Executive Director

**Ramesh Schaffter**

Managing Director/ Group Chief Executive Officer

**Manjula Mathews**

Non-Independent Non-Executive Director

**Pirananan Sivagananathan**

Independent Non-Executive Director



**Chandana de Silva**

Group Chairman

Chandana de Silva holds a BSc in Mathematics and Management from the University of London and is a Fellow of the Chartered Accountants Institutes in both England & Wales and Sri Lanka. With over 35 years of managerial and financial experience, including 23 years in the UK where he served as CFO of a Nasdaq-listed company, he returned to Sri Lanka in 2002. Since then, he has held senior leadership roles and worked extensively as a consultant, specialising in strategic planning, governance, talent management, and succession planning, particularly in family-owned businesses and institution building across diverse sectors.



**Chandana de Silva - Builder**  
Architect of strong institutions and governance.



**Prakash Schaffter**

Deputy Chairman

Prakash Schaffter is the Executive Deputy Chairman of Janashakthi Insurance PLC and Deputy Chairman of Janashakthi Group. As Managing Director, he led the acquisition of AIA's non-life segment in 2015, making Janashakthi Sri Lanka's third-largest insurer. A Cambridge and University of London alumnus, he has held leadership roles in the Insurance Association of Sri Lanka, SLID, and several boards. A Fellow of the Chartered Insurance Institute, he also led YPO's Sri Lanka Chapter. A former first-class cricketer, he represented Cambridge and London and has held key roles in Sri Lanka Cricket, including Secretary of Government-appointed Interim Committees.



**Prakash Schaffter - Game Changer**  
Transforming insurance through bold, strategic moves.



**Ramesh Schaffter**

Managing Director / Group CEO

Ramesh Schaffter brings over 30 years of leadership in finance and marketing, with a strong commitment to social responsibility. A Fellow and former Council Member of CIMA (Sri Lanka) and Associate Member of the Chartered Institute of Marketing (CIM), he is also a social entrepreneur, certified life coach, and award-winning public speaker. He has held leadership roles at Habitat for Humanity Sri Lanka, World Vision Sri Lanka, and the Church of Ceylon. He actively supports primary and tertiary education and serves on the Board of Tea Leaf Vision, empowering underserved youth through education and leadership training.



**Ramesh Schaffter - Multipotentia**  
Thriving across business, purpose, and people development.



## BOARD OF DIRECTORS

**Saliya Wickramasuriya**

Independent Non-Executive Director

Saliya Wickramasuriya holds a BSc (Hons) in Engineering Physics from Loughborough University, UK. He began his career in 1984 with Schlumberger in oil and gas exploration and production, working globally for 20 years. Upon returning to Sri Lanka, he served as Chairman and Director General of the Board of Investment and held several key national appointments, including Chairman of the Sri Lanka Ports Authority, Petroleum Development Authority, and Ceylon Petroleum Corporation. He also served on the Port City Economic Commission, contributing to national strategy and regulatory frameworks.



**Saliya Wickramasuriya - Powerhouse**  
Driving national transformation from boardrooms to policy.

**Piranavan Sivagananathan**

Independent Non-Executive Director

Piranavan Sivagananathan is a Singapore-based entrepreneur, investor, and strategist leading a multi-family office investing across South Asia, Southeast Asia, and the Middle East in sectors including real estate, hospitality, agriculture, and renewable energy. He co-founded Hatch, Sri Lanka's first startup incubator, and previously served as Chief Growth Officer and Board Director at MAS Holdings. His ventures include Sri Lanka's largest renewable energy and sustainable seafood exporters, and a global restaurant chain in eight countries. A YPO member and Eisenhower and Kauffman Fellow, he was named Sri Lanka's No.1 CEO under 40 and was a 2021 YPO Global Impact Award nominee.



**Piranavan Sivagananathan - Disruptor**  
Reimagining industries through bold entrepreneurial plays.

**Manjula Mathews**

Non-Independent Non-Executive Director

Manjula Mathews has over 30 years of experience in finance, marketing, and general management in Sri Lanka and the UK. She currently serves as Chairperson of First Capital Treasuries PLC and Deputy Chairperson of First Capital Holdings PLC. She previously held senior roles at Janashakthi Insurance, Dunamis Capital, and its subsidiaries. Actively engaged in nonprofit work, she serves on the board of Habitat for Humanity International and is a custodian of the Alzheimer's Association of Sri Lanka. She also lectures at Colombo Theological Seminary. Manjula holds an MBA from the University of Cambridge and is a Fellow of CIMA (UK).



**Manjula Mathews - Impactor**  
Merging finance, purpose, and people with lasting influence.



**Minette Perera**

Independent Non-Executive Director

Minette Perera served as Group Finance Director at the MJF Group from 2000 to 2013, overseeing a vertically integrated tea and luxury hospitality business. A Fellow of the Institute of Chartered Accountants of Sri Lanka, CIMA (UK), and ACCA (UK), she brings over 40 years of financial leadership, having held CFO and Director roles in major local and international companies. She continues to serve on the boards of several MJF companies and other entities including Dilmah Ceylon Tea, First Capital Treasuries, Elpitiya Plantations, and Kahawatte Plantations. She joined the Board in February 2024.



**Minette Perera - Luminary**  
Respected leader and influencer in accounting profession.



**Vishnu Balachandran**

Independent Non-Executive Director

Vishnu Balachandran is a value driven investment professional with 15 years in transaction advisory and capital markets. He formerly led Investment Banking at CAL, advising on major equity, debt, and M&A transactions in Sri Lanka. He began his career at Amba Research (now Acuity Knowledge Partners), covering Southeast Asian markets. A CFA Charterholder and Associate Member of CIMA (UK), he holds a BBA from the University of Colombo. He was appointed to the Board in February 2024.



**Vishnu Balachandran - Connector**  
Building strategic capital market relationships.

# SENIOR MANAGEMENT



Left to Right

**Wasanthi Stephen**  
Group Chief Human Resources Officer

**Dilshan Wirasekara**  
Deputy CEO

**Maliith Pathirana**  
Group Administration Manager

**K V Kuganathan**  
Group Chief Information Officer

**Thanushka Jayasundera**  
Group Chief Financial Officer

**Harshanee Deshapriya**  
Group Chief Legal Officer

**Gamika De Silva**  
Group Chief Marketing Officer

**Nicole Parakrama**  
Assistant General Manager – Mergers & Acquisitions





**Dilshan Wirasekara**  
Deputy CEO



**Strategist**

Dilshan Wirasekara, Managing Director/CEO of First Capital Holdings PLC and Chairman of the Colombo Stock Exchange, is a seasoned professional with over 29 years in financial services, covering banking, treasury, investment management, capital market strategy, and corporate finance advisory. Since joining in 2013, he has transformed First Capital into a leading full-service investment institution. He has spearheaded landmark debt structuring deals with international DFIs and forged strategic global partnerships. Formerly with Softlogic Capital and Nations Trust Bank, he is an expert in Asset and Liability Risk Management. He is an alumnus of INSEAD and AOTS Japan.



**Harshanee Deshapriya**  
Group Chief Legal Officer



**Legal Leader**

Harshanee has over 18 years of legal experience, including 16 in corporate law. Her expertise spans capital markets, M&A, corporate finance, arbitration, contracts, and regulatory affairs across sectors such as real estate, manufacturing, investment banking, and insurance. She holds a Master of Laws in International Business and Commercial Law from the University of West London, where she earned the award for highest dissertation average. She also holds a Bachelor of Laws (Hons) from the University of Colombo, a Post Attorney Diploma in Corporate Law, and a PQHRM from IPM Sri Lanka. An Attorney-at-Law, Harshanee previously headed Legal and Corporate Affairs at Lanka Century Investments PLC (now Ambeon Holdings), and held prior roles at John Keells, People's Bank, and the Securities and Exchange Commission of Sri Lanka. In 2024, she was recognized as Leading In-House Lawyer of the Year by Lex Talk World in Singapore.



**K V Kuganathan**  
Group Chief Information Officer



**Digital Visionary**

K V Kuganathan has over 25 years of experience in leading digital transformations in finance, banking, insurance, and capital markets. He was named CIO of the Year 2023 by CSSL and leads Janashakthi Group's digital strategy. He has served on IT boards including the British Computer Society (Sri Lanka and UK) and was a Non-Executive Director at UPAY. He pioneered digital banking at Hatton National Bank and transformed mobility banking at NDB PLC. As a digital advisor to ICTA, he chairs the National Email & Internet Policy Committee under the Ministry of Technology. He holds an MSc in IT Consultancy, a degree in Computing and Information Systems, and is a Chartered IT Professional (UK). He is also a seasoned speaker and judge at regional ICT awards; NBQSA and APICTA.

## SENIOR MANAGEMENT



**Wasanthi Stephen**  
Group Chief Human Resources Officer



**Talent Architect**

Wasanthi Stephen has over 25 years of HR experience spanning hospitality, real estate, telecom, and financial services. She leads HR for the Janashakthi Group and its subsidiaries. Previously, she held leadership roles at Sri Lanka Telecom, Cinnamon Lakeside (as its youngest EXCO member and AVP), and Shangri-La Hotels. An Attorney-at-Law, she holds an International MBA from Canterbury Christ Church University (UK), is a Chartered Member of CIPM, and a PCC-accredited coach from the ICF. She serves on the CIPM Council (2024-25) and the Board of Industrial Mentors at Uva Wellassa University. Her contributions have been recognized with the 2024 Global Recognition Award for Leadership in HR.



**Nicole Parakrama**  
Assistant General Manager – Mergers & Acquisitions



**M&A Powerhouse**

Nicole Parakrama leads M&A across all Janashakthi Group verticals, with over 18 years of experience in corporate finance and capital markets. She holds a BSc (Hons) in Molecular Cell Biology from UCL (UK). Her career includes roles at Asia Securities, Acuity Partners, and Sunshine Holdings PLC, where she led key transactions including the Daintee acquisition. She also helped establish The Sunshine Foundation for Good and The Janashakthi Foundation.



**Malith Pathirana**  
Senior Manager Administration



**Administration Anchor**

With 19 years of experience in administration and procurement, Malith has spent over a decade with the Janashakthi Group. He holds an EMBA from the University of Colombo and a Certificate from Harvard University for completing the course on pandemic prevention. Prior roles include General Manager at Paranagama Group and Branch Manager at Suntel, where he won Best Branch Manager awards and led regional sales operations.



**Gamika De Silva**  
Group Chief Marketing Officer



**Marketing Game Changer**

Gamika De Silva has over 25 years of experience in brand, marketing, retail, and CX, spanning insurance, banking, telecom, and FMCG. He began his journey with Janashakthi in 2005 and later held leadership roles at Etisalat, Airtel, and Seylan Bank, driving brand, sales, and CX transformation initiatives. Gamika has completed his CIM and holds an MBA from the University of Wales. A Fellow and Past President of the Sri Lanka Institute of Marketing (SLIM), he represented Sri Lanka at the Global Best of the Best Effie Awards in two consecutive years. He currently serves as a Non-Executive Director at Beckett Capital and is known for aligning brand purpose with business strategy.



**Thanushka Jayasundera**  
Group Chief Financial Officer



**Financial Eagle-Eye**

Thanushka Jayasundera brings deep expertise in financial strategy, risk, and capital management. As CFO of Janashakthi Insurance, he led a proactive restructuring of the balance sheet and implemented strategic cost and capital initiatives. He has held senior roles at Deutsche Bank and HSBC across operational risk, market risk, finance, and treasury. He holds MSc and MA degrees in Economics and Financial Economics from Finland and Sri Lanka, respectively, and a BBA from Northwood University (USA). A Fellow of CIMA and ACCA, and an Associate of CA Sri Lanka, he serves on multiple governance bodies, including the Janashakthi Insurance Asset & Liability Committee, Janashakthi Finance's Integrated Risk Management Committee (IRMC), and the Board of Beckett Capital. He is also a Council Member of the Open University of Sri Lanka.



## STRATEGIC VALUE CREATION MODEL

As a financial conglomerate our value creation model is built on a foundation of strategic synergy, innovation, and long-term sustainability. By harnessing the collective power of our subsidiaries across insurance, equity markets, and financial services, we create a comprehensive value proposition that goes beyond traditional financial metrics to address broader societal needs.

We leverage a diverse range of capitals; financial, human, intellectual, natural, manufactured and social that fuel our operations and enable value generation across our ecosystem. Our financial capital is strategically deployed across key sectors, driving robust returns while supporting risk management solutions in insurance, growth in equity markets, and tailored financial services. Human and intellectual capitals are channeled into continuous innovation and exceptional customer service, empowering us to adapt to market shifts and exceed client expectations. The output of these efforts is a seamless, integrated offering that creates tangible value for our stakeholders.

The outcomes of our model extend beyond profit generation; they encompass the long-term well-being of the communities we serve. Through our focus on sustainable financial products, responsible investment strategies, and inclusive financial services, we contribute directly to achieve sustainable development goals (SDGs).

Our support services division plays a critical role in ensuring operational excellence, resource efficiency, and the delivery of seamless customer experiences. This backbone of our operations supports our efforts to align our activities with the global sustainability agenda, ensuring our practices contribute positively to the SDGs while enhancing the overall value proposition.

This integrated approach drives long-term competitive advantage, profitability, and a sustained positive impact on society, while fostering a culture of collaboration, innovation, and ethical responsibility. By aligning our business model with the SDGs, we continue to enhance the economic, social, and environmental dimensions of value creation, ensuring that our impact is both meaningful and sustainable.



# VALUE CREATION MODEL

## Capital Inputs



### Financial Capital

|                |   |
|----------------|---|
| Equity capital | Total equity capital - <b>LKR 17.3 Billion</b>  |
| Borrowings     | Short-term borrowings - <b>LKR 24.1 Billion</b> |
| (Page 56)      | Long-term borrowing - <b>LKR 5.5 Billion</b>    |



### Manufactured Capital

|                        |  |
|------------------------|--|
| Digital infrastructure | Investment in digital infrastructure - <b>LKR xx Million</b> |
| (Page 70)              |  |



### Human Capital

|  |   |
|--|---|
| Our team's collective expertise, extensive experience, and deep industry knowledge | Total employees - <b>1,243</b>            |
| (Page 62)  | New recruits during the year - <b>557</b> |



### Intellectual Capital

|                                    |  |
|------------------------------------|--|
| The collective of brands under JXG | Brand strength                                     |
| Awards and accolades               | Investments in technology - <b>LKR 737 Million</b> |
| Organisational tacit knowledge     |  |
| (Page 76)                          |  |



### Social & Relationship Capital

|  |   |
|--|---|
| Relationships we have developed across the Group with customers, community and business partners | Branch presence across the Group - <b>122</b> |
| (Page 82)  |   |



### Natural Capital

|                             |  |
|-----------------------------|--|
| Essential natural resources | Water usage: <b>xxx m³</b>             |
| (Page 90)                   | Total energy consumption: <b>xx GJ</b> |

## Value transformation

### Vision Breaking Barriers and Forging Futures

#### Our Core Values

|                    |             |            |                    |               |
|--------------------|-------------|------------|--------------------|---------------|
| Ethical and Honest | Transparent | Respectful | Performance-driven | Collaborative |
|--------------------|-------------|------------|--------------------|---------------|



#### SECTOR ACTIVITIES

##### CAPITAL MARKET SERVICES



##### INSURANCE



##### FINANCIAL SERVICES



Market Dynamics and Regulatory Landscape



Stakeholder Expectations and ESG



Integrated Risk Management



Digital Transformation and Innovation



Synergy Across Subsidiaries and Customer Centricity



Talent Development and Resource Allocation

#### RISKS

#### OPPORTUNITIES

## Key outputs

## Outcomes - Impact on capitals

## Outcome - Impact on stakeholders

## Driving progress on the UN SDGs

## FIRST CAPITAL HOLDINGS PLC

Return On Equity **59%**  
 Earnings Per Share **LKR 11.58**  
 Dividend Per Share **LKR 7.50**  
 Return on assets **5.64%**  
 Return on capital employed **17.28%**

## JANASHAKTHI INSURANCE PLC

Return on Equity **27%**  
 Net asset value per share **LKR 74.62**  
 Earnings per share **KR 19.62**  
 Market price per share **LKR 55.00**  
 P/E Ratio **2.76 Times**

## JANASHAKTHI FINANCE PLC

Return on Equity **9.80%,**  
 Earnings Per Share **LKR 1.76**  
 Return on assets **1.79%**  
 Customer base growth **12.00%**



**Financial Capital**  
**LKR 8.68 Billion** Pre-tax profit



**Manufactured Capital**  
**LKR xx Million**  
 Investment in Digitalisation



**Human Capital**  
**LKR 3.46 Billion**  
 Investment on employees  
**LKR 33.77 Million**  
 Investment on training and development



**Intellectual Capital**  
**39 awards won**  
 Marketing expenses - **LKR 267 Million**



**Social & Relationship Capital**  
**LKR 58 Million** invested in CSR initiatives



**Natural Capital**  
 Shifted from plastic to reusable glass bottles to reduce environmental impact and support sustainability.



**Shareholders**  
 Net asset value per share:  
**LKR 0.027**  
**ROE - 32.18%**



**Employees/ Customers**  
 Safe working spaces for our employees  
 Enhanced service offerings powered by digital innovation



**Employees**  
 Average training hours per employee - **20**



**Customers**  
 Excellent service experience enabled by robust processes, experienced and empathetic staff



**Employees**  
 The unique JXG culture in which our employees thrive



**Customers**  
 Financial solutions across a wide spectrum which elevates the lives of all Sri Lankans



**Community**  
 Over 10,000 beneficiaries of CSR initiative in FY 2024/25 - Janashakthi Foundation



**Community**  
 Building our business in a responsible manner



# MATERIALITY ASSESSMENT

## Our Commitment to Making a Meaningful Impact

At JXG, we understand that our long-term success is deeply connected to the well-being of our stakeholders and the world around us. That's why we are committed to identifying and addressing the sustainability issues that matter most - to our people, our business, and the communities we serve.

Our materiality assessment is a continuous process that guides us in prioritising key concerns, allocating resources effectively, and fostering transparency. Through meaningful engagement with investors, regulators, customers, and local communities, we gain valuable insights into the most pressing sustainability challenges. This understanding allows us to take targeted, impactful action that aligns with our commitment to responsible growth.

By clearly defining our material topics, we strengthen stakeholder trust and reinforce our dedication to sustainability. Our annual report reflects this commitment, providing a transparent account of our progress and the steps we are taking to create a more resilient and sustainable future.

## Navigating a Dynamic Landscape

JXG operates in an ever-evolving environment, requiring continuous reflection and adaptation in the topics that we consider material.

While we maintain our commitment to previously identified priorities, we also proactively address emerging opportunities and challenges. Over the past year, Economic Fluctuations, Financial Instability, Political Dynamics, National Credit Rating, and Resource Allocation have continued to be key areas of focus.

A defining shift in 2024/25 has been the transformation of our workplace culture. With the introduction of an open-plan, collaborative office environment, we have seen a surge in applications, attracting top talent eager to be part of our dynamic team. This, combined with our Great Place to Work survey results averaging above 90%, reflects the high levels of engagement and satisfaction across our workforce. Additionally, our strengthened financial position and recent credit rating upgrade from BB- to BBB- further validate our progress towards long-term resilience and stability.

## Paving the Way for Sustainable Growth

By prioritising these material topics, JXG aims to:



### Develop Targeted Sustainability Strategies

We embrace forward-thinking strategies and cutting-edge solutions to stay ahead in a dynamic market.



### Strengthen Stakeholder Collaboration

We actively engage with stakeholders to shape and refine our sustainability efforts.



### Drive Meaningful Impact

Our goal is to create long-term, positive change that benefits both our organisation and the wider community.

## A Continuous Journey of Engagement

This materiality assessment is not a one-time exercise - it is an ongoing commitment to responsiveness and improvement. As we move forward, we welcome our stakeholders to join us in shaping a future built on innovation, resilience, and shared success.



































## Material Focus & Stakeholder Priorities

| Material focus                               | Priority  | Addressed Within  | Stakeholder   |
|--|---|---|---|
| <b>Financial &amp; Governance Priorities</b> |   |   |   |
| <b>Shareholders' Wealth Maximisation</b>     | A core driver of corporate success, ensuring sustainable growth, market competitiveness, and alignment with shareholder interests.                |  Financial Capital |  Shareholders  |
| <b>Higher Return on Investment</b>           | Strengthening profitability and financial performance to enhance shareholder value, attract future investments, and ensure sustainable dividends. |  Financial Capital |  Shareholders  Investors and Bankers  |
| <b>Talent Attraction &amp; Retention</b>     | Essential for innovation, growth, and operational excellence, ensuring a competitive workforce and future-proofing business success.              |  Financial Capital |  Employees  Customers   |
| <b>Economic Stability</b>                    | A stable economy fosters confidence, supports business continuity, and safeguards the well-being of stakeholders, from employees to investors.    | Throughout the annual report, as relevant   |  Shareholders  Employees  Customers  Investors and Bankers<br> Regulatory Bodies  Suppliers  Community/Society  Environment/Ecosystem     |
| <b>Financial Stability of the Group</b>      | A strong financial foundation enhances resilience, attracts investors, and reinforces the Group's ability to honour its commitments.              | Throughout the annual report, as relevant   |  Shareholders  Employees  Customers  Investors and Bankers<br> Regulatory Bodies  Suppliers  Community/Society  Environment/Ecosystem |
| <b>Resource Scarcity &amp; Management</b>    | Strategic resource planning mitigates cost volatility, prevents operational disruptions, and ensures long-term sustainability.                    | Throughout the annual report, as relevant   |  Shareholders  Employees  Customers  Investors and Bankers<br> Regulatory Bodies  Suppliers  Community/Society  Environment/Ecosystem |
| <b>Risk Identification &amp; Management</b>  | Proactive risk management minimizes financial losses, safeguards business continuity, and protects the Group's reputation.                        | Risk Management   |  Shareholders  Employees  Customers  Investors and Bankers<br> Regulatory Bodies  Suppliers  Community/Society  Environment/Ecosystem |

# MATERIALITY ASSESSMENT

| Material focus                                      | Priority  | Addressed Within   | Stakeholder   |
|---|---|--|---|
| Contribution to Government Revenue (Tax Compliance) | Ethical tax practices reflect corporate integrity, contribute to national development, and strengthen regulatory trust.           |  Financial Capital  | <br>Regulatory Bodies  |
|   | Commitment to transparency, accountability, and ethical business conduct fosters investor confidence and regulatory compliance.   | Risk Management  | <br>Investors and Bankers<br><br>Regulatory Bodies  |
| Compliance with Regulations & Agreements            | Upholding contractual obligations and regulatory requirements ensures operational stability, legal security, and trustworthiness. |  Social & Relationship Capital  | <br>Suppliers<br><br>Investors and Bankers  |
| Transparency in Business Operations                 | Open and honest communication strengthens stakeholder confidence and enables informed decision-making.                            | Corporate Governance Report<br><br>Other Reviews and Reports   | <br>Investors and Bankers<br><br>Regulatory Bodies  |
| Employee & Workplace Priorities                     |   |  |   |
| Competitive Remuneration & Benefits                 | Attractive compensation packages enhance talent retention, boost motivation, and drive higher productivity.                       |  Human Capital  | <br>Employees  |
| Job Satisfaction & Security                         | A stable and supportive work environment nurtures employee engagement, innovation, and long-term loyalty.                         |  Human Capital  | <br>Employees  |
| Health, Safety & Employee Well-being                | Prioritising a safe and healthy workplace fosters productivity, ensures customer confidence, and upholds ethical sourcing.        |  Human Capital<br> Social & Relationship Capital | <br>Employees<br><br>Customers<br><br>Suppliers  |
| Employee Training & Development                     | Continuous learning and skills enhancement drive innovation, adaptability, and long-term business success.                        |  Human Capital  | <br>Employees  |
| Inclusive Decision-Making                           | Empowering employees through participation improves engagement, enhances innovation, and strengthens corporate culture.           |  Human Capital  | <br>Employees  |
| Customer & Stakeholder Experience                   |   |  |   |
| Streamlined Processes & Accessibility               | Simplifying procedures and ensuring seamless access to services enhances stakeholder experience and brand reputation.             | Throughout the annual report, as relevant  | <br>Shareholders<br><br>Employees<br><br>Customers<br><br>Investors and Bankers<br><br>Regulatory Bodies<br><br>Suppliers<br><br>Community/Society<br><br>Environment/Ecosystem |



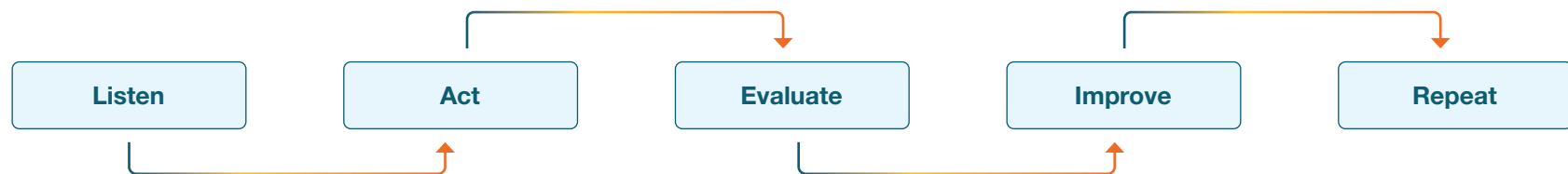
| Material focus   | Priority   | Addressed Within   |                               | Stakeholder   |
|--|--|--|-------------------------------|---|
| <b>Product &amp; Service Excellence</b>                  | Delivering high-quality products and services strengthens customer loyalty, trust, and market positioning.                                 |  | Social & Relationship Capital | <br>Customers   |
| <b>Corporate Trust &amp; Credibility</b>                 | Building a reputation for reliability and ethical business practices fosters long-term partnerships and market leadership.                 |  | Social & Relationship Capital | <br>Customers<br>Investors and Bankers<br>Suppliers   |
| Corporate Governance                                     |  |  |                               |   |
| <b>Social &amp; Environmental Responsibilities</b>       |  |  |                               |   |
| <b>Regulatory Compliance &amp; Industry Standards</b>    | Adhering to laws and industry standards reinforces operational legitimacy and investor confidence.   | Corporate Governance   |                               | <br>Investors and Bankers<br>Shareholders<br>Regulatory Bodies  |
| <b>Job Creation &amp; Community Development</b>          | Contributing to economic growth through employment opportunities strengthens community ties and enhances corporate goodwill.               |  | Social & Relationship Capital | <br>Community/Society   |
| <b>Diversity, Equity &amp; Inclusion</b>                 | Embracing equal opportunities cultivates a fair, dynamic workplace and contributes to broader societal progress.                           |  | Human Capital                 | <br>Social & Relationship Capital<br>Employees<br>Regulatory Bodies   |
| <b>Social Responsibility &amp; Community Initiatives</b> | Engaging in meaningful CSR initiatives strengthens community relationships and enhances corporate reputation.                              |  | Social & Relationship Capital | <br>Community/Society   |
| <b>Sustainable business practices</b>                    | Integrating Environmental, Social, and Governance (ESG) considerations supports long-term business resilience and stakeholder well-being.  | <br>Financial Capital<br>Human Capital<br>Manufactured Capital<br>Intellectual Capital<br>Social & Relationship Capital<br>Natural Capital |                               | <br>Shareholders<br>Employees<br>Customers<br>Investors and Bankers<br>Regulatory Bodies<br>Suppliers<br>Community/Society<br>Environment/Ecosystem |
| <b>Carbon Footprint Reduction</b>                        | Proactive climate action aligns with global sustainability goals and enhances environmental stewardship.                                   |  | Natural Capital               | <br>Environment/Ecosystem<br>Regulatory Bodies  |
| <b>Environmental Conservation Initiatives</b>            | Demonstrating commitment to sustainability through environmental projects ensures a lasting positive impact on ecosystems and communities. |  | Natural Capital               | <br>Environment/Ecosystem<br>Community/Society  |



# STAKEHOLDER ENGAGEMENT

## The Power of Continuous Dialogue

JXG believes that open and ongoing stakeholder dialogue holds transformative power. Trust and mutual understanding are not built overnight; they require consistency, transparency, and genuine responsiveness. Our stakeholder engagement process is a perpetual cycle-listening, acting, evaluating, and improving.



*We don't just listen; we act. Stakeholders' feedback shapes our policies, influences our business strategies, and strengthens our long-term sustainability goals. By engaging in transparent discussions, we create an ecosystem where our stakeholders are not just informed but are actively involved in shaping the future of our organization.*

At JXG, stakeholder engagement isn't just a strategy - it's a core value that shapes who we are. Long-term relationships are the foundation of sustainable success, and we actively foster meaningful connections with those who contribute to and are impacted by our operations. By embedding stakeholder priorities into our decision-making, we drive long-term value creation, enhance corporate resilience, and strengthen trust.

We go beyond traditional engagement methods to cultivate open, dynamic, and ongoing conversations with our stakeholders. Through transparent dialogue and a commitment to shared success, we ensure our actions align with the needs and expectations of those we serve. This approach is in line with the principles of the Global Reporting Initiative (GRI) and Integrated Reporting across three of our key business units, reinforcing our dedication to accountability, sustainability, and ethical governance.

### Commitment to GRI & Integrated Reporting

Our journey towards GRI-aligned reporting and Integrated Reporting underscores our commitment to transparency and responsible business practices. These frameworks provide a structured approach to measuring, managing, and communicating our economic, environmental, and social performance.

- **GRI Standards** ensure our disclosures are detailed, comparable, and relevant, giving stakeholders an accurate and insightful view of our Environmental, Social, and Governance (ESG) performance.
- **Integrated Reporting** offers a comprehensive picture of how JXG's strategy, governance, and financial performance create sustainable value over time.

By adopting these globally recognised frameworks, we elevate corporate accountability and provide stakeholders with a clear and complete view of our impact and future direction.

### Promoting Transparency & Accountability

We uphold the highest standards of transparency, ensuring that our stakeholders remain well-informed about our decisions, actions, and their impacts.

- **Open Communication:** Regular reports, public disclosures, and interactive discussions.
- **Proactive Issue Resolution:** Addressing concerns swiftly and effectively.
- **Ethical Business Conduct:** Operating with integrity and compliance at the forefront.

1 **TRANSPARENCY**

2 **TRUST**

3 **STRONGER  
STAKEHOLDER  
RELATIONSHIPS**

### Integrating Stakeholder Insights into Strategy

Listening to stakeholders is only the first step; true value lies in translating their insights into actionable business strategies. We prioritise stakeholder feedback in key areas such as:

- **Operational Improvements -** Enhancing service delivery and efficiency.
- **Sustainable Innovation -** Investing in responsible business solutions.
- **Risk Mitigation -** Proactively managing economic and environmental risks.
- **Corporate Growth -** Aligning business expansion with stakeholder expectations.



Stakeholder Mapping & Materiality Assessment

JXG continuously evaluates and prioritises key stakeholder groups based on their influence and relevance to our operations. Our primary stakeholders include:

|   |  |
|---|--|
|    | <b>Shareholders</b> - Three of our main business units are listed entities.          |
|    | <b>Employees</b> - The backbone of our innovation and growth.                        |
|    | <b>Customers</b> - The driving force behind our products and services.               |
|  | <b>Investors &amp; Bankers</b> - Critical partners in financial sustainability.      |
|  | <b>Regulatory Bodies</b> - Ensuring legal and ethical compliance.                    |
|  | <b>Suppliers</b> - Integral to our supply chain efficiency.                          |
|  | <b>Community &amp; Society</b> - The heart of our corporate responsibility.          |
|  | <b>Environment &amp; Ecosystem</b> - A key factor in our sustainability commitments. |

Stakeholder Engagement Process

JXG follows a structured seven-step engagement process, ensuring that stakeholder concerns are systematically addressed and integrated into our business practices:



Engagement Channels & Frequency

We maintain multiple engagement channels to facilitate open communication and ensure that all stakeholders have a voice. The frequency and method of engagement vary depending on the stakeholder group:

- **Shareholders:** Annual reports, investor meetings, and AGMs.
- **Employees:** HR platforms, performance reviews, and open-door policies.
- **Customers:** Feedback surveys, service hotlines, and digital engagement.
- **Regulatory Bodies:** Compliance reports, policy discussions, and legal filings.

Addressing Stakeholder Concerns

JXG takes a proactive approach to stakeholder concerns, ensuring that their feedback directly influences our business strategies:

- **Developing Strategies & Policies** - Incorporating stakeholder insights into operations and growth plans.
- **Transparency & Disclosure** - Sharing key updates through reports, press releases, and digital platforms.
- **Risk Management** - Anticipating and mitigating stakeholder-related risks.
- **Value Creation** - Striving for sustainable financial, ethical, and social impact.

Overcoming Challenges & Embracing Opportunities

Navigating stakeholder expectations in an ever-changing economic landscape requires resilience, innovation, and adaptability. JXG remains steadfast in balancing stakeholder needs with responsible business growth, embracing challenges as opportunities for progress.

Our Commitment to Continuous Improvement

JXG is dedicated to refining and enhancing our stakeholder engagement framework. We conduct regular assessments, integrate feedback, and evolve our strategies to remain aligned with stakeholder expectations and global best practices.

By fostering strong, transparent, and collaborative relationships, we drive mutual success and build a shared vision for a sustainable future.

# STRATEGY

The JXG Group's business strategy is strongly linked to its corporate vision. As a holding company with a presence across financial services intermediation through three of its subsidiaries, which account for over 95% of the Group's total revenue, the JXG predominantly pursues a strategy which reflects and embraces the risks and opportunities emerging in the financial services sector and the broader economy. Additionally, the strategy capitalises on the core competencies and market strength of each subsidiary company.

## Key Strategic Drivers

The Group's strategy formulation is driven by the following key aspects.



### Market Dynamics and Regulatory Landscape

The JXG strategy is rooted in a clear understanding of macroeconomic shifts, financial market movements, and evolving regulatory requirements across the Group's sectors. Factors like interest rate trends, inflation, monetary policy, and compliance standards, from insurance solvency to NBFC guidelines and capital market governance form the baseline for strategic direction and risk calibration.



### Stakeholder Expectations and ESG

Delivering value across all stakeholder groups such as customers, shareholders, regulators, employees, and communities is central to the JXG Group's long-term success. Engaging proactively with these stakeholders helps shape relevant, inclusive financial solutions, while ESG commitments and social impact initiatives through the Janashakthi Foundation elevate trust and align the Group with the broader developmental goals of the country.



### Integrated Risk Management and Organisational Resilience

In a complex operating environment as was seen over the past five years in Sri Lanka, a robust and forward-looking risk management framework has been essential for us. From credit and market risk in financing operations to underwriting and actuarial risks in insurance, the Group ensures resilience through diversification, strong reinsurance, capital buffers, and scenario planning that supports business continuity.



### Digital Transformation and Innovation

Digitalisation as an enabler, supporting operational efficiency, cost management, and enhanced customer experience is well embraced at JXG. There is a strong commitment and on-going action in embedding technology across internal systems and customer-facing platforms, and driving innovations such as AI, automation, and digital onboarding. The Group remains competitive and future-ready in a tech-driven financial services ecosystem.



### Synergy Across Subsidiaries and Customer-Centricity

The Group's multi-vertical structure presents a strategic opportunity to offer integrated solutions. Creating synergies across life insurance, NBFC, and capital market businesses through shared platforms, cross-sell strategies, and unified branding enhances reach and relevance for us. Customer insights and market intelligence further guide product innovation and segmentation strategies for deeper engagement. Additionally, we have adopted a shared services model, capitalising on this structure, which has been cost effective and highly productive, via which all of our subsidiaries now have access to uniform high quality shared services, offered by a competent team based at the centre.



### Talent Development and Strategic Resource Allocation

At JXG, people are the backbone of the business, and sustained success relies on nurturing a skilled, motivated, and diverse workforce. Leadership development, structured learning, and inclusive engagement practices are well embedded into the way of JXG, making us a future-ready team. At the same time, capital and resource allocation, towards IT, branch expansion, product development, or talent is strategically aligned with our long-term growth ambition of becoming one of the top 10 listed entities in the Colombo Stock Exchange by the year 2035.





## Key Strategic Pillars



### 1 Strategic capital deployment with defined return expectations

As a diversified financial services conglomerate, we adopt a disciplined approach to capital allocation across our core subsidiaries in capital markets (First Capital Holdings PLC - FCH), life insurance (Janashakthi Insurance PLC - JI) and non-banking financial services (Janashakthi Finance PLC - JFP). Capital is deployed with clearly defined return expectations, aligned with each subsidiary's growth potential, regulatory requirements, and strategic priorities. This ensures optimal utilisation of Group-level capital to drive sustainable value creation and maintain financial agility.

#### Resource allocation

Capital deployed to subsidiaries

| FCH              | JI                | JFP              |
|------------------|-------------------|------------------|
| LKR 7.49 Billion | LKR 13.12 Billion | LKR 3.72 Billion |

#### Output (KPIs)

• ROI generated by each subsidiary

| FCH    | JI     | JFP    |
|--------|--------|--------|
| 87.51% | 32.88% | 12.53% |

• Contribution to Group pre-tax profitability

| FCH    | JI     | JFP   |
|--------|--------|-------|
| 77.05% | 34.97% | 4.93% |

#### Capital trade-offs

– Decrease in financial capital

#### Stakeholder value driven

Increase in shareholder value through enhanced ROE

### Way Forward

#### Risks

- ◆ Macroeconomic volatility affecting investment returns and timing of capital deployment.
- ◆ Regulatory shifts requiring unexpected capital buffers or risk-based capital realignment.
- ◆ Credit risk from potential deterioration in loan portfolios, especially for NBFIs.
- ◆ Delayed ROI realisation due to slower-than-expected market uptake or economic drag.
- ◆ Geopolitical instability in certain SAARC and ASEAN countries could disrupt operations and affect the stability of investments, especially with increasing tensions or trade conflicts between major global powers.
- ◆ Regulatory unpredictability in international markets, where sudden changes in foreign investment laws or tax regulations could increase compliance costs or restrict entry into key markets.

#### Opportunities

- ◆ Favourable interest rate environment offers low-cost capital for strategic investment.
- ◆ Improved sovereign outlook can uplift investor sentiment and reduce risk premiums.
- ◆ Capital market reform momentum opens avenues for equity/debt market participation.
- ◆ Growth in insurance awareness supports long-term investments in life insurance.
- ◆ Digital acceleration enables cost-efficient scaling and improved capital efficiency.
- ◆ Underserved segments in North/East and rural areas present high-return investment potential.
- ◆ Consolidation opportunities in the NBFIs sector enable value-accretive acquisitions.
- ◆ Diversification of revenue streams through expansion into high-growth regions such as SAARC and ASEAN, capitalising on their burgeoning middle class and increasing demand for financial products and services.
- ◆ Strategic partnerships and joint ventures with local players can provide access to new markets while mitigating entry risks, supported by favourable trade agreements within these regions.



STRATEGY

|   |   |   |
|---|---|---|
| <div>2</div> <div>Centralised delivery of high-quality shared services</div> <p>JXG leverages a centralised model to efficiently deliver a range of critical services, including IT, legal, human resources, company secretarial, and administration. This approach ensures consistent service quality, cost efficiencies, and streamlined operations across all subsidiaries. By consolidating these functions, we minimise duplication, reduce operational complexity, and enhance synergies between business units, enabling the entire organisation to focus on its core competencies while maintaining high standards of service delivery.</p> | <div>Resource allocation</div> <ul style="list-style-type: none"><li>37 staff deployed at central shared services verticals serving the subsidiaries</li><li>Expertise of the shared service, delivered by industry best resources in their respective fields</li></ul> | <div>Capital trade-offs</div> <ul style="list-style-type: none"><li>Decrease in financial capital</li></ul>                           |
|   | <div>Output (KPIs)</div> <ul style="list-style-type: none"><li>Operational Efficiency</li><li>Cost Optimisation</li><li>Standardisation</li><li>Improved Service Quality</li><li>Scalability</li><li>Data-Driven Decisions</li></ul>                                    | <div>Stakeholder value driven</div> <p>Optimised human resources, engaged in focus job scopes</p> <p>Enhanced customer experience</p> |

Way Forward

Risks

- Over-reliance on central systems: Disruptions in shared services could impact the entire conglomerate’s operations.
- Scalability challenges: As the organisation grows, the centralised model may struggle to efficiently meet the demands of new subsidiaries or markets.
- Security vulnerabilities: Centralised IT infrastructure may be a target for cyber threats, risking data breaches across all subsidiaries.
- Lack of flexibility: A one-size-fits-all approach might not meet the unique needs of each subsidiary, affecting service quality.
- Operational bottlenecks: Centralising services could lead to delays or inefficiencies if processes are not streamlined or if the workload increases faster than capacity.

Opportunities

- Cost efficiencies: Centralising services allows for economies of scale, reducing redundant costs and improving financial performance.
- Consistency in service quality: Standardised processes and procedures ensure uniform, high-quality service delivery across all subsidiaries.
- Improved collaboration: Centralised services can foster better communication and collaboration between subsidiaries, driving synergies.
- Enhanced compliance: Centralised control of legal and HR functions can help ensure adherence to regulatory requirements across the conglomerate.
- Faster innovation: A unified IT and administrative structure enables faster implementation of new technologies and initiatives across all subsidiaries.



|   |   |  |
|---|---|--|
| <div><div>3</div><div>Building a high-performing, purpose-driven talent base</div></div> <p>JXG leverages a centralised model to efficiently deliver a range of critical services, including IT, legal, human resources, company secretarial, and administration. This approach ensures consistent service quality, cost efficiencies, and streamlined operations across all subsidiaries. By consolidating these functions, we minimise duplication, reduce operational complexity, and enhance synergies between business units, enabling the entire organisation to focus on its core competencies while maintaining high standards of service delivery.</p> | <div>Resource allocation</div> <ul style="list-style-type: none"><li>1,243 staff strength across the Group</li><li>LKR 3.46 Billion as employee expenses</li><li>LKR 33,77 Million invested in staff learning and development initiatives</li></ul> | <div>Capital trade-offs</div> <ul style="list-style-type: none"><li>+ Increase in intellectual capital</li><li>- Decrease in financial capital</li></ul> |
|   | <div>Output (KPIs)</div> <ul style="list-style-type: none"><li>LKR 6.98 Million pre-tax profitability per employee</li><li>20 average hours of training per employee</li></ul>  | <div>Stakeholder value driven</div> <p>Motivated JXG team</p>  |

Way Forward

Risks

- Talent retention challenges:** Competition for top talent in the financial services sector currently seen may lead to higher turnover rates, affecting organisational stability.
- Skills gap:** Rapid market changes may outpace employees' skill sets, resulting in the need for continuous upskilling and training.
- Resource strain:** High investment in training and development may put pressure on the Group's resources if not effectively managed.

Opportunities

- Employee engagement:** A strong, purpose-driven culture enhances employee motivation, leading to increased productivity and retention.
- Attracting top talent:** A clear organisational purpose and strong performance culture make the conglomerate an attractive employer for high-calibre candidates.
- Leadership development:** A focus on talent development provides opportunities to cultivate future leaders, ensuring sustainable growth.
- Innovation and agility:** A motivated, skilled workforce can drive innovation, enabling the conglomerate to stay ahead of industry trends.
- Enhanced employer brand:** A reputation for fostering a high-performing, purpose-driven team can strengthen the JXG's brand in the market, attracting both customers and partners.



## STRATEGY

|  |  |   |
|--|--|---|
| <p><b>4 Driving sustainable growth through organic expansion and strategic acquisitions</b></p> <p>The JXG focuses on building long-term value by expanding the conglomerate's footprint both organically - through product innovation, market penetration, and service excellence - and inorganically, by identifying and acquiring strategically aligned businesses, both locally and in the SAARC and ASEAN regions. By balancing these two growth modes, the Group aims to scale operations, diversify income streams, and deepen its presence across core and emerging markets while maintaining financial discipline and synergy-driven integration.</p> | <p><b>Resource allocation</b></p> <p>◆ <b>LKR 24 Million</b> investment during the financial year, exploring potential opportunities in overseas markets</p>   | <p><b>Capital trade-offs</b></p> <p>– Decrease in financial capital<br/>+ Increase in social and relationship capital through new client acquisitions</p> |
|  | <p><b>Output (KPIs)</b></p> <p><b>Market share growth</b></p> <p><b>FCH – 38.9%</b> increase in the customer base<br/><b>JI – 10.22%</b> growth in policy holder base<br/><b>JFP – 12%</b> growth in customer base</p> | <p><b>Stakeholder value driven</b></p> <p>Enhanced shareholder value</p>  |

## Way Forward

## Risks

- ◆ **Regulatory and compliance hurdles:** Diverse regulatory frameworks and approval processes across countries may delay or complicate expansion or integration.
- ◆ **Geopolitical and currency volatility:** Cross-border operations expose the Group to political risks, foreign exchange fluctuations, and policy instability in certain SAARC/ASEAN countries.
- ◆ **Cultural and market misalignment:** Misreading consumer behaviour, preferences, or partner dynamics in new regions can lead to poor product-market fit.
- ◆ **Integration risks:** Acquiring new entities comes with the risk of cultural misalignment, operational inefficiencies, or failure to realise expected synergies.
- ◆ **Resource dilution:** Rapid expansion, if not balanced well, can strain capital.

## Opportunities

- ◆ **Untapped market segments:** Many areas in Sri Lanka and emerging SAARC/ASEAN markets remain underpenetrated in life insurance, NBFI, and capital markets, offering scope for customer acquisition and product diversification.
- ◆ **Rising middle class & financial literacy:** Growing awareness and income levels in regional markets can increase demand for structured financial products and investment options.
- ◆ **Favourable trade and investment ties:** Regional economic cooperation and trade frameworks in ASEAN and SAARC can ease entry barriers and foster cross-border growth.
- ◆ **Access to digital-savvy populations:** High mobile and internet penetration across Southeast Asia allows rapid scaling through tech-enabled models.
- ◆ **Strategic acquisition targets:** Availability of mid-sized, underperforming or niche players in the region presents acquisition opportunities to gain market entry or niche capabilities.

# CREATING VALUE THAT LASTS, IMPACTING LIVES THAT MATTER

We believe value is not just measured in numbers, but in the difference we make. From empowering individuals to uplifting communities, our impact is tangible. Innovation drives our solutions, while trust sustains our relationships.

Every action we take today is an investment in a stronger tomorrow. This is how we create enduring value for people, for progress, and for the planet.

A hand in a blue suit sleeve is shown interacting with a digital interface. The interface features a large, glowing blue fingerprint pattern. Overlaid on this are several orange gears of various sizes, some connected by lines, suggesting a complex system or process. The background is dark with some blurred light sources, creating a high-tech, futuristic atmosphere.

OUR VALUE PROPOSITION



# FINANCIAL CAPITAL

## Our Approach to Managing Financial Capital

We adopt a strategic, integrated, and forward-looking approach to managing financial capital. This approach is anchored in a deep understanding of the Group's long-term ambitions, risk appetite, and the evolving market landscape. Our financial management framework is structured to optimize value creation while preserving financial resilience and operational efficiency.



### Financial Capital Inputs

Our financial capital inputs include equity contributions, retained earnings, and funding from external sources. These inputs enable us to invest in strategic initiatives, support operational needs, and drive sustainable value creation across our activities.

### Value Drivers

- Prudent financial planning and management
- Sustainable revenue generation and profitability
- Effective cost control and resource allocation
- Strong relationships with investors and financial institutions
- Transparent financial reporting and governance
- Strategic capital investment for long-term growth
- Sound risk management practices

### Value Created

- Strengthened financial stability and liquidity
- Enhanced capacity to fund strategic growth initiatives
- Increased shareholder and stakeholder value
- Improved return on investment and capital efficiency
- Greater resilience against economic and market fluctuations
- Support for long-term sustainability and value creation

### Key Highlights

Group return on equity  
**30.34%**

Group Revenue  
**LKR 24.76 Bn**

Group Profit Post Tax  
**LKR 5.24 Bn**

Return on Assets  
**3.13%**

Gross Profit Margin  
**59.58%**

Group Asset Base  
**LKR 167.52 Bn**

### Capitals Impacted



Human Capital



Intellectual Capital



Manufactured Capital



Social & Relationship Capital

### SDGs Impacted





## Key pillars of our approach include:

**Capital Budgeting:**

Investment decisions are rigorously evaluated to prioritize high-impact initiatives that align with our strategic objectives and deliver long-term sustainable value.

**Capital Structure Optimization:**

We maintain a dynamic capital structure, balancing debt and equity to effectively finance operations and growth while optimizing shareholder returns and managing financial risk.

**Working Capital Management:**

Focused on ensuring liquidity and the seamless execution of daily operations, our working capital strategy supports business continuity and responsiveness.

**Strategic Tax Planning:**

We proactively manage our tax obligations through compliant strategies that contribute to financial sustainability and efficient capital deployment.

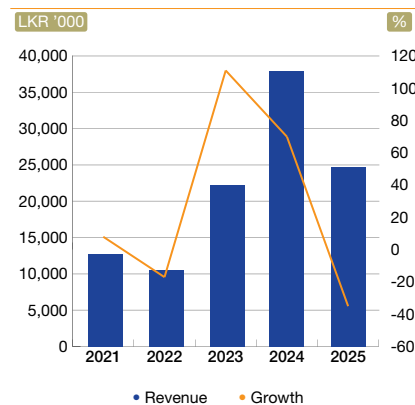
Through this disciplined and coherent approach, the Group reinforces its financial foundation, enabling strategic growth and the consistent creation of stakeholder value.

## Financial Performance Overview

### Revenue Generation Amidst Macro Challenges

Despite ongoing macroeconomic volatility and political uncertainties in 2024 and early 2025, the Group delivered resilient financial results, recording total revenue of **LKR 24.76 billion**.

#### Group Revenue



#### Revenue Composition:

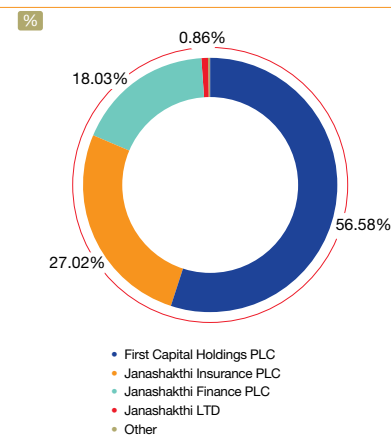
- ◆ **Financial Services** remained the dominant contributor, accounting for **72% of total revenue**. First Capital Holdings PLC (FCH) generated **LKR 13.76 billion**, primarily driven by interest income and trading gains from government securities. Although headline performance moderated compared to the previous year's exceptional results, this year marks the second-highest performance in FCH's history, underscoring the company's strong market positioning.
- ◆ Insurance Services contributed **27%** of total revenue, led by Janashakthi Insurance PLC (JINS). With a record Gross Written Premium (GWP) of **LKR 6.596 billion (a 44% YoY increase)**,

the company demonstrated robust growth. This was fueled by a **63% increase in First Year Premiums**, driven by product innovation, enhanced customer acquisition strategies, and expanded distribution capabilities.

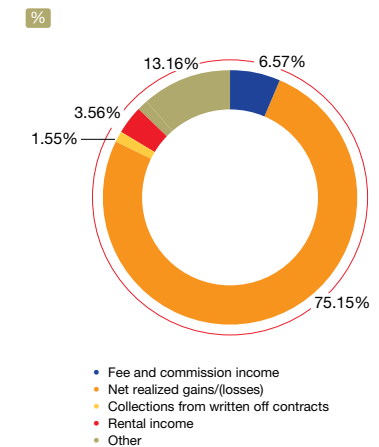
#### Claims and Acquisition Costs:

- ◆ Net incurred claims rose by 16% to **LKR 3.95 billion**, with policy maturities comprising 46% of claims. This trend signals a rising preference for life investment products and reflects sound product lifecycle management.
- ◆ Underwriting and net acquisition costs increased in line with GWP, growing 43% to **LKR 1.663 billion**. However, the **Net Acquisition Cost (NAC) ratio** remained stable at **25%**, demonstrating cost efficiency despite expanding business volumes.

#### Revenue by Subsidiaries



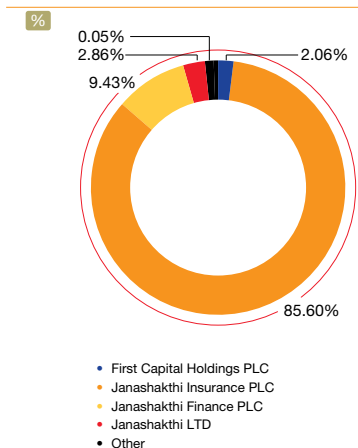
#### Revenue - Business Segment Analysis



#### Total Other Operating Income

JINS delivered an impressive investment performance, recording **LKR 2.072 billion** in net realized gains from its equity portfolio. Capitalizing on post-election equity market momentum, the company leveraged its active portfolio management capabilities to generate value. This showcases JINS' agility and market foresight, as well as its capacity to enhance returns through prudent investment strategies.

#### Group Other Operating income



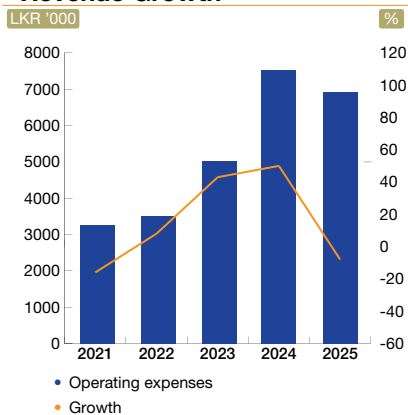
## FINANCIAL CAPITAL

### Operating and Administrative Efficiencies

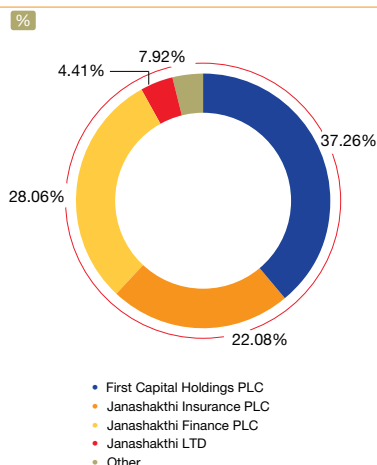
- ◆ **Staff Costs:** Declined by **24%**, largely due to a reduction in performance-related bonuses, which were recalibrated to reflect a more normalized operating environment.
- ◆ **Depreciation & Amortisation:** Increased by **110%**, driven by strategic investments in modern infrastructure and digital capabilities. These capital investments are designed to yield long-term gains in scalability, operational efficiency, and service excellence.
- ◆ **Government Levies:** A **24% reduction in VAT on Financial Services** and other levies further supported cost efficiency.

Overall, the Group achieved an **8% reduction in operating and administrative expenses**, reflecting disciplined spending, enhanced resource management, and a sharper focus on sustainable profitability.

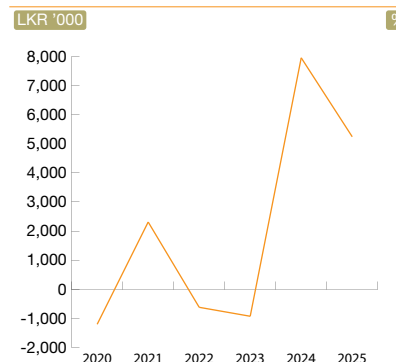
#### Operating expenses Revenue Growth



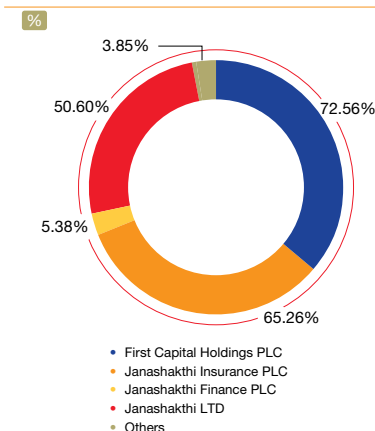
#### Group Operating Expenses



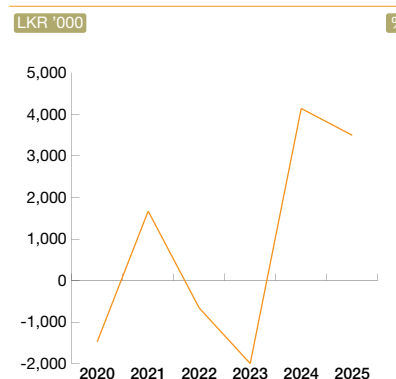
#### Group Post-Tax Profit



#### Group Post-Tax Profit



#### Company Post-Tax Profits



### Profitability

The Group reported a **profit share of LKR 6.5 billion**, marking a **40% decline YoY**. This decrease was anticipated, as the prior year's exceptional performance was driven by heightened interest rate volatility. In contrast, FY 2024/25 was characterized by a more stable market environment.

Despite the normalization, both FCH and JINS demonstrated their ability to identify and capitalize on short-term market opportunities. JINS' tactical response to equity market surges, combined with FCH's disciplined trading strategy, underscores the Group's agility, foresight, and operational strength.

These results reaffirm our subsidiaries' strong governance, strategic leadership, and their ability to consistently deliver value even in stabilized conditions.



## Summary of Income Statement Analysis

|                            | FY 2024/2025<br>LKR Mn | FY 2023/2024<br>LKR Mn | Variance |
|----------------------------|------------------------|------------------------|----------|
| Gross Revenue              | 24,762                 | 37,921                 | -35%     |
| Operating Expenses         | 6,914                  | 7,521                  | -8%      |
| Profit before Taxation     | 8,677                  | 15,380                 | -44%     |
| PAT                        | 5,244                  | 7,961                  | -34%     |
| Taxation                   | 3,433                  | 7,419                  | -54%     |
| Other Comprehensive Income | (757)                  | 575                    | -232%    |
| Gross Profit Margin        | 59.58%                 | 66%                    | -10%     |
| Net profit margin (%)      | 35.04%                 | 41.08%                 | -15%     |
| Return on assets (%)       | 3.13%                  | 5.93%                  | -47%     |
| Return on equity (%)       | 32.18%                 | 61.76%                 | -48%     |
| Return on capital employed | 10%                    | 37%                    | -72%     |

## Asset Composition

|                                    | FY 2024/2025<br>LKR Mn | %    |
|------------------------------------|------------------------|------|
| Property, plant & equipment        | 1,496                  | 1%   |
| Investment property                | 5,660                  | 3%   |
| Intangible assets                  | 4,416                  | 3%   |
| Right of use of assets             | 725                    | 0%   |
| Deferred tax                       | 861                    | 1%   |
| Investment in financial assets     | 123,448                | 74%  |
| Loans and receivables to customers | 22,055                 | 13%  |
| Other receivables and advances     | 4,632                  | 3%   |
| Cash and cash equivalents          | 4,229                  | 3%   |
| Total assets                       | 167,522                | 100% |

## Liability Composition

|   | FY 2024/2025<br>LKR Mn | %    |
|---|------------------------|------|
| Debentures                                  | 3,908                  | 3%   |
| Interest bearing loans & borrowings         | 29,585                 | 20%  |
| Deposits from customers                     | 15,904                 | 11%  |
| Insurance liability -life                   | 16,031                 | 11%  |
| Securities sold under repurchase agreements | 73,109                 | 49%  |
| Trade and other payables                    | 11,698                 | 8%   |
| Total liabilities                           | 150,236                | 100% |

## Statement of Financial Position Review

## Strategic Balance Sheet Growth

As of 31 March 2025, the Group expanded its balance sheet by **LKR 33.4 billion (+25%)**, reaching **LKR 167.5 billion** in total assets. This growth was achieved through strategic capital deployment, disciplined risk management, and an unwavering focus on value creation.

## 1. Resilient Asset Growth

- ◆ **Financial Assets** grew by 28% to **LKR 123.4 billion**, reinforcing the Group's market leadership.
- ◆ **Customer Lending** surged by 41%, demonstrating robust credit risk management and responsiveness to economic recovery.
- ◆ **Cash Reserves of LKR 4.2 billion** provide financial agility and readiness to pursue high-value opportunities.

## 2. Infrastructure Investments for the Future

- ◆ A **70% increase in Property, Plant & Equipment**, alongside increased intangible assets, signifies our digital and infrastructural transformation.
- ◆ These long-term investments strengthen scalability and operational excellence.

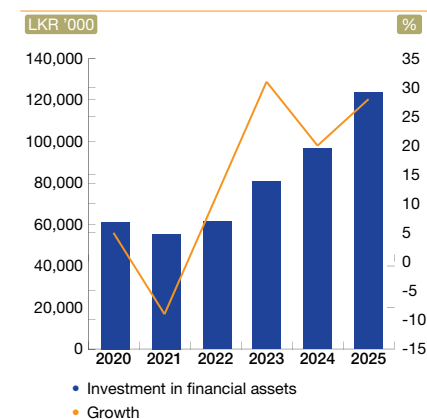
## 3. Effective Liability and Funding Strategy

- ◆ **Customer Deposits** rose by 17%, affirming stakeholder trust and confidence.
- ◆ While **borrowings and repo liabilities** increased to support asset expansion, the Group maintained prudent leverage levels.
- ◆ A **25% reduction in trade payables** signals operational efficiency and supplier confidence.

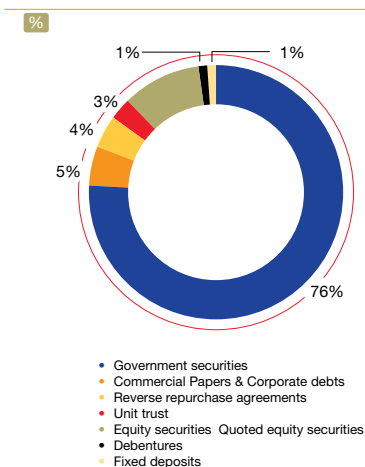
## 4. Strengthened Equity Base

- ◆ **Equity** increased by 13% to **LKR 17.3 billion**.
- ◆ **Retained Earnings** grew by 55%, reflecting performance-led capital growth.
- ◆ Enhanced **risk reserves and regulatory buffers** further solidify our financial stability.

## Investment in financial assets



## Group Financial Investments

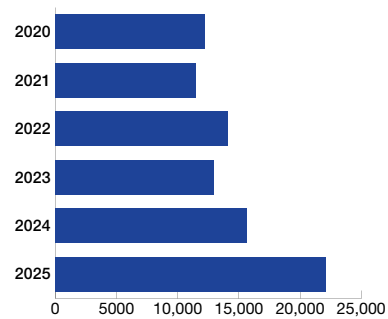




## FINANCIAL CAPITAL

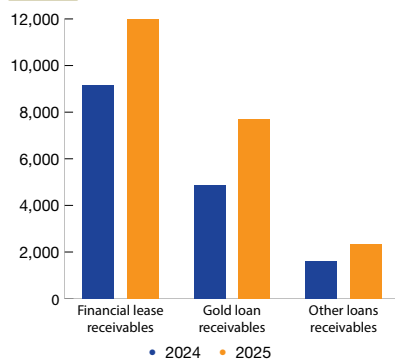
### Loans and receivables to customers

LKR Mn.

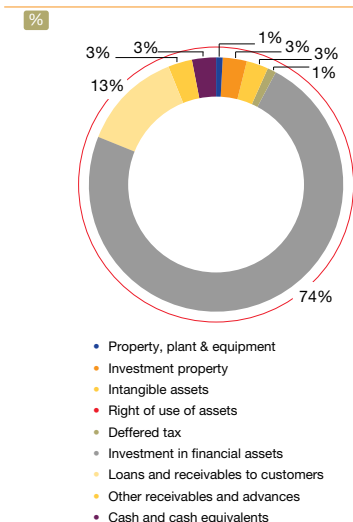


### Product wise analysis of net loans and receivables to customers

LKR '000



### Asset Composition



### Concluding Perspective: Stronger and Smarter

The Group's FY 2024/25 results reflect:

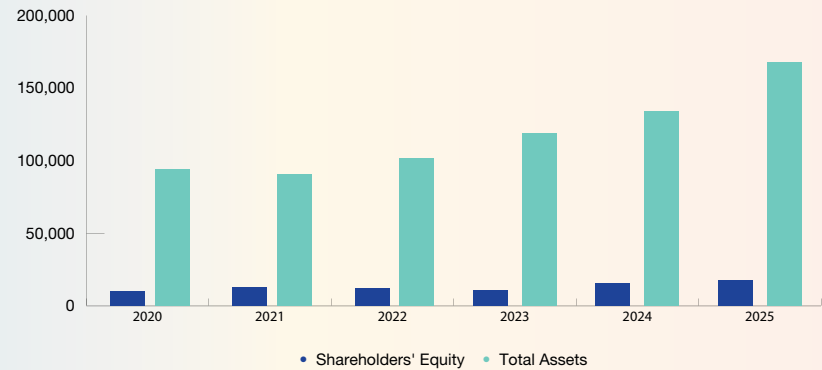
- ◆ Prudent risk-taking,
- ◆ Strategic foresight, and
- ◆ Operational excellence.

Unlike the prior year, where performance was driven by market volatility, this year's success stems from thoughtful execution, long-term investments, and market adaptability.

We continue to build predictably, sustainably, and at scale—driven by innovation, financial discipline, and a commitment to value creation. Our financial capital strategy and performance track record make us a reliable, forward-thinking business partner positioned for long-term growth.

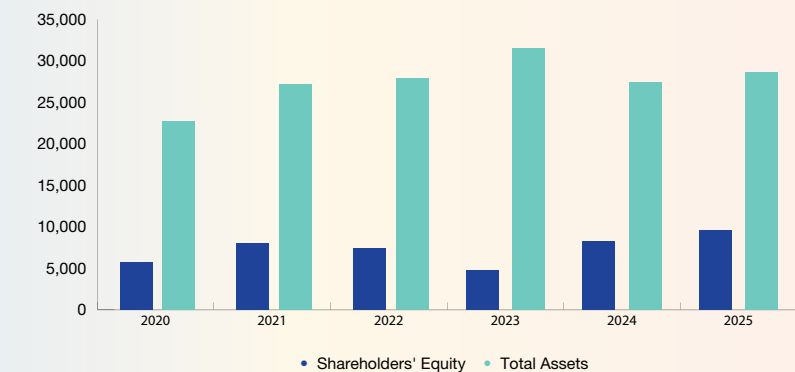
### Group - Stability

LKR '000



### Company - Stability

LKR '000



**We keep on allocating capital efficiently, recognising economic dynamics to support our subsidiaries to reach their goals.**



## Share related information

### FIRST CAPITAL HOLDINGS PLC

|                              | FY 2024/2025 | FY 2023/2024 |
|------------------------------|--------------|--------------|
| Earning per Share (LKR)      | 11.58        | 22.15        |
| Dividend per Share (LKR)     | 7.5          | 17.25        |
| Market Price per Share (LKR) | 34.9         | 34.4         |
| Net Asset Value (NAV) (LKR)  | 21.71        | 17.58        |

### JANASHAKTHI INSURANCE PLC

|                              | FY 2024/2025 | FY 2023/2024 |
|------------------------------|--------------|--------------|
| Earning per Share (LKR)      | 19.92        | 18.25        |
| Dividend per Share (LKR)     | 13.24        | 2.65         |
| Market Price per Share (LKR) | 55.0         | 38.5         |
| Net Asset Value (NAV) (LKR)  | 74.62        | 68.83        |

### JANASHAKTHI FINANCE PLC

|                              | FY 2024/2025 | FY 2023/2024 |
|------------------------------|--------------|--------------|
| Earning per Share (LKR)      | 1.76         | 1.65         |
| Dividend per Share (LKR)     | -            | -            |
| Market Price per Share (LKR) | 19.2         | 8.4          |
| Net Asset Value (NAV) (LKR)  | 18.86        | 17.07        |

## Way Forward

With the economy stabilizing, the Group remains committed to executing the following strategic priorities to enhance its financial capital:



Short  
Term

- Strengthening short-term liquidity and working capital management
- Enhancing budget discipline and cost optimization
- Securing reliable funding sources to support immediate operational needs



Medium  
Term

- Positioning JXG as a financially resilient and investor-attractive organization in Sri Lanka
- Leveraging technology and data analytics for financial planning and decision-making
- Strengthening capital reserves to support future expansion and innovation
- Embedding a performance-driven approach to financial management and accountability



Long  
Term

- Adoption of advanced financial technologies and automation tools
- Continuous development of strategic financial leadership
- Integration of innovative financial systems for enhanced forecasting and risk management

# HUMAN CAPITAL

## Nurturing a People-centric Culture

At JXG, we are more than a Group - we are a collective of diverse talents, united by a shared purpose yet defined by our unique identities. Our Human Resources team is dedicated to empowering our people, fostering growth, and preserving the distinct culture that sets us apart. At JXG, every voice matters, and together we shape a future that is both distinctive and unique.

## Managing Approach

JXG's HR philosophy is rooted in its overall Group vision and mission, with structured HR frameworks tailored to its subsidiaries - First Capital Holdings PLC, Janashakthi Insurance PLC, and Janashakthi Finance PLC. Our workforce comprising of 1,243 employees, is the foundation of our sustained growth and operational success. This year, we focused on attracting, developing, and retaining a highly-skilled and diverse workforce that aligns with our strategic objectives. We continue to foster an atmosphere of equal opportunity, underpinned by responsible practices.



### Human Capital Inputs

Our human capital inputs include a combination of talent acquisition, employee development programmes, and robust policies to foster a positive work environment.

### Value Drivers

- Skilled and engaged workforce
- Learning and development culture
- Employee well-being and benefits
- Competitive remuneration structure
- Inclusive and diverse workplace
- A strong feedback culture
- Strategic alignment of HR vision with the corporate mission

### Value Created

- Improved productivity and efficiency
- Enhanced employee satisfaction and retention
- Strengthened employer brand
- Increased innovation and problem-solving capabilities
- Higher engagement in workplace initiatives
- Stronger succession planning and talent retention efforts

### Key Highlights

**557**

new employees joined during the year

**39.4%**

employees from outside western province

**35.6%**

employees under the age 30

**18,902 hours**

of training opportunities across the Group

**99.8%**

average retention rate across the Group

**53%**

increase in revenue per employee witnessed during the year

### Capitals Impacted



Financial Capital



Intellectual Capital



Social & Relationship Capital

### SDGs Impacted





## Our Human Capital

JXG follows a structured HR model guided by its Group values, a talent development framework, and a competency-based performance system. The Group is guided by the following core values which inspire the team in its actions.



The key shared HR services provided by Group HR include oversight of remuneration and benefits, staff learning and development and employee life cycle management.

By fostering a happy and contented workforce, the Group creates a strategic differentiation across the industry. The Group's engagement initiatives contribute to this positive culture, enabling the Group to be recognised as a preferred employer in Sri Lanka while successfully retaining top talent.

## Our Team

We take pride in our diverse workforce of 1,243 employees, drawn from various educational and professional backgrounds. Our strength lies in the diversity of our teams - spanning industries, yet united by a shared vision. This unique blend of expertise fuels collaboration, transforming varied perspectives into powerful innovation. Engagement drives our culture, inclusivity shapes our workforce, and our distinct identity sets us apart. Our Human Resources team is committed to empowering talent, fostering growth, and building a workplace where diversity isn't just valued - it drives our collective success.



## Movements During the Year

During the year, we welcomed new hires across multiple departments, bringing in fresh perspectives and skills. Several employees were promoted into leadership roles, reflecting our commitment to internal career progression. Additionally, we monitored attrition levels and conducted exit interviews to refine our retention strategies.

## Recruitment and Onboarding

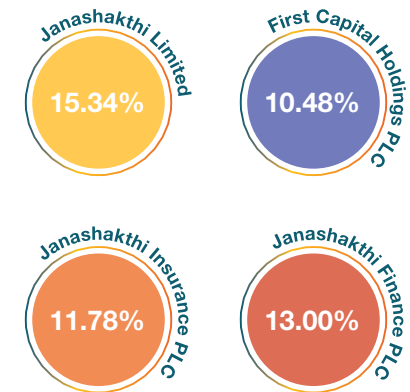
During FY 2024/25, the Group placed significant emphasis on attracting and retaining key talent. A structured approach was followed to align with the organisation's recruitment strategy and the evolving needs and expectations through comprehensive job descriptions. Every new recruit goes through a thorough onboarding process that functions as an orientation to the day-to-day operations of the organisation. This exposure helps new recruits become acquainted with the work values and ethics upheld across the Group. The recruits are also introduced to the Group's broader vision and core values through a structured induction programme conducted at the Head Office, Mireka Tower, where the Group CEO and the Group Chief HR Officer addressed the new recruits.

## Employee Turnover and Attrition

During the year, the Group experienced **262** employee turnover.

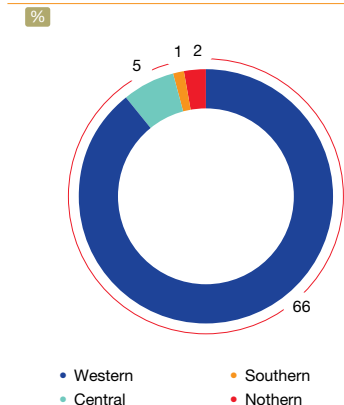
Turnover ratio - **21.06%**

## Group Employee Turnover Ratio

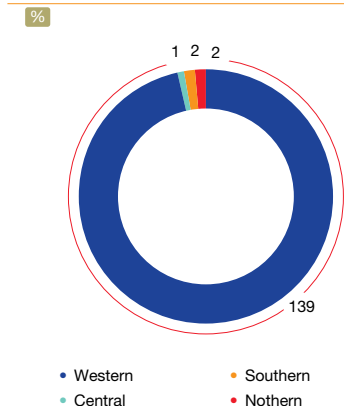


## Employees by Region

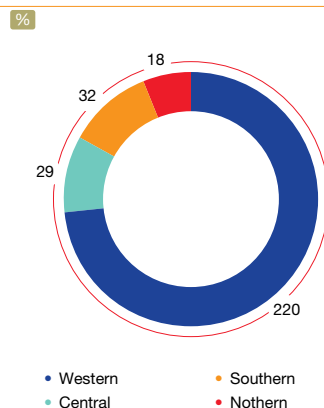
### Janashakthi Limited



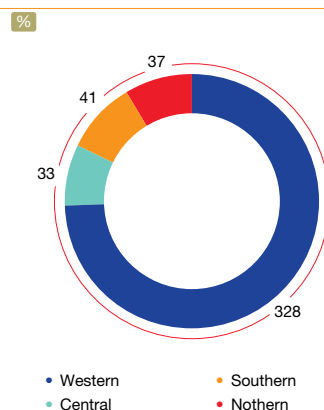
### First Capital Holdings PLC



## Janashakthi Insurance PLC



## Janashakthi Finance PLC



## Promotions

At JXG, promotions are not merely milestones; they are testaments of dedication, competence, and continuous growth. Rooted in a rigorous, competency-based approach, the Group's promotion process values performance excellence and personal development. Through careful evaluation, we recognize individuals who consistently exceed expectations, embody our core values, and deliver impactful results.

Beyond acknowledgment, promotions signify opportunities for further enhancement. We foster an environment where each promotion serves as a launchpad for continuous learning and advancement. Whether through targeted training, mentorship programs, or exposure to new challenges, we empower our team members to expand their skills, deepen their expertise, and shape their career trajectories.

Number of promotions during the year - **161**

No. of Promotions by Gender

Male **107**

Female **54**

## Remuneration, Recognition and Rewards

JXG remains committed to recognising and rewarding employees' contributions. Our competitive remuneration packages are aligned with industry standards and include performance-based incentives. We have structured reward programmes, including annual performance bonuses, employee recognition initiatives, and milestone awards to honour years of service. These efforts boost morale and encourage a high-performance culture. Annual market salary surveys are conducted to ensure competitive positioning. The Group also provides adjustments to salaries based on tax impact to protect employee earnings.

The benefits to the staff are based on the respective industry standards of the respective companies within the Group:

| COMPANY BENEFIT            | JANASHAKTHI LIMITED | FIRST CAPITAL HOLDINGS PLC | JANASHAKTHI INSURANCE PLC   | JANASHAKTHI FINANCE PLC |
|----------------------------|---------------------|----------------------------|---|-------------------------|
| Life Cover                 | ✓                   | ✓                          | ✓   | ✓                       |
| Indoor Medical (Family)    | ✓                   | ✓                          | ✓   | ✓                       |
| Personal Accident Cover    | ✓                   | ✓                          | ✓   | ✓                       |
| Critical Illness           | ✓                   | ✓                          | ✓   | ✓                       |
| OPD                        | ✗                   | ✗                          | Retained for existing staff; closed to new hires from 1 Aug 2022. | ✗                       |
| Death Donation             | ✓                   | ✓                          | ✓   | ✓                       |
| Distress Loans             | ✓                   | ✓                          | ✓   | ✗                       |
| Education Loans            | ✓                   | ✓                          | ✓   | ✗                       |
| Professional Subscriptions | ✓                   | ✓                          | ✓   | ✓                       |
| Phone Allowance            | ✓                   | ✓                          | ✓   | ✓                       |
| Internet Allowance         | ✓                   | ✓                          | ✓   | ✓                       |
| Fuel Allowance             | ✓                   | ✓                          | ✓   | ✓                       |



JXG received the SATYN Award in recognition of our commitment to a women-friendly, inclusive, and empowering workplace.



## Succession Planning

Succession planning is built on identifying and nurturing high-performing individuals who demonstrate not only technical expertise but also the soft skills essential for leadership. We are committed to developing a pipeline of talent that is poised to drive future growth and success within the organization.

Central to this process is the Individual Development Plan (IDP), which serves as a personalised roadmap for each employee's growth journey. These plans are tailored to address both technical competencies and critical soft skills such as effective teamwork, communication, leadership, and emotional intelligence. By ensuring a well-rounded development approach, we empower our employees to excel in their current roles while preparing them for future leadership opportunities.

Through targeted training, mentorship, and regular feedback, we elevate high performers to positions where they can contribute at a higher level, while also investing in emerging talent. Our focus on development ensures that as employees progress, they gain the necessary skills to lead teams, inspire innovation, and continue to thrive in dynamic environments.

Succession planning policy of the Group ensures that talent is continually nurtured, developed and elevated.

## Training and development

Training and development is essential not only to stay ahead in the industry but also to nurture the potential of each team member. Our commitment to professional growth ensures that our employees are equipped with the knowledge, skills, and competencies needed to excel in an ever-evolving work environment.

Training and development is tailored to meet both individual and organisational goals. From technical skill enhancement to leadership development, we provide a wide range of programmes designed to foster expertise and innovation. But beyond technical training, we emphasize the importance of soft skills, such as communication, problem-solving, and teamwork, which are key to thriving in a collaborative and fast-paced environment.

Development opportunities are not just about improving performance - they are about investing in the future. Through mentoring, workshops, and cross-functional exposure, we ensure that our employees are prepared for both current challenges and future leadership roles. Training and development are not just programmes - they are an ongoing process that shapes our culture, empowers our workforce, and drives the long-term success of our organization.





## HUMAN CAPITAL

Upskilling and re-skilling of the identified talent pool

Integrating leadership and management development programmes for key talent.

Strengthening the learning culture through effective training and development strategies

We foster a learning-centric culture by offering continuous skill enhancement programmes and encouraging knowledge sharing. Employees recommended introducing a structured mentorship programmes.

Embedding training and development centered KPIs in individual employee goals

Training objectives are integrated into employee performance metrics to align personal growth with business goals. Interviews revealed that employees appreciate the clarity in goal-setting.



### Training Initiatives for the Financial Year 2024-25

| JANASHAKTHI LIMITED                                     | FIRST CAPITAL HOLDINGS PLC  | JANASHAKTHI INSURANCE PLC                                    | JANASHAKTHI FINANCE PLC                              |
|---|---|--|--|
| ◆ Orator  | ◆ Diploma in Treasury and Risk Management   | ◆ Leadership Development Center                              | ◆ People Management Workshop                         |
| ◆ People Management Workshop                            | ◆ How to be Excellent with Handling Customers and Building Customer Relationships | ◆ People Management Workshop                                 | ◆ Training Program on AML Regulations                |
| ◆ PIM Leadership Development Program                    | ◆ People Management Workshop  | ◆ PIM Leadership Development Program                         | ◆ PIM Leadership Development Program                 |
| ◆ Beyond JXG: Awareness on ESG                          | ◆ PIM Leadership Development Program  | ◆ Programme on AML/CFT Compliance for Financial Institutions | ◆ Business Communication Mastery                     |
| ◆ JXG Speechcraft                                       | ◆ Business Communication Mastery  | ◆ Actuarial Training Programme for Non-Actuaries             | ◆ Customer Relationship Management                   |
| ◆ Beyond JXG: Master Influence and Win Win Negotiations | ◆ JXG Speechcraft   | ◆ Workshop on Anti Money Laundering                          | ◆ Art and Mindfulness: Physical and Mental Wellbeing |
| ◆ Beyond JXG: Cybersecurity awareness and mitigation    | ◆ Art and Mindfulness: Physical and Mental Wellbeing                              | ◆ JXG Speechcraft  |  |
| ◆ JXG Outbound Training                                 |   | ◆ Art and Mindfulness: Physical and Mental Wellbeing         |  |
| ◆ Art and Mindfulness: Physical and Mental Wellbeing    |   |  |  |



| No. of training hours | No. of training hours per employee | Group's investment in training |
|-----------------------|------------------------------------|--------------------------------|
| 18,902 hours          | 20 hours                           | LKR 33.8 Mn                    |

Active Engagement

We foster employee engagement through interactive initiatives, town hall meetings, and collaborative projects. Employees reported an increase in engagement following recent workplace initiatives. Subsidiary-level engagement programmes ensure consistent communication and feedback.



"Pens Down" is a unique knowledge-sharing forum where employees pause routine tasks to engage in meaningful conversations, learn something new and gain insights from peers.

"Orator" is a structured platform designed to enhance public speaking and presentation skills across all levels of the organisation. It helps our employees build confidence, express ideas clearly, and communicate with greater impact.



JXG's outbound training and well-being sessions offer experiential learning through dynamic activities that develop teamwork, leadership, and adaptability while boosting employees' physical and mental health beyond the workplace.



HUMAN  
CAPITAL

At JXG, sport is a core part of our DNA, inspiring teamwork, resilience, and collective energy. This year, we achieved a significant milestone by coming together as a group to participate in the Mercantile Athletics and Netball tournaments for the first time, highlighting the unity, camaraderie, and strong team spirit shared across all our business units.

Athletics



In a spirited display of teamwork and athleticism, the Janashakthi Group marked a memorable year by participating across three major Mercantile sporting events in 2024/25. At the 39th Annual Mercantile Athletics Championships held in August at Sugathadasa Stadium, the Group fielded 19 athletes among 2,500+ participants from 52 companies, building on a proud legacy of record-setting performances by Janashakthi Insurance PLC. In November,

Achievements

| Medal      | Name             | Age category | Event           | Meet records |
|------------|------------------|--------------|-----------------|--------------|
| Gold (3)   | Talavou Alailama | 50+          | Shot Putt       | 12.89 M      |
|            | Talavou Alailama | 50+          | Discuss Throw   | 41.14 M      |
|            | Azmara Allang    | 35+          | Shot Putt       | -            |
| Silver (2) | Rohana Wijesiri  | 40+          | 800-meter Walk  | -            |
|            | Rohana Wijesiri  | 40+          | 1,500-meter run | -            |

Netball



Janashakthi made its debut at the Mercantile Netball League Tournament, competing in the C Division against 11 other teams and progressing to the quarterfinals against IFS.

Cricket



Group delivered a breakthrough performance in the 2025 Mercantile Cricket Association Division 'E' League, qualifying for the quarter finals for the first time in over a decade. The cricket team set a division record by scoring over 250 runs in a 25-over match. These achievements reflect Janashakthi's growing commitment to fostering team spirit, wellness, and excellence beyond the workplace.







Grievance Process

A well-structured grievance mechanism ensures employee concerns are addressed promptly and fairly. A whistleblowing policy is in place to ensure confidentiality in reporting concerns.

Regular Staff & Team Meetings

Periodic team meetings facilitate open communication, idea sharing, and alignment with organizational objectives. Employees emphasized the value of team meetings in fostering collaboration.

Employee Surveys

Regular employee surveys provide insights into workplace satisfaction and areas for improvement. JXG conducts Great Place To Work (GPTW) surveys to measure employee sentiment.

Open Door Policy

We maintain an open-door policy to encourage direct communication between employees and management. Interviews revealed that employees find this approach beneficial for transparency.

JXG as the Preferred Employer

We strive to be a preferred employer by providing an attractive work environment, growth opportunities, and competitive benefits. JXG’s certification as a Great Place To Work (GPTW) for 2024–2025, with 96% of employees stating it is an exceptional place to work, is a testament to our commitment to employee satisfaction and a positive workplace culture.

Ensuring Employee Wellbeing

JXG prioritizes ergonomics, flexible work arrangements, and remote work options. A holistic well-being program includes mental health support, fitness initiatives, and work-life balance measures. Employees reported increased participation in wellness programs. In order to support our employees, the Group has an in-house counsellor available for all employees to consult. JXG upholds human rights and recognises equal opportunity for individuals and fosters an inclusive environment. The Group’s internal policies encompass human rights, gender equality and sustainable development.

Gender Parity at JXG

We promote gender equality by ensuring fair opportunities and representation at all organizational levels. Employees have acknowledged initiatives to enhance workplace diversity. JXG aims to further improve female representation in leadership roles.

No. of females in leadership positions in the Group

12



Way Forward

The Group will prioritise building its human capital as follows:



Short Term

- Acquisition and development of quality talent
- Building a conducive working environment and talent retention
- Nurturing an engaged workforce



Medium Term

- Positioning JXG as the preferred employer in Sri Lanka
- Leveraging AI in recruitment process and other HR functions
- Engaging in succession planning and building future leaders
- Inculcating a performance-driven culture



Long Term

- Cutting-edge HR technology
- Continuing leadership development
- Use of innovative IT tools

Diversity & Inclusion

Diversity and inclusion are integral to our workplace, fostering a culture of respect and equal opportunity.

Sexual Harassment

A strict policy against sexual harassment ensures a safe and respectful work environment for all employees.

Remuneration

Our remuneration framework is competitive and aligned with industry benchmarks to attract and retain top talent.

Parental Leave

We offer enhanced parental leave benefits to support employees in balancing work and family commitments, including extended paid leave options, phased return-to-work arrangements, and additional childcare support measures. JXG offers extended maternity leave and a 14-day paternity leave policy, which can be taken in a staggered or continuous manner.

# MANUFACTURED CAPITAL

## A Catalyst for Growth and Innovation

At JXG, our journey towards progress is underpinned by our steadfast commitment to harnessing manufactured capital. Defined by our physical assets, infrastructure and technological prowess, manufactured capital forms the bedrock of our operational resilience and innovation.

From our brick-and-mortar branch network, state-of-the-art IT infrastructure that powers our digital transformation initiatives to cutting-edge facilities, every facet of our manufactured capital reflects our dedication to operational excellence and forward-thinking solutions. These assets not only support our day-to-day operations but also empower us to adapt swiftly to evolving market dynamics and customer expectations.



### Our Manufactured Capital Inputs

Manufactured Capital inputs of the Group consist of the collective network of branches and the digital infrastructure that powers the business operations.

### Value Drivers

- Upgrade and Maintenance
- Digital Infrastructure Development
- Business continuity
- Enhanced market presence
- Simplified and streamlined processes for greater efficiency

### Value Created

- Financial stability
- Enhanced employee productivity and efficiency
- Strong return on investment
- Improved business performance

### Key Highlights

**LKR 1,021 Billion**  
CAPEX

**LKR 737 Million**  
allocated for IT hardware and software enhancements

**XX**  
invested in enhancing asset base

### Capitals Impacted



Financial Capital



Intellectual Capital



Social & Relationship Capital

### SDGs Impacted



## Managing Approach

Our management approach is rooted in integrated thinking, ensuring that manufactured capital extends beyond physical infrastructure to drive value across financial, human, social, and relational dimensions. By aligning these capitals, we create a synergistic ecosystem where innovation, sustainability, and stakeholder engagement fuel long-term growth. Through responsible financial stewardship, technology-driven efficiencies and a commitment to human capital development, we foster resilience and adaptability. This holistic strategy not only enhances business performance but also strengthens our impact on communities, reinforcing JXG's position as a transformative force in the industry.





## Our Manufactured Capital

At JXG, our investment in manufactured capital extends beyond the construction of physical assets - it is a strategic enabler that drives our business objectives, enhances market reach, and strengthens our competitive edge. Our approach to manufactured capital is dynamic, encompassing not only state-of-the-art facilities and infrastructure but also a commitment to innovation, agility, and efficiency. Through targeted investments, we expand our presence, ensuring greater market penetration and accessibility for our customers. Whether through branch networks, digital banking platforms, or specialized service hubs, we create touchpoints that reinforce our leadership in the financial sector. Technology is at the heart of our investment strategy, empowering us to be more agile and responsive to evolving customer needs. From cutting-edge IT systems to AI-driven solutions, our focus is on delivering seamless, efficient, and secure financial services. These innovations optimize our operations, enhance customer experiences, and position us at the forefront of digital transformation. Ultimately, our manufactured capital strategy is about more than just assets - it is about building a resilient, future-ready ecosystem that supports sustainable growth and long-term value creation for all stakeholders.

## Expanding Reach and Geographical Footprint

As a diversified financial conglomerate, we recognise that a one-size-fits-all approach does not apply to geographical expansion. With our three subsidiaries operating in distinctive markets, each entity adopts a unique strategy that aligns with its competitive positioning, market dynamics and customer needs. Each company's geographical expansion

strategy is uniquely crafted to support long-term growth, ensuring that our collective vision of financial empowerment and market leadership is realized across diverse regions.





## MANUFACTURED CAPITAL



The Company has a geographical presence which extends to 6 cities which act as a key point of contact for customers. This branch network supports the Company's strategy of expanding its footprint to urban and semi urban areas to drive greater market development and participation of investors in capital markets.



*Newly Opened Gampaha Branch and other additional branches*



As a life insurance company, branch presence in key cities is an integral element of the Company's distribution strategy. The Company is present in 75 cities and during the year under review one branch was opened in Matugama. The Company also invested in upgrading its branch network and relocated three of its branches in Nuwara Eliya, Negombo, Medawachchiya. The Company is pursuing an innovation-led approach by integrating digital channels to reach out to the Gen Z and Millennial segments.



*Relocation of Nuwara Eliya branch and Opening of Matugama Branch*



The Company was successful in introducing digitalisation to improve processing times and transfer files from outstation branches instantly improving processing time to 2 hours. Digitalisation of the pawning operations created significant process improvements as well. Janashakthi Finance is also in the process of launching truly authentic Islamic financial product.



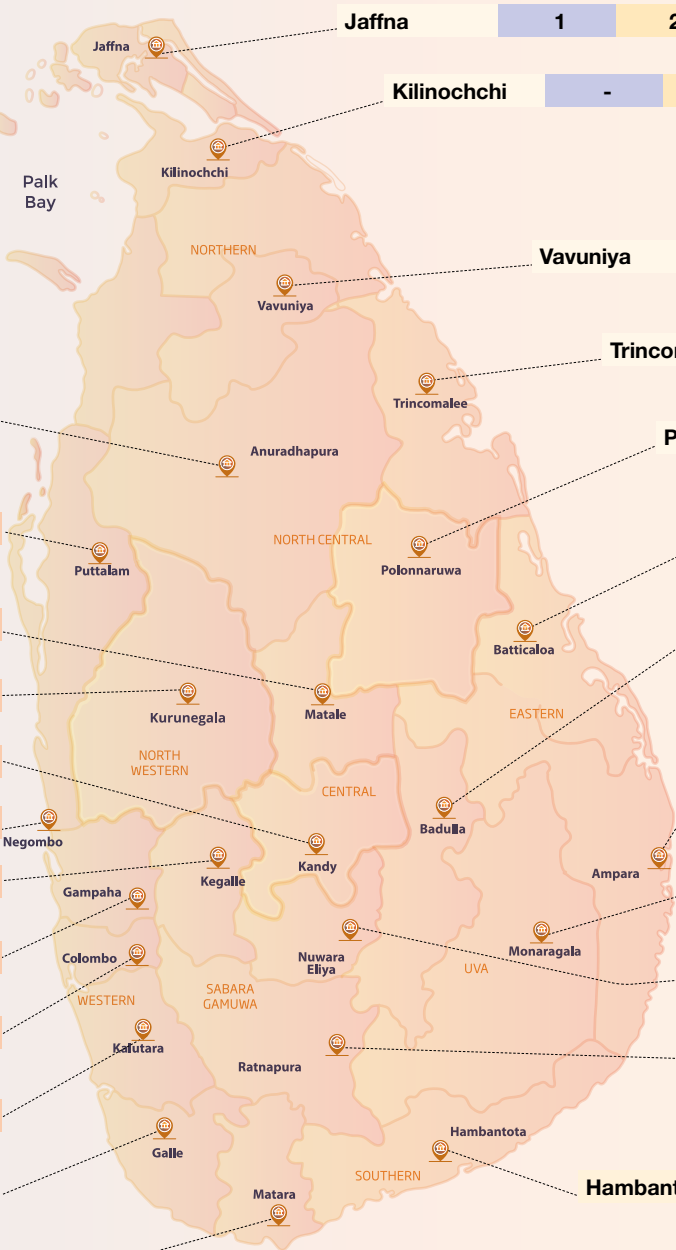
*Opening of Nuwara Eliya branch*



Branch  
Details

|   |   |   |
|---|---|---|
|  |  |  |
| 9   | 76  | 37  |

|              |   |    |   |
|--------------|---|----|---|
| Anuradhapura | 1 | 3  | 1 |
| Puttalam     | - | 4  | 3 |
| Matale       | - | 3  | - |
| Kurunegala   | 1 | 7  | 1 |
| Kandy        | 1 | 3  | 1 |
| Negombo      | 1 | -  | - |
| Kegalle      | - | 2  | 1 |
| Gampaha      | 1 | 6  | 4 |
| Colombo      | 1 | 11 | 5 |
| Kaluthara    | - | 5  | 3 |
| Galle        | - | 3  | 1 |
| Matara       | 1 | 3  | 1 |



|              |   |   |   |
|--------------|---|---|---|
| Jaffna       | 1 | 2 | 1 |
| Kilinochchi  | - | 1 | 1 |
| Vavuniya     | - | 1 | 1 |
| Trincomalee  | - | 1 | 1 |
| Polonnaruwa  | - | 3 | 1 |
| Batticaloa   | 1 | 1 | 3 |
| Badulla      | - | 4 | 1 |
| Ampara       | - | 3 | 1 |
| Monaragala   | - | 2 | 1 |
| Nuwara Eliya | - | 2 | 1 |
| Rathnapura   | - | 3 | 3 |
| Hambantota   | - | 3 | 1 |



## MANUFACTURED CAPITAL



### Technology as a Strategic Enabler

In today's fast-evolving financial landscape, information technology is more than just an operational tool, it is a strategic enabler that drives innovation, efficiency and superior service delivery. At Janashakthi Limited, we harness the power of technology to create seamless, secure, and customer-centric financial solutions across our diverse businesses in insurance, investment, and finance.

Our commitment to digital transformation ensures that every aspect of our operations - from underwriting and claims management in insurance to portfolio management in investments and transaction processing in finance - is optimized for speed, accuracy, and agility. Advanced analytics, AI-driven automation, and cloud-based infrastructure empower us to enhance decision-making, mitigate risks, and deliver personalized financial solutions with greater precision.

By leveraging IT as a competitive advantage, we not only drive operational excellence but also redefine customer experiences. Our digital platforms ensure convenience, accessibility, and security, enabling us to serve clients more effectively across multiple touchpoints. From real-time financial insights to AI-powered advisory services, we continue to push the boundaries of innovation, reinforcing our leadership in the financial sector.

As we move forward, our investment in technology remains a cornerstone of our growth strategy by transforming challenges into opportunities and shaping the future of financial services. JXG also drives a centralized IT Infrastructure and Security strategy with an appointment of a Group CISO (Chief Information Security Officer) ensuring all entities are proactive in protection against online threats.



JXG as a Group and its entities have collectively made an investment to upgrade their infrastructure for the future digital expansion bringing in a saving of **LKR 166 million.**





The upgrades and investments made in developing IT infrastructure during the FY 2024/25 is as follows:

| Janashakthi Limited   | First Capital Holdings PLC  | Janashakthi Insurance PLC   | Janashakthi Finance PLC  |
|---|---|---|--|
| <ul style="list-style-type: none"> <li>◆ JXG has been the central nerve across all group entities driving the digitization agenda.</li> <li>◆ As a key task, JXG has been focused on improving the overall groups IT literacy rate focusing on continuous trainings to the staff force on emerging technologies, its benefits, and its application to our business processes to drive effectiveness and efficiency.</li> <li>◆ Further JXG sponsors and partake in IT University programs to identify and bring in top talent to build the strengths of the IT staff pool. In addition, JXG has created an open culture welcoming vendors to come and pitch their solutions on how they could collaborate to drive success.</li> <li>◆ JXG also drives a centralized IT Infrastructure and Security strategy with an appointment of a group CISO (chief Information security officer) ensuring all entities are proactive in protection against online threats. Further JXG a group and its entities have collectively made an investment to upgrade their infrastructure for the future digital expansion brining in a saving of 166 million LKR.</li> </ul> | <ul style="list-style-type: none"> <li>◆ FC had its focus on having a major footing in the digital sphere in the last year, having projects ranging from establishing the Upgraded Online Portal and Mobile App, Missed Call Solution, WhatsApp Solution and CRM Implementation all focused to drive a superior customer experience.</li> <li>◆ A key highlight has been the rapid adoption to the WhatsApp solution by the FC customers, prompting FC to enhance the solution for trilingual capability to serve every customer.</li> <li>◆ Further FC also focused on several enhancements on the customer onboarding experience assisting improve the digital acquisition numbers by double. In addition, FC also ensured to automate the withdrawal process, ensuring to solve a key pain point of its customers.</li> <li>◆ Along with the commitment to digitization, FC had focused to improve its security and compliance initiatives having implemented a variety of tools. Further FC has embarked on the journey of obtaining the ISO27001 certification to reiterate its commitments in ensuring protection for its customers during the digitization process of FC.</li> <li>◆ FC is looking forward to set a new benchmark in the coming year in terms of introducing new solutions that are seamlessly integrated among each other infused with new technologies such as AI to create a competitive edge in customer experience in the investment sector.</li> </ul> | <ul style="list-style-type: none"> <li>◆ The Company has experienced encouraging digital adoption rates of 52%. By harnessing technology, we ensure agility, responsiveness, and seamless service delivery, enabling the Company to capture emerging opportunities while maintaining operational efficiency. During the year, the Company automated 10 manual processes, leading to faster policy processing and claims settlement.</li> <li>◆ The Company's Referral Management Solution has been utilised 427 times.</li> <li>◆ The Company has commenced AI powered policy underwriting which has grown by 40% during the year.</li> <li>◆ Research and innovate to provide easy to access services via online platforms. Improve internal processes, customer service, and data management through strategic IT investments.</li> <li>◆ Set industry benchmarks by leveraging technology to offer innovative insurance solutions, strengthening the Sri Lankan insurance sector.</li> </ul> | <ul style="list-style-type: none"> <li>◆ JF in the year 2024 had its focus in implementing the upgraded core solution, this enabled OF to drive operational efficiency through the well-defined workflows introduced within the upgraded core. In addition, a key milestone within this journey would be the seamless migration from the previous core to the new upgraded core system with the support of scienter technologies with minimal disruption.</li> <li>◆ This emphasized its commitment to drive its digitalization agenda for the coming years to drive improved customer experience and operational efficiency.</li> <li>◆ Further JF implemented an advanced pawning solution ensuring all aspects of the pawning business is seamlessly fulfilled along with an automated auctioning functionality, to drive efficiency in the pawning business. This reiterated the focus of OF driving efficiency across all its products in the coming year to drive competitive advantage via digitization.</li> </ul> |

## Way Forward

As the economy stabilises, the Group will continue to pursue the following strategies:



Short  
Term

- Engage in good governance and ethical practices to maintain
- Maintaining and upgrading asset base to meet the short-term business needs.
- Expanding branch and distribution networks to drive greater customer reach and accessibility.



Medium  
Term

- Pursuing lucrative acquisitions.



Long  
Term

- Divesting non-performing assets to rationalise costs.
- Pursuing viable acquisitions and capitalising on opportunities for growth.
- Investing in digital infrastructure to enhance digitalisation efforts.

# INTELLECTUAL CAPITAL

## Foundation for growth and innovation

At Janashakthi Group, intellectual capital is the cornerstone of success and innovation. With decades of collective experience in insurance, financial services and beyond, we thrive on the diversity of our knowledge base and the creativity of our team.

Our intellectual capital encompasses not only industry-leading expertise but also a forward-thinking approach that drives continuous improvement and sustainable growth. As we navigate the dynamic landscape of today's business world, our intellectual capital remains our most valuable asset, empowering us to anticipate market trends, adapt to change, and deliver exceptional value to our stakeholders.



## Managing Approach

JXG effectively leverages its intellectual capital across various functions to create value for stakeholders. This integrated approach harnesses advanced technology, fosters employee development and enhances stakeholder engagement. Our investments are focused on brand development, digital transformation, employee training, and improving stakeholder communication. We are confident that strategic and timely investments in intellectual capital strengthen our unique differentiators, bolster our competitive advantage, and deliver comprehensive customer solutions across our business units. We have achieved significant success through the integration of pioneering digital technology along with the synergy woven together, resulting in high-value creation and enhanced security for our clientele.





## Awards and Accolades

At Janashakthi Group (JXG), our journey is defined by a relentless pursuit of excellence and a pioneering spirit that resonates across our diverse portfolio of companies. Each award bestowed upon our Group companies stands as a powerful testament to our unwavering commitment to purpose-driven growth.

These accolades not only validate our efforts but also energize us to continuously challenge conventions and set new benchmarks across the industries we serve. They strengthen our resolve to lead with courage, inspire progress, and leave a meaningful imprint on the market.

Guided by a long-term strategic vision, we view each recognition as a catalyst to sharpen our competitive edge, deepen stakeholder trust, and drive sustainable value creation. By aligning operational excellence with bold ambition, we continue to position JXG as a future-ready Group that transforms challenges into opportunities and delivers enduring impact across the Sri Lankan corporate landscape.

### Awards received in FY 2024/25



*Technology Resilient Company Of The Year 2024 - Capital Markets*



*SLIM Brand Excellence Awards 2024*



*Best Management Practices Company Awards 2025 : Winner Investment Banking sector.  
Won for : First Capital Holdings PLC Digital Transformation Journey, Leadership and Management.*



*National ICT Awards NBQSA 2024 - Gold Award Winner - WhatsApp Transacting*



*Janashakthi Insurance - Great Manager Awards - 2024*



*Best Web Site 2024*



## INTELLECTUAL CAPITAL



### JXG an Unified Brand Identity

Janashakthi Group embarked on a strategic rebranding initiative to unify its diverse businesses under the “JXG” identity, symbolising exciting opportunities, expansion and exponential growth. This transformation reflects the Group’s commitment to fostering innovation and collaboration across its subsidiaries. Unified brand identity not only positions the Group for sustained growth but also strengthens its ability to attract top talent and deliver greater value to stakeholders. Janashakthi Group’s rebranding exemplifies an intent to generate exciting opportunities, expansion, and exponential growth. By consolidating core functions such as Marketing, Legal, IT, HR, and Administration into a shared services model, JXG aims to enhance operational efficiencies and create synergies among its companies.

The Group has upheld its reputation for business excellence and has long provided its stakeholders with unwavering value in a fiercely competitive environment. The Group has successfully guaranteed stability and delivered a balanced performance through tumultuous times, reinforced by its diverse interests in vital economic thrust sectors. As a responsible organisation, the Group incorporates sustainability, responsibility, and integrity across all facets of its operations and upholds an established system of values that guide each of its business divisions. The Group ensures it abides by all

laws and rules that are pertinent to its business practices.

Key features of the communication strategy of the Group includes the following:

**Unified Communication:** To reinforce their basic principles and commitments, Janashakthi Insurance PLC makes sure that their messaging is consistent across a range of platforms, including social media, digital platforms and local partnerships. We aim to create a distinct identity for JXG that resonates deeply with both emotions and intellect. From engaging experiences to powerful storytelling, every effort plays a vital role in shaping the path of our brand’s growth, as we strive for prominence and distinction in an ever-changing modern landscape.

**Providing Educational Content:** With an emphasis on certain insurance requirements, they are dedicated to offering insightful and captivating content that precisely answers the various needs and goals of their target audience.

**Authentic Community Engagement:** Janashakthi Insurance PLC places a high value on creating sincere bonds and encouraging significant exchanges within communities, going above and beyond conventional marketing.





#### Product and Service Labelling

Following the Group's commitment to transparency and effective communication for informed customer decision-making, we ensure comprehensive information about our products and services is easily accessible through various channels. This includes informative brochures, our regularly updated website, and direct interactions with our customers. Our dedicated team is proficient in delivering clear and concise explanations of terms and conditions, promptly addressing queries, and offering additional information when required. This dedication to open communication underscores our core value of building trust and empowering customers to make well-informed choices that meet their specific needs.

#### Tacit Knowledge and Expertise

Across the JXG, the senior management team stands as a collective of highly accomplished professionals, each with a proven track record in their respective industries. These leaders have not only excelled in their careers but have also carved out specialised areas of expertise, establishing themselves as pioneers and thought leaders in their fields. Their diverse backgrounds bring a wealth of knowledge, offering a blend of practical experience, academic insight, and deep industry understanding.

With a shared commitment to innovation, each member of the team contributes to a culture of continuous improvement and forward-thinking. Their ability to think beyond the conventional, challenge the status quo, and introduce fresh perspectives is a hallmark of the Group's leadership. By blending creativity with precision, they create an environment that nurtures ingenuity, enabling the organization to tackle challenges with innovative solutions and stay ahead in an ever-evolving market landscape.



## INTELLECTUAL CAPITAL

This unique synergy of expertise and original thought drives the Group's success, creating pathways that not only ensure operational excellence but also position the organization for sustainable growth and long-term impact. Their leadership fosters a dynamic culture where new ideas are encouraged, strategic risks are embraced, and visionary goals are pursued with unwavering determination. Together, they lay the foundation for an organization that is not only poised to thrive today but also built to innovate and lead in the future.

The commitment of our employees, coupled with readily available knowledge resources, was instrumental in maintaining our operations during challenging conditions. By embracing continuous learning and effective knowledge management, we not only navigated through difficult periods but also laid a strong groundwork for sustainable growth and the enrichment of our intellectual capital.

### Improving Employee Knowledge, Skills and Know-How

The Group has demonstrated resilience, driven by the dedication of employees and their steadfast commitment to continuous learning and self-improvement. We placed a strong emphasis on comprehensive learning and development programs aimed at expanding skill sets and equipping our teams with the expertise needed to navigate and optimise our systems and processes effectively. This focus on ongoing education nurtured a robust knowledge base, laying the groundwork for innovation, ambitious goal setting and the capability to overcome unforeseen challenges. The commitment of our employees, coupled with readily available knowledge resources,

was instrumental in maintaining our operations during challenging conditions. By embracing continuous learning and effective knowledge management, we not only navigated through difficult periods but also laid a strong groundwork for sustainable growth and the enrichment of our intellectual capital. For comprehensive employee statistics, please refer the Human Capital Report on page 62.

### Technology and Process Innovation

The Group's entire spectrum of systems and procedures are updated and aligned with the latest technological advancements through continuous improvement, which supports each business vertical in maintaining resilience and business continuity in the face of disruption. The Group continued to explore initiatives linked to digitalization, automation, machine learning, and artificial intelligence to improve speed, productivity, quality, and responsible resource usage.



First Capital Group gives great priority to digital transformation making it a continuous effort to boost its digital ecosystems to upgrade operational efficiency, protect data integrity and foster digital innovation. This year, key initiatives like seamless customer engagement, sales force automation and digital onboarding were implemented. First Capital's WhatsApp channel and the development of a CRM system to improve customer engagement and care standards were innovative solutions introduced during the year.

In Sri Lanka's local capital market and the larger financial services industry, the First Capital brand is essential to defining the First Capital Group's identity. Based on its goal to "improve the lives of all Sri Lankans through financial solutions,"

Its efforts are concentrated on providing a broad range of competitive investment solutions that are bolstered by insightful information obtained from in-depth market research and analysis. These initiatives enable prospective investors to make knowledgeable investment choices. Fundamental to this approach, every division contributes significantly to enhancing First Capital's standing as a trusted investment brand.

The Company is also hoping to enter into a strategic alliance with HNB PLC to introduce revolutionary e-wallet, which will provide a synergistic benefit to customers.



By continuously improving its procedures and systems, Janashakthi Insurance PLC has created a formidable positioning within a competitive insurance market. The business views automation and digitalisation as more than simply fads; they are effective instruments that can empower employees and consumers, increase productivity and competitiveness. As it continues to develop its intellectual capital, the Company sees technology as a driving force for advancement, ensuring agility and responsiveness in a market that is evolving, from satisfying tech-savvy customers to streamlining internal processes and encouraging sustainable practices.

The Company empowered its sales teams with tabs, equipping them to complete the client onboarding system online. The Janashakthi Mobile App creates a seamless experience for onboarding, premium payments, policy tracking, claims management, and direct communication. Internally, automated workflows streamline processes, reducing manual intervention and boosting both efficiency and cost-effectiveness. This app which was introduced to the corporate segment significantly reduced claim processing times. Furthermore, AI-powered claims assessment dramatically improved claims processing, leading to faster approvals and greater customer satisfaction.



The Company has successfully automated three of its key products, streamlining operations and significantly reducing processing times. Reinforcing its position as an industry trailblazer, the Company became the first in the insurance sector to integrate gamification into its internal processes. This groundbreaking initiative fostered a dynamic, competitive culture within the sales team, driving performance and engagement to new heights. As a result, the Company achieved an outstanding sales milestone of LKR 6.6 Billion, fueled by the enthusiasm and motivation of its team. By embracing innovation and digital transformation, the Company continues to set new benchmarks in operational excellence and sales performance.



The Company was successful in introducing digitalisation to improve processing times and transfer files from outstation branches instantly improving processing time to 2 hours. Digitalisation of the pawning operations created significant process improvements as well. Janashakthi Finance is also in the process of launching truly authentic Islamic financial product.

**'As the Group's operations are highly data-driven, safeguarding customer information is paramount to maintaining trust and regulatory compliance.'**



### Data protection and strengthening security features

As the Group's operations are highly data-driven, safeguarding customer information is paramount to maintaining trust and regulatory compliance. The Group adheres to the Data Protection Act and has implemented a robust cybersecurity framework, including advanced firewalls, intrusion detection and prevention systems (IDPS), and encryption protocols. To fortify its defences, the Group conducts regular vulnerability assessments and penetration testing, both internally and through third-party cybersecurity experts. Additionally, ethical hacking teams continuously assess system resilience, ensuring proactive threat mitigation. By integrating these measures, the Group reinforces its commitment to data security, operational integrity and customer confidence.

### Way Forward

The Group will prioritise building its intellectual capital as follows:



Short  
Term

- Engage in good governance and ethical practices to maintain stakeholder loyalty and trust
- Optimise marketing communication mix to build a strong brand equity to retain and develop market share within the respective domains of business.
- Leverage social media platforms to create one-of-a-kind content which is engaging and powerful building a strong brand presence



Medium  
Term

- Continuing to integrate quality standards, certifications and initiatives for process optimisation



Long  
Term

- Investing in expansion and venturing into new markets through the development of new products

The Group will prioritise building its intellectual capital base as follows:

- Engaging in good governance and ethical practices to uphold stakeholder loyalty and trust.
- Relying on an optimised mix of communication channels and targeted campaigns to nurture brand equity and retain or build market share.
- Leveraging on digital channels and social media platforms to build brand awareness and loyalty.
- Pursuing the expansion of the Group's knowledge base via structured training programmes and partnerships with recognised institutions.

# SOCIAL & RELATIONSHIP CAPITAL

## Building Futures, Strengthening Bonds

In the dynamic landscape of finance, where trust and connectivity drive success, JXG stands as a symbol of innovation and reliability. We understand the intrinsic value of social and relationship capital - the network of trust, collaboration, and enduring partnerships that propel our collective growth. With a commitment to fostering meaningful connections and leveraging diverse perspectives, we empower individuals, businesses, and communities to thrive.



### Our Intellectual Capital Inputs

- Customer relationship management
- Community reach and well-being

### Value Drivers

- Innovative product development powered by digital enhancements
- Greater reach and accessibility
- Improved performance levels
- Contributing to worthy causes
- Empowering youth and sports

### Value Created

- Quality services
- Improved business performance
- Greater reach and customer loyalty
- Creating equity and harmony within the community by reducing social barriers

### Key Highlights

**122**  
No. of branches

**4**  
Newly Open Branches

**2**  
Virtual Branches

### Capitals Impacted



Financial Capital



Intellectual Capital



Manufactured Capital

### SDGs Impacted



## Managing Approach

Our management approach is centered on delivering value to a diverse range of stakeholders, each with their unique expectations. We have carefully designed an integrated value-creation framework that places priority on meeting the critical needs of our stakeholders. This framework not only nurtures and maintains mutually beneficial relationships but also drives value across various types of capital, ultimately enhancing the Group's overall performance.

Recognizing the significance of contributing to the communities in which we operate, we actively engage in initiatives that give back to our supporters. This value-driven approach has been instrumental in fostering enduring trust, admiration, and loyalty throughout our history.



## Creating social and relationship capital value

The companies within the Group, each operating in its unique competitive arenas, have set in place in a cohesive and well-structured strategy to generate social and relationship value for all stakeholders based on the following key focus areas:

- ◆ Enhancing customer experience
- ◆ Driving innovation
- ◆ Building trust through engagement

## Janashakthi Group - Holding Company

Janashakthi Group is more than the sum of its parts. It is a next-generation financial holding company shaping new possibilities in Sri Lanka's BFSI sector. Its evolution from an insurance-centric legacy to a connected, customer-centric conglomerate reflects a deep commitment to inclusive growth, innovation, and impact. With diversified capabilities and a singular vision to empower people with financial confidence the Group stands ready to lead in a time of change, based on the following three focus areas:

### 1. Redefining Market Perception

We continued to reposition Janashakthi Group in the minds of our stakeholders beyond life insurance by building stronger visibility for our full portfolio of financial services. This includes showcasing the synergies between insurance, investment, and financing through integrated storytelling and curated stakeholder engagement.

### 2. Scaling Impact through Innovation

With an unwavering commitment to innovation, we scaled digital-first initiatives across all companies. Whether through smarter content, improved customer journeys, or more accessible financial solutions, our aim was to deliver simplicity, relevance, and confidence in every interaction.

### 3. Building a Group-wide Culture of Excellence

Our people remain central to our long-term success. The "X Factor" programme has reinforced our reputation as an employer of choice for the next generation of professionals. Group-wide culture initiatives align our teams with a shared vision of performance, integrity, and purpose.



#### Positioning Statement of JXG:

A new-era financial group shaping Sri Lanka's future through purpose-led innovation, connected capabilities, and people-first growth.

#### Group-level Positioning Themes

| Theme                                  | Description   |
|--|---|
| <b>Legacy Reimagined</b>               | While rooted in a 30-year journey, Janashakthi is evolving from a conventional life insurer-led brand to a multi-dimensional financial services group |
| <b>Modern Conglomerate</b>             | Presenting a consolidated yet agile identity - bridging investment, insurance, and inclusive finance under one strategic umbrella                     |
| <b>Purpose-led</b>                     | Every business within the Group serves a social purpose: protection, empowerment, access to opportunity   |
| <b>Global Outlook, Local Relevance</b> | Crafted for international capital and talent while grounded in the Sri Lankan social and economic fabric  |
| <b>Digital First, People Always</b>    | A Group driven by innovation and insight, but built around people, customers, communities, employees, and partners                                    |

#### Organisational Identity

| Attribute                 | Description  |
|---------------------------|--|
| <b>Name Equity</b>        | "Janashakthi" ● People's Power ● Expand this ethos across all business units                                 |
| <b>Physical Brand</b>     | Showcase corporate office and infrastructure as symbols of future-readiness and design thinking              |
| <b>Thought Leadership</b> | PR and social media efforts position Janashakthi as a voice of clarity and credibility in financial services |
| <b>Cultural DNA</b>       | Modern, progressive, high-performance mindset; focused on growth, inclusion, and resilience                  |



## SOCIAL & RELATIONSHIP CAPITAL

### Group Companies - Connected Yet Distinct

The Group's three subsidiary companies, each with a distinctive competitive positioning, collectively addressing the full spectrum of financial needs of Sri Lankans. Together, they offer comprehensive solutions spanning insurance protection, investment opportunities, and financing services by empowering individuals and businesses across the country.

| Subsidiary                 | Strategic Role       | Shared Value                          | Distinct Focus                           |
|----------------------------|----------------------|---------------------------------------|--|
| Janashakthi Insurance PLC  | Protection Arm       | Customer trust & digital reach        | Reimagine insurance beyond life cover    |
| First Capital Holdings PLC | Investment Arm       | Financial empowerment & market access | Expand reach to youth, women, and HNWIs  |
| Janashakthi Finance PLC    | Access & Lending Arm | Financial inclusion & social impact   | Serve bottom of the pyramid with empathy |



### Positioning Statement

A heritage insurer with three decades of trust evolving into a digitally enabled, customer-centric brand delivering protection, financial empowerment, and long-term value.

#### 1. Strategic Intent

To diversify beyond traditional protection based life insurance and become a holistic enabler of financial security and wellness, with a focus on customer experience, digital transformation, and inclusive growth. The Company is focussed on driving extensive market penetration.

#### 2. Target Market & Brand Voice

- ♦ **Core:** Life insurance customers with long-standing trust in the Janashakthi brand
- ♦ **Expansion:** Emerging youth segments, aging population, and financially underserved

- ♦ **Brand Voice:** Reassuring, informed, purpose-driven

#### 3. Key Value Propositions

- ♦ **Legacy of Trust:** Deep-rooted market association with life insurance
- ♦ **Customer-Centric Innovation:**
  - ♦ Paperless policy submission
  - ♦ Hybrid product experiences (e.g. Heart Guard – unique medical insurance place which covers 32+ heart related illnesses with agent and digital touchpoints)
- ♦ Introduction of customer dashboards capturing feedback and inquiries for service refinement
- ♦ **Empowered Human Capital:**
- ♦ **Voice of Customer and CX Excellence:**
  - ♦ NPS and customer satisfaction closely monitored
  - ♦ Each business unit maintains its tailored complaint-handling mechanism
- ♦ **Selective PR Strategy:**
  - ♦ Focus on high-impact, audience-specific visibility rather than broad mass media

#### 4. Digital & Operational Strengths

- ♦ Investment in CRM with multi-language support
- ♦ Digitised lead management and customer data handling by sales teams
- ♦ Exploring partial centralisation of service functions for synergy and efficiency

#### 5. Challenges and Strategic Response

- ♦ **Challenge:** Perception as “only” a life insurer
- ♦ **Response:** Innovative product positioning, digital-first service models, financial literacy partnerships

#### 6. Forward Positioning

Positioning Janashakthi as a future-facing insurance brand, using digital, trust, and purpose to build new market relevance beyond legacy customers.



### Positioning Statement:

Sri Lanka's trusted investment partner bridging capital markets and communities through insight, innovation, and financial literacy.

#### 1. Strategic Intent

To lead the capital markets space by combining credibility, access, and education, empowering individuals and institutions alike to grow wealth with confidence.

#### 2. Target Market & Brand Voice

- ♦ **Core:** Institutional investors and high-net-worth individuals
- ♦ **Expansion:** Retail investors, women, youth, regional markets
- ♦ **Brand Voice:** Credible, professional, educational

#### 3. Key Value Propositions

- ♦ **Market Leadership:**
  - ♦ Strong performance across B2B with strategic expansion into mass retail
  - ♦ Continued presence and innovation in equity, fixed income, and wealth management
- ♦ **Financial Literacy & Capacity Building:**
  - ♦ Field Power Hub – women-focused education initiative
  - ♦ Invested – university-level capital market awareness program
  - ♦ Webinars and physical sessions on stock market, mutual funds, etc.



- ◆ Awards and Recognition:
  - ◆ Brand of the Year, Local Brand of the Year, and B2B Brand of the Year – SLIM Brand Excellence
- ◆ Partnerships that Matter:
  - ◆ SEC, CFA Society, CIMA – Financial literacy advocacy
  - ◆ High-net-worth brand visibility via Rugby, SSC Tennis, Colombo Golf Club sponsorships

#### 4. Digital & Operational Strengths

- ◆ LinkedIn, Instagram and international-facing branding with English-language communications
- ◆ Collaborations with content creators to reach audiences beyond Sri Lanka
- ◆ WhatsApp Banking: Balance enquiries, investment actions, and withdrawals
- ◆ E-KYC onboarding: Seamless customer acquisition, even in underserved geographies
- ◆ CRM development underway to support multilingual customer engagement

#### 5. Challenges and Strategic Response

- ◆ **Challenge:** Colombo-centric and B2B-dominated image
- ◆ **Response:** Mass retail financial literacy, regional outreach, and recognition that boosts broader trust

#### 6. Forward Positioning

First Capital is repositioning from a niche institutional player to a digitally progressive, nationally accessible investment powerhouse maximising wealth while building financial confidence across demographics.



#### Positioning Statement

A community-first financial partner engaged in the NBFI (Non-Bank Financial Institution) segment empowering underserved market segments through practical lending, inclusive financial solutions, and grassroots engagement.

#### 1. Strategic Intent

To serve and uplift the mid and lower-middle-income markets through custom-designed financial solutions, community outreach, and Islamic finance innovation.

#### 2. Target Market & Brand Voice

- ◆ **Core:** Rural and semi-urban individuals, MSMEs, informal workers
- ◆ **Focus segments:** Senior women, three-wheeler operators, Islamic finance customers
- ◆ **Brand Voice:** Relatable, empathetic, community-rooted

#### 3. Key Value Propositions

- ◆ Community-Driven Campaigns:
  - ◆ International Women's Day campaign bundled deposits + lending for urban and rural senior women
  - ◆ Three-Wheeler Leasing campaign with strong conversion and lead generation via radio, print, social, and grassroots activations
- ◆ Award-Winning Islamic Finance Portfolio:
  - ◆ Six Sling Fee Awards for innovation and responsiveness
- ◆ Grassroots Engagement:
  - ◆ Tree-planting drives, school library sponsorships - deepening trust at the local level
- ◆ Social Media as a Two-Way Street:
  - ◆ Strong customer engagement, not just promotional outreach
- ◆ Financial Reporting Excellence:
  - ◆ Recognition at TAGS Awards for credibility and transparency

#### 4. Digital & Operational Strengths

- ◆ Agile, localised marketing with ground-level activation support from branch teams
- ◆ Cost-effective media mix strategy
- ◆ Continued focus on underserved yet high-potential segments

#### 5. Challenges and Strategic Response

- ◆ **Challenge:** Market competition and resource limitations
- ◆ **Response:** Focused segmentation, human-centric marketing, and product innovation

#### 6. Forward Positioning

Janashakthi Finance is establishing itself as a trusted financial partner for emerging Sri Lanka, providing access, inclusion, and empowerment where it's needed most.

## SOCIAL & RELATIONSHIP CAPITAL

### GROUP-LEVEL SYNERGIES & THEMES

| Theme                  | Janashakthi Insurance PLC                        | First Capital Holdings PLC                    | Janashakthi Finance PLC                           |
|------------------------|--|---|---|
| Customer Centricity    | Voice of customer dashboards, paperless policies | E-KYC, WhatsApp engagement                    | On-ground activations, social media dialogue      |
| Digital Transformation | CRM, lead digitisation                           | Multilingual CRM, digital onboarding          | Social media as service, digital-first campaigns  |
| Financial Inclusion    | Aging population, underserved insureds           | Women & youth-focused investment literacy     | Rural lending, Islamic finance, community banking |
| Brand Credibility      | Long legacy, trusted brand                       | SLIM Award winner, institutional partnerships | TAGS and Sling Fee awards                         |
| Community Engagement   | Empowering future leaders                        | Building financial literacy at scale          | Localised CSR + engagement campaigns              |

### Customer Complaint Management Process

Customer complaint management remained decentralised, with each company maintaining its own approach tailored to its operations. However, Janashakthi Insurance PLC began exploring the potential to centralise some service aspects. At the Group level, customer dashboards were introduced to capture not only complaints but also enquiries and feedback collectively treated as the voice of the customer. Insights from these dashboards were shared with respective teams to drive action and improve overall service quality.

#### 1. Handling customer complaints

- ◆ Social media platforms actively handled customer enquiries and complaints.
- ◆ Introduced a CRM system with multilingual support (Sinhala and Tamil).
- ◆ Underwent multiple testing phases to finetune customer experience.

#### 2. Customer Experience Measurement

- ◆ Focused on customer satisfaction and Net Promoter Scores (NPS).
- ◆ Established benchmarks and KPIs to improve service quality across subsidiaries.



### Way Forward

As Janashakthi Group steps into the next phase of its journey, our focus is clear: to evolve from a respected financial brand into a future-ready financial powerhouse. Our strategy is rooted in purposeful growth-driven by modernisation, talent, and targeted relevance across all our verticals.

|                          |  |
|--------------------------|--|
| Brand Repositioning      | Shift public perception from “insurance group” to financial powerhouse with multi-sector expertise                                 |
| Group Synergies          | Amplify value across verticals (insurance, investments, and finance) through cross-promotion, integrated CX, and shared platforms  |
| Investor Narrative       | Align with ESG principles, financial discipline, and sustainable growth to attract international investors and partners            |
| Talent Magnetism         | Expand flagship initiatives like “X Factor” to nurture next-gen leadership; strengthen internal culture across subsidiaries        |
| Digital Transformation   | Establish Group-wide data governance, CX standards, and shared insights platforms to drive smart scaling and visibility            |
| Simplified Communication | Promote clarity and confidence across all messaging from digital media to investor relations through short-form, humanised content |



## Community

### Janashakthi Foundation

Guided by a strong commitment to national progress and social responsibility, Janashakthi Foundation serves as the social impact initiative of the Janashakthi Group. With a clear focus on sports, education, and community development, the Foundation drives transformative change that uplifts individuals, strengthens communities, and builds a more inclusive Sri Lanka.

### VISION

“To champion performance, inspiring lasting change”

### MISSION

“We aim to lead high-impact programs in sports, education, and community development, setting new standards of excellence through innovation, collaboration, and measurable results.”

Janashakthi Foundation exists to be a catalyst for positive change. Every initiative we undertake is driven by our belief in empowerment, equity, and opportunity. We are committed to creating a future where all individuals, regardless of background, have the support and resources they need to thrive.

### Our Impact

- ◆ LKR 58 million invested in social impact initiatives
- ◆ Over 10,000 lives touched across Sri Lanka
- ◆ Eight Sustainable Development Goals addressed
- ◆ Nationwide reach with an expanding global network



## Strategic Pillars of Impact

### Sports Development

#### High Performance Cricket Academy

At the core of our sports development efforts is the Janashakthi High Performance Cricket Academy, a national-level initiative designed to identify, nurture, and develop the next generation of cricketing talent in Sri Lanka.

### Initiative Focus

To support young players aged 13 and above who have the talent and ambition to pursue a professional cricket career.

### Target Community

Youth across all regions of Sri Lanka with the potential to perform at national and international levels.

### Geographical Scope

Nationwide reach with international exposure through partnerships, coaching exchanges, and tours.

### Key Objectives

- ◆ Identify and attract the most promising cricketing talent across the country
- ◆ Provide world-class coaching, modern facilities, and advanced training programs
- ◆ Support the overall development of athletes including physical fitness, mental strength, and leadership capabilities
- ◆ Create a structured pathway for progression into domestic and global cricket leagues

### Expected Outcomes

- ◆ Academy graduates competing successfully in national and international cricket
- ◆ Noticeable improvement in skills, discipline, and game intelligence
- ◆ Development of players with strong character and leadership qualities
- ◆ High rates of transition into professional cricket careers
- ◆ The Academy gaining national recognition and building strong international connections
- ◆ Inspiration for aspiring young athletes and greater engagement within the local cricket community
- ◆ Meaningful collaborations with cricket boards, professional teams, and global partners

The Academy serves not just as a training center, but as a platform that unlocks dreams, builds resilience, and nurtures future champions of Sri Lankan cricket.





## SOCIAL & RELATIONSHIP CAPITAL

"At Janashakthi Foundation, when talent meets opportunity, we create the foundation for extraordinary futures."



"Innovation, collaboration and long-lasting impact lie at the heart of the transformative change Janashakthi Foundation strives to achieve."



"We believe in empowering communities today to nurture the leaders and changemakers of tomorrow."



## Educational Advancement

### Scholar Funds for a Brighter Future

Education remains one of the most powerful tools for transformation. Through our Scholar Funds, Janashakthi Foundation invests in the future of deserving students by providing financial assistance, mentorship, and learning resources.

Our support enables young minds to:

- ◆ Pursue higher education and career opportunities
- ◆ Build the foundation for personal and professional growth
- ◆ Become leaders and changemakers in their communities
- ◆ Break cycles of poverty through the power of knowledge and opportunity

## Community Development

### Building Resilient and Inclusive Communities

Janashakthi Foundation actively supports grassroots programs that promote sustainable development and improved quality of life. Our community projects focus on:

- ◆ Enhancing infrastructure in underserved areas
- ◆ Supporting health and wellness initiatives
- ◆ Promoting livelihood development and skill-building
- ◆ Facilitating long-term community empowerment through partnerships and participation

Every project is designed to create real impact and to strengthen the social fabric of communities across Sri Lanka.

## Way Forward

At the Janashakthi Foundation, our unwavering commitment lies in creating meaningful and lasting change across Sri Lanka. As we move forward, we remain focused on expanding our reach by taking our initiatives to underserved communities and touching more lives across the nation. We are also scaling up our programs to amplify their impact, introducing innovative approaches and sustainable solutions that address evolving social and economic challenges.

Equally important is our dedication to deepening partnerships. We believe that true progress is built on collaboration, and we actively foster strong alliances with like-minded organizations, institutions, and community stakeholders. These partnerships enable us to pool resources, share expertise, and co-create initiatives that generate holistic impact.

At the heart of everything we do is a firm belief: every life we touch adds to the strength, resilience, and potential of Sri Lanka. With this guiding purpose, the Janashakthi Foundation continues its journey empowering individuals, uplifting communities, and shaping a future defined by opportunity, dignity, and shared progress.



# NATURAL CAPITAL

## Valuing Nature to Secure Our Future

At JXG, we are dedicated to protecting and nurturing Earth's natural resources, such as air, water, soil, forests, and biodiversity. As a financial conglomerate committed to sustainable practices and community enrichment, natural capital is more than just an asset; it is a responsibility.

We strive to ensure that economic growth aligns with environmental stewardship, social well-being, and long-term resilience. This approach prioritises the sustainable use of resources, minimises the environmental impact, and fosters regenerative ecosystems that benefit both society and future generations.



### Our Intellectual Capital Inputs

- Responsible resource consumption
- Digitalisation initiatives to save natural resources and create efficiency
- Impact management
- Compliance standards

### Value Drivers

- Reduce costs
- Enhance efficiency
- Stewardship and good governance

### Value Created

- Conserving essential resources
- Safeguarding natural resources
- Reducing Carbon Footprint
- Building values on responsible behaviour

### Key Highlights

**1,666,566**  
reduction in electricity consumed

Replaced plastic with glass bottles across facilities to significantly cut plastic waste and reduce environmental impact.

### Capitals Impacted



Financial Capital



Manufactured Capital



Social & Relationship Capital

### SDGs Impacted



## Managing Approach

As a responsible corporate citizen, we are cognizant of the environmental impacts and are always committed to minimising our environmental impact. Our business activities do not create any direct environmental impact. However, we ensure that optimal resource efficiency is maintained, and our carbon footprint is minimised across our operational activities. As a Group, we have embraced sustainable business practices to protect our natural resources. We embrace the principles of 'remove, reduce, reuse and recycle' across our business operations to minimise our carbon footprint. Our Group-wide digitalisation initiatives have contributed to preserving and reducing the natural resources consumed within the business operations.



### Our Natural Capital

JXG manages its natural capital by implementing sustainable practices within its operations, such as reducing energy and paper consumption, optimising water usage, and investing in digitalisation initiatives to minimise resource wastage.

JXG remained fully compliant with environmental regulations, with no fines or penalties imposed for non-compliance. This reflects the organisation's commitment to adhering to environmental standards and implementing sustainable practices in its operations. Through our investment in digital platforms and technology, we have reduced our reliance on paper usage and enhanced our operational efficiency levels.

### Water Consumption

The Group is committed to responsible water resource management by limiting water consumption for personal hygiene across all operational sites. We source our water from the National Water Board, thereby supporting responsible usage practices. This focus on controlling consumption reflects our dedication to sustainable water management. Additionally, Janashakthi Finance PLC has initiated a range of awareness and education campaigns to encourage water-saving practices among employees. By providing informative programs and practical tips on reducing water waste, they aim to cultivate a culture of water conservation and responsible usage throughout the organisation.

| JANASHAKTHI LIMITED                                      | JANASHAKTHI INSURANCE PLC | FIRST CAPITAL HOLDINGS PLC            | JANASHAKTHI FINANCE PLC |
|--|---------------------------|---------------------------------------|-------------------------|
| Chilled Water<br>LKR 1,857,09.09<br>(Jan 24 to March 25) | Water - 12,131 units      | 1,421<br>(municipal),<br>40 (bottled) | LKR 4.01 Million        |

### Energy Management

All companies within the Group primarily meets the energy needs through electricity supplied by the National Grid and fuel for transportation. We remain committed to enhancing energy efficiency through various targeted initiatives.

- ◆ Monitoring energy usage
- ◆ Utilising energy-saving lighting and cooling systems
- ◆ Implementing flexible work arrangements to reduce energy use
- ◆ Encouraging environmental awareness among employees
- ◆ Offering transportation facilities to minimise fuel consumption

| JANASHAKTHI LIMITED              | JANASHAKTHI INSURANCE PLC               | FIRST CAPITAL HOLDINGS PLC                  | JANASHAKTHI FINANCE PLC |
|----------------------------------|---|---|-------------------------|
| Electricity cost<br>20,427 Units | Electricity -<br>828,594 kWh<br>(units) | 158,518 kWh<br>Electricity<br>usage (Units) | 659,027 KWh<br>(Units)  |

### Material and Waste Management

In accordance with Municipal Council guidelines, the Group has implemented comprehensive waste management practices across all its business units and continues to improve these processes. By segregating waste, they efficiently direct materials towards either landfill disposal or recycling operations. Additionally, the proper disposal of hazardous waste, such as light bulbs and printer cartridges, is carried out in strict compliance with regulations. Furthermore, their focus on transitioning business processes and workflows to digital platforms has significantly reduced paper waste. This commitment to waste reduction aligns with their broader sustainability goals and ensures responsible waste management practices throughout all operational premises.

### Paper Consumption

JXG has continued to automate and digitize manual processes, fostering a greener environment within the organization. We remain committed to minimising waste generation and promoting responsible disposal practices, including the proper segregation and management of e-waste, in line with environmental regulations.

| JANASHAKTHI LIMITED                            | JANASHAKTHI INSURANCE PLC | FIRST CAPITAL HOLDINGS PLC | JANASHAKTHI FINANCE PLC |
|--|---------------------------|----------------------------|-------------------------|
| Paper wastage<br>108 pcks (Nov 24 to March 25) | Paper - 1,150 packets     | Paper 1,506 Kg             | 2,400 packs             |

## NATURAL CAPITAL

### Reducing Environmental Footprint Through Digital Adoption



The investment in digital technology is also proving instrumental in the quest to minimise the Group-wide environmental footprint. Embracing cutting-edge digital technologies has helped to streamline processes across operations, reducing the need for physical resources and minimising paper waste. The virtual branch model in Negombo and the paperless Boardroom project implemented in the recent past, as well as the most recent e-onboarding platform initiated in 2022, have all continued to the paperless culture. Similarly, the new CRM system rolled out in 2023 to streamline internal workflow systems and the digital archiving system for storing customer data has contributed further. The newly launched FCH Group WhatsApp channel, used to deliver research insights, has eliminated the need for printed reports. Meanwhile, proactive decision making to further mitigate impacts and remote collaboration tools have significantly reduced the necessity for travel, contributing to lowering overall emissions.



The Company has introduced paper-less onboarding of potential policyholders, where Sales Agents are able to process the acquisition process online. This has reduced the need to fill paper-based forms and photocopies of supporting documents. Agents use the virtual office concept whereby the visits to the relevant branch office are minimized, thereby introducing efficiencies in time and fuel usage.



The Company has introduced a paperless credit processing, completely avoiding the use of paper-based files for the credit approval process. The Janashakthi Finance App, which is to be used, will further introduce efficiencies and savings in tangible resources.

### Biodiversity Conservation

Understanding the importance of biodiversity conservation, the Group takes proactive steps to ensure its business locations do not negatively impact conservation areas. We are cognizant of the impact on biodiversity when expanding our branch network in all parts of the country. Our commitment extends to maintaining the delicate balance of ecosystems and safeguarding the natural habitats surrounding our operational sites.

### Environmental Compliance

The Group maintains a strong record of environmental compliance, with no reported violations of local environmental regulations. This reflects our dedication to adhering to regulatory frameworks and ensuring that our business practices align with ethical and environmentally responsible standards.

### Creating an Environmentally Conscious Culture

As the impacts of climate change escalate worldwide, we remain committed to reducing our environmental footprint through efficient resource allocation, innovative processes, and proactive sustainability initiatives. We believe in instilling values across the team to nurture and protect our environment and finite resources. Across our Group, we create awareness and build practices amongst the staff on protecting our natural resources.

#### Way Forward

The Group will prioritise building its intellectual capital as follows:



Short  
Term

- Increase digital adoption to convert to a 100% paperless office



Medium  
Term

- Adoption of SLFRS S1 and S2 standards
- Increased digitisation to enhance the efficiency of operational infrastructure



Long  
Term

- Group-wide carbon neutrality status by 2027








# GUARDIANS OF TRUST. ARCHITECTS OF RESILIENCE.

In a landscape shaped by complexity and change, we lead with clarity and control. Our governance frameworks ensure transparency, accountability, and stakeholder confidence. Risk is not avoided; it is understood, assessed, and transformed into opportunity. Across our diversified portfolio, discipline and foresight guide every decision. This is how we protect value, preserve trust, and power sustainable growth.







**CORPORATE GOVERNANCE**

# CORPORATE GOVERNANCE



| Reference to Section in CSE Listing Rule & ICASL Code | Principle  | Compliance Status   | Extent of Compliance   |
|---|--|---|--|
| <b>Sec. 1</b>   | <b>The Company</b>   |   |  |
| <b>A</b>  | <b>Directors</b>   |   |  |
| <b>Code A.1</b>                                       | <b>The Board</b><br><br>The need for the Company to be headed by an effective Board, which should direct, lead, and ensure effective controls for the Company.   |    | <p>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.</p> <p>Board responsibilities and other core functions are discussed in detail in this report.</p> <p>The detailed individual profiles of Board members are provided on pages 34.</p>  |
| <b>Code A1.1</b>                                      | The Board should meet regularly. Board meetings should be held at least once every quarter of a financial year in order to effectively execute the Board's responsibilities, while providing information to the Board on a structured and regular basis. |    | <p>Board meetings are held every quarter and as when the need arises. The Board met 6 times during the year 2024/25. In addition, Operational Board Meetings were held every quarter to apprise the Board Members of operational matters.</p> <p>The Board approved the Company's business strategy for the year 2024/25 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.</p> <p>The core focus at Board meetings was to review and discuss the Company's performance and strategy, ensure that target expectations were being met, and make relevant decisions at the highest level.</p> <p>In addition, the Board sub-committees were convened in relation to matters falling under the purview of each sub-committee.</p> <p>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 to make decisions at the meetings.</p> |
| <b>Code A.1.2</b>                                     | The Board's role is to provide entrepreneurial leadership to the Company within a framework of prudent and effective controls which enable risk to be assessed and managed. In performing its role, the Board is responsible for matters including:      |   |  |
|   | Formulation and implementation of a sound business strategy  |  | <p>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 the same. Strategies formulated are implemented through the Managing Director / Chief Executive Officer and the Senior Management Team.</p> <p>Matters were discussed and debated by the Board, considering all aspect with emphasis on how they would impact stakeholder interests, to decide and approve the appropriate strategy.</p>   |
|   | Appointing the Chair and the Senior Independent Director, if relevant  |  | The Chairperson of the Board is an independent and Non-Executive Director.   |
|   | Ensuring that the Chief Executive Officer (CEO) and the management team possess the skills, experience and knowledge to implement the strategy   |  | The Company is steered by a team of multi-disciplinary professionals (Profiles of the Senior Management Team are provided on pages 38), led by a MD/CEO with diverse qualifications and experience, who reports to the Board of Directors. The Senior Management Team possesses the necessary qualifications and skills to perform their respective roles.   |



| Reference to Section in CSE Listing Rule & ICASL Code | Principle  | Compliance Status   | Extent of Compliance  |
|---|--|---|---|
|   | Ensuring the adoption of an effective CEO and Key Management Personnel succession;   |    | JL has a succession planning process in place to identify and groom staff for key positions within the Company, in order to ensure the continuity of its operations.  |
|   | Approving budgets and major capital expenditure  |    | <p>The annual budget, prepared by management, is submitted to the Board for review and approval.</p> <p>Any major capital expenditure items are also submitted to the Board for approval.</p>   |
|   | Determining the matters expressly reserved for the Board and those delegated to the management, including limits of authority and financial delegation |    | The matters specifically reserved for the Board are specified in the Corporate Governance Framework of JL. Other matters 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;                     |   | <p>Integrity of information, internal controls, information security, and cybersecurity are considered key factors in JL'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.</p> <p>Effective mechanisms are also in place to identify, assess, manage, and mitigate risks faced by the Company which are discussed in detail in the Risk Management Report on page 108.</p> <p>JL duly reviews and updates its Business Continuity Plan to ensure the sustainability of operations.</p>  |
|   | Ensuring compliance with laws, regulations and ethical standards   |  | <p>Compliance with regulatory requirements and applicable laws is considered a high priority in the governance framework of JL. New regulatory requirements are promptly disseminated to the relevant business/operational divisions for implementation by the Risk Management and Compliance Division. The compliance status pertaining to the applicable laws and regulations is submitted for the information of the Board, thus ensuring the commitment of the highest governing body of the Company.</p> <p>Further, the monthly status of compliance with statutory requirements is monitored by the Risk Management and Compliance Division and is reported to the Board on a quarterly basis. This process also ensures that the Board is updated on all compliance aspects of the Company.</p> |
|   | Ensuring that all stakeholder interests are considered in corporate decisions  |  | JL has established a strong set of values within the Company, and adhering to these values and principles is encouraged at all times. The Board evaluates the impact on all the key stakeholders of the Company before arriving at any key business decision.   |







# CORPORATE GOVERNANCE



| Reference to Section in CSE Listing Rule & ICASL Code | Principle  | Compliance Status | Extent of Compliance   |
|---|--|-------------------|--|
|   | Recognizing sustainable business development and ESG Risk in Corporate Strategy, decisions and activities and consider the need for integrated reporting;              |                   | The Board is mindful of sustainable business development and has always taken a long-term approach to business development with an enhanced focus on sustainability. The annual report of the Company is prepared as an integrated report.   |
|   | Ensuring that the company's values and standards are set with emphasis on adopting appropriate accounting policies and fostering compliance with financial regulations |                   | <p>The Board comprises professionals from various backgrounds, including finance, with many years of experience and exposure to financial regulations. The Board Audit Committee reviews the Accounting Policies and the Financial Statements to ensure that the highest ethical standards are upheld in the adoption of accounting policies.</p> <p>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 regular basis to ensure they are in line with the changing business and best practices in the industry.</p> <p>The adoption of proper accounting standards and policies is embedded in the Company's values and ethical standards.</p> |
|   | Fulfilling other Board functions as are vital to the organization, given the nature, scale and complexity of the organization  |                   | During the year, the Board endeavoured to fulfil its 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  |                   | 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 Corporate Governance Policy of the Company.   |
| A1.4  | All Directors have access to the advice and services of the Company Secretary  |                   | Janashakthi Corporate Services Ltd. serves as the Company Secretary for JL, who ensures compliance with Board procedures, the Act, and CSE regulations. All Directors have access to the Company Secretary on any relevant matter. The Company Secretaries do not perform any functions that give rise to a conflict of interest.  |







| Reference to Section in CSE Listing Rule & ICASL Code | Principle   | Compliance Status   | Extent of Compliance  |
|---|---|---|---|
| A1.5  | All Directors should bring independent judgment to bear on issues of strategy, performance, resources, and standards of business conduct.   |    | <p>The Directors of JL are well qualified and experienced in their fields of expertise. They bring their independent judgement into matters relating to the Company and are conscious of avoiding matters of potential or actual conflicts of interest. Further, all Directors use independent judgement in choices made by the Board on matters of strategy, performance, resource distribution, and the conduct of operations. These viewpoints are discussed at Board meetings and decisions are arrived at.</p> <p>Each year, various executive officers 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 the business unit's focus goals.</p>   |
| A1.6  | Every Director should dedicate adequate time and effort to matters of the Board and the Company.  |    | <p>Board papers for discussion at a given meeting are circulated in advance of the meeting, to provide Board members with sufficient time to study the material and request any additional information deemed necessary for the discussions.</p> <p>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.</p> <p>Directors' time was spent on strategy evaluation, performance review, and directing corrective measures for finetuning areas where it was deemed required. During 2024/25, 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.</p> |
| A1.7  | One-third of Directors can call for a resolution to be presented to the Board.  |  | This is accommodated through the Corporate Governance Policy.   |
| 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. |  | New Directors joining the Board are provided with an induction to brief them on the Company and subsidiaries as well as the regulatory environment. The Directors' knowledge and understanding of new areas relating to the Company matters is refreshed with briefings as necessary on relevant topics.  |










| Reference to Section in CSE Listing Rule & ICASL Code | Principle  | Compliance Status  | Extent of Compliance   |
|---|--|--|--|
| <b>CSE 9.3</b>  | <b>Board Committees</b>  |  |  |
| <b>CSE 9.3.1</b>                                      | <p>The following Board Committees are to be established and maintained at a minimum and are functioning effectively:</p> <ul style="list-style-type: none"> <li>◆ Nomination &amp; Governance Committee</li> <li>◆ Remuneration Committee</li> <li>◆ Audit Committee</li> <li>◆ Related Party Transactions Review Committee</li> </ul> |  | These Committees have been established with written Terms of Reference and the composition is in line with the requirements under the Rules.   |
| <b>CSE 9.3.3</b>                                      | The Chairperson of the Board of Directors shall not be the Chairperson of any Board Committees referred to in Rule 9.3.1 above.  |  | The Chairperson of the Board of Directors is not the Chairperson of any Board Committees referred to in Rule 9.3.1 above.  |
| <b>CSE 9.6/A2</b>                                     | <b>Chairperson &amp; CEO</b>   |  |  |
|   | <p>The Chairperson shall be a Non-Executive Director and the position of Chairperson and CEO shall not be held by the same person.</p> <p>There should be a clear division of responsibilities at the head of the company, which will ensure a balance of power &amp; authority so that no individual has unfettered power.</p>        | The Chairperson of the Board is Independent and Non-Executive. | <p>There is a clear division of responsibilities between the position of Chairperson and the MD/CEO.</p> <p>The Chair ensures Board governance and that stakeholder expectations are met, while the MD/CEO makes decisions on day-to-day operational matters of the Company. At the same time, the Chairman and the Group MD/CEO maintain an excellent working relationship, facilitating the distinction between the conduct of business operations and governance and authority.</p> |
| <b>CSE 9.7</b>  | <b>Fitness of Directors and CEOs</b>   |  | Every member of the Board is a fit and proper person to act as Director, CEO, as specified in the 'Fit and Proper Assessment Criteria' set out in Rule 9.7.3   |
| <b>CSE 9.8</b>  | <b>Board Composition</b>   |  | The Board consists of eight Directors and five are independent. Hence, one-third of the total number of Directors are independent, as required.  |
| <b>CSE 9.10</b>                                       | <b>Disclosures relating to Directors</b>   |  | The maximum no of Directorships is in line with the Rule.  |
| <b>A2.1</b>   | A decision to combine the posts of Chairman and the CEO should be highlighted and justified.   | Not Applicable   | The Chairman and CEO positions are held by different individuals.  |









| Reference to Section in CSE Listing Rule & ICASL Code | Principle   | Compliance Status   | Extent of Compliance  |
|---|---|---|---|
| <b>A3</b>   | <b>Chairman's Role</b><br>As the person responsible for running the Board, the Chairman should preserve order and facilitate the effective discharge of Board Functions.          |    | The Chairman is responsible for leadership of the Board, ensuring its effectiveness in all aspects of the Company's business and the best interests of all stakeholders. The Chairman also ensures that the Directors receive accurate, timely, and clear information and facilitates constructive relationship between Executive and Non-Executive Directors.  |
| <b>A3.1</b>   | The Chairman conducts Board proceedings in a proper manner.   |    | The Chairman ensures effective participation of both Executive and Non-Executive Directors in the conduct of Board meetings.<br><br>The Chairman also ensures that the views of each Director on any issue under consideration are ascertained and that the Board is in complete control of the affairs of the Company.   |
| <b>A4</b>   | <b>Financial Acumen</b><br>The Board should ensure that the availability within it of those with sufficient financial acumen & knowledge to offer guidance on matters of finance. |    | The Board comprises four members with professional accounting qualifications and collectively possesses 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 as necessary.  |
| <b>CSE 9.5</b>  | <b>Policy on Matters Relating to the Board of Directors</b>   |   |   |
| <b>CSE 9.5.1</b>                                      | The Company is to maintain a formal policy on matters relating to the Board of Directors.   |  | The Board has approved a policy on Corporate Governance, which encompasses the requirements under the Rules.<br><br>The desired balance of skills, expertise, and qualifications on the Board is monitored and ensured by the Nomination and Governance Committee.<br><br>As per the Corporate Governance Framework, the maximum number of Directors on the Board of JL has been specified as ten, which would accommodate the range of skills and expertise required on the Board in terms of the size and complexity of operations of JL.<br><br>The Board meetings are held on a quarterly basis, at a minimum or as often as necessary.<br><br>The Corporate Governance Framework also requires a Director to participate in at least 50% of the meetings held in a year, in order to ensure consistent attendance at Board Meetings. Participation via audio-visual means and acceptance of such attendance when deciding on the quorum is included in the Governance framework. |
| <b>CSE 9.5.1 (a)/Code A5</b>                          | <b>Board Balance</b><br>A balance of Executive and Non-Executive Directors such that no individual or small group of individuals dominates the Board Meetings.                    |   |   |

# CORPORATE GOVERNANCE

| Reference to Section in CSE Listing Rule & ICASL Code | Principle  | Compliance Status   | Extent of Compliance   |
|---|--|---|--|
| A5.1  | The Board should include at least three Non-Executive Directors or such number of one-third of the total number of Directors, whichever is higher.   |    | As at 31st March 2025, the Board comprised seven Non-Executive Directors, out of a total of nine Directors. This provides a desirable mix of Executive and Non-Executive Directors, and the majority being Non-Executive Directors.<br><br>The views of all Directors are taken into consideration at Board Meetings, and no individual or group of individuals dominates. |
| A5.2  | Three or two-thirds of the Non-Executive Directors appointed to the Board, whichever is higher, should be independent.   |   | There were five Independent Directors out of the eight Non-Executive Directors as at 31st March 2025.  |
| A5.3  | Criteria for a Director to be deemed independent.  |    | The independence of Non-Executive Directors is determined in line with the Listing Rules of the Colombo Stock Exchange.  |
| CSE 9.8.5/<br>Code A5.4,                              | Non-Executive Directors should submit a signed declaration of their independence or non-independence.  |   | Non-Executive Directors have submitted the declaration to determine their independence or non-independence, records of which are maintained by the Company Secretaries.  |
| CSE 9.8.5 (b)/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.                              |  | The Board has made a determination of the independence of the Directors. The information is disclosed on page 116  |
| CSE 9.10.4  | The Board to publish in its annual report a brief profile of each Director, which includes information on the nature of his/her qualifications, expertise in relevant functional areas, etc. |  | Please refer to the details of Directors on page 34.   |
| <b>CSE 9.6</b>  | <b>Chairperson and CEO</b>   |   |  |
| CSE 9.6.1   | The Chairperson shall be a Non-Executive Director and the position of Chairperson and CEO shall not be held by the same individual.  |  | The roles of the Chairperson and the CEO of JL are held by different individuals.  |
| CSE 9.6.2/9.6.3                                       | If unable to comply with Rule 9.6.1 above, make a Market Announcement and appoint a Senior Independent Director.   | N/A   | N/A  |
| Code A5.10  | Recording of Directors concerns on Board meetings in matters, which cannot be unanimously resolved.  |  | Any significant concerns raised by the Directors at the Board Meetings are recorded in the Minutes of the Board Meetings.  |








| Reference to Section in CSE Listing Rule & ICASL Code | Principle   | Compliance Status  | Extent of Compliance  |
|---|---|--|---|
| <b>Code A6</b>  | <b>Supply of Information</b><br>The Board should be provided with timely information in a form and of a quality appropriate to enable it discharge its duties   |   | 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 are 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. |   | The Board is provided with materials in advance of any meeting for review and study. Members of management, depending upon the items to be considered at the meeting, compile most material and submit it seven days prior to the meeting.  |
| <b>CSE 9.7</b>  | <b>Fitness of Directors and CEO</b>   |  |   |
| CSE 9.7.1   | Ensure the Directors and the CEO are, at all times, fit and proper persons as required in the Rules.  |   | The fitness and propriety of Directors are reviewed by the Nomination and Governance Committee.   |
| <b>CSE 9.11.1</b>                                     | <b>Appointments to the Board</b>  |  |   |
| Code A.7  | To establish a Nomination & Governance Committee that conforms to the requirements under the Rules.<br><br>There should be a formal and transparent procedure for the appointment of new Directors to the Board.                    | <br>Although this requirement comes into effect from 01.10.2024, JL is in compliance with the requirement in advance. The composition of the Committee has been reconstituted in order to fall in line with the requirements under the Rules. | 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 Committee and details of meetings are available on page 124.   |





## CORPORATE GOVERNANCE

| Reference to Section in CSE Listing Rule & ICASL Code | Principle   | Compliance Status   | Extent of Compliance   |
|---|---|---|--|
| A7.1  | A Nomination Committee comprising 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.   |    | The strength and composition of the Board is assessed by the Nomination Committee to ensure that their knowledge and experience complement the vision and strategy of the Company.   |
| Code A8   | <b>Re-election</b><br>All Directors should be required to submit themselves for re-election at regular intervals and at least once in every three years.  |   | 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.                   |  | One third of the total number of Directors commencing with the longest in office since their last election shall retire each year by rotation.   |
| 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.                 |  | This procedure is in place in the Articles of Association and is practiced.  |
| Code A8.3   | <b>Resignation</b><br>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.                             |  | The Directors who resigned during the year have provided written communication to the Board.   |
| A9  | <b>Appraisal of Board Performance</b><br>Boards should periodically appraise their own performance in order to ensure that Board responsibilities are satisfactorily discharged.  |   |  |






| Reference to Section in CSE Listing Rule & ICASL Code | Principle   | Compliance Status | Extent of Compliance   |
|---|---|-------------------|--|
| A9.1  | The Board should annually appraise itself on its performance in its key responsibilities.   |                   | The performance of the Board was assessed with regard to the performance of its key responsibilities.  |
| A9.2  | An annual self-evaluation of its own performance and that of its committees.  |                   | The Board Members carry out an annual self-assessment of the performance of the Board and 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.          |                   | The Company Secretary maintains records of the participation and engagement of each Director.  |
| A9.4  | Disclosure regarding the performance evaluation in the Annual Report.   |                   | A formal evaluation of the Board is currently being conducted and disclosed on page 124.   |
| A10.1   | Board Related Disclosures   |                   | Details pertaining to each Director disclosed on page 34   |
| A.11  | <b>Appraisal of CEO</b><br>The Board should be required, at least annually, to assess the performance of the CEO.                               |                   | The Board assesses the performance of the Group MD/CEO annually in accordance with Board-stipulated guidelines.  |
| A11.1   | The Board in consultation with the CEO, should set, financial and non-financial targets that should be met by the CEO.                          |                   | 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.<br><br>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.<br><br>The overall KPIs are used to evaluate the performance of the Group MD/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.  |                   | The Board carries out this evaluation and submits their briefing to the Board, for any further discussion required.  |
| <b>B</b>  | <b>Directors' Remuneration</b>  |                   |  |
| <b>B1</b>   | <b>Remuneration Procedure</b><br>Companies should establish a formal and transparent procedure for developing policy on executive remuneration. |                   | The Board has implemented a formal & transparent procedure for developing policies on remuneration by setting up a Human Resources and Remuneration Committee.<br><br>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.   |                   | A Human Resources and Remuneration Committee has been established in this regard and functions within agreed terms of reference as disclosed on page 123   |







| Reference to Section in CSE Listing Rule & ICASL Code | Principle   | Compliance Status | Extent of Compliance   |
|---|---|-------------------|--|
| 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. |                   | The Remuneration Committee consists of Non-Executive Directors, the majority of whom are Independent.<br>Please refer to the Remuneration Committee Report on page 123.  |
| Code B2.3   | Consultation of Chairman/CEO in deciding the remuneration of executive directors and senior management and access to professional advice.                   |                   | The Remuneration Committee consults the Chairman and the Group MD/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.                              |                   | The Remuneration Committee reviews the market practices and industry remuneration levels and most importantly, the Company's performance in determining the remuneration of the Executive Directors and the Senior Management Team.  |
| Code B2.5   | Executive Director's remuneration should be designed to promote the short, medium, and long-term performance of the Company.                                |                   | 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.   |                   | Details of the Remuneration Committee are provided in the Corporate Governance report on page 94.  |
| <b>C</b>  | <b>Relations with shareholders</b><br>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   |                   | 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 material issues that requires a shareholder resolution. |
| C.2   | Communication with shareholders<br>- The Board should implement effective communication with shareholders   |                   | All information with regard to the Annual Report is disseminated through the Group Chief Financial Officer, and all other changes through the Company Secretary – Janashakthi Corporate Services (Pvt) Ltd.  |
| C.2.1   | There should be a channel to reach all shareholders of the Company in order to disseminate timely information   |                   |  |





| Reference to Section in CSE Listing Rule & ICASL Code | Principle  | Compliance Status   | Extent of Compliance  |
|---|--|---|---|
| <b>C3</b>   | <b>Major Material Transactions</b><br><br>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 |   |   |
| <b>D</b>  | <b>Accountability &amp; Audit</b><br><br><b>D.1</b><br><b>Financial Reporting</b><br><br>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.   |    | 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.<br><br>The Company's position and future direction are discussed in detail in the Chairman's & Group MD/CEO's Reviews on pages 28 to 33 and the Management Discussion & Analysis on pages 56 to 92. |
| <b>D.2</b>  | <b>Risk Management &amp; Internal Control</b><br><br>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.         |  | The Board and the Board Audit Committee have overall oversight of the Internal Control System and of monitoring its effectiveness, while the implementation of the internal control system is the responsibility of the Risk & Compliance Team.<br><br>The detailed Risk Management Report is provided on pages 108.  |
| <b>Code D.2.2.2</b>                                   | Companies should have an internal audit function   |  | The Company has an internal audit function, which acts as the third line of defense in the risk management process.   |



| Reference to Section in CSE Listing Rule & ICASL Code | Principle  | Compliance Status   | Extent of Compliance  |
|---|--|---|---|
| <b>Code D.3</b>                                       | <b>Audit Committee</b><br><br>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 |    | The Board has delegated its 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.   |
| <b>Code D.3.1</b>                                     | Composition should be exclusively of Non-Executive Directors with a minimum of three Non-Executive Directors of whom at least two should be independent.   |   | The Audit Committee comprises three Independent Non-Executive Directors. The composition of the Audit Committee is provided on page 121   |
| <b>Code D.4</b>                                       | <b>Risk Committee</b>  |  | The Board Audit Committee of the Company is responsible for governing the Risk management of the Company. The TOR of the Board Audit Committee encapsulates the requirements specified by the CSE Listing Rules and the Code of Best Practices of Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka for Risk Management. |
| <b>Code D.5</b>                                       | <b>Related Party Transactions Review Committee</b>   |   |   |
| <b>Principle D.5</b>                                  | 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.   |  | This is achieved by having the Related Party Transactions Review Committee with an approved TOR in place.   |



| Reference to Section in CSE Listing Rule & ICASL Code | Principle                           | Compliance Status | Extent of Compliance  |
|---|-------------------------------------|-------------------|---|
| Code D.6  | Code of Business Conduct and Ethics |                   | <p>We are proud to affirm that the Company has implemented a comprehensive Code of Business Conduct and Ethics, applicable to our Board of Directors, Key Management Personnel, and all employees. This Code establishes the principles and standards that guide our actions, ensuring the highest levels of integrity and ethical behavior throughout the organization.</p> <p>Key areas covered by the Code include:</p> <ul style="list-style-type: none"> <li>◆ Conflict of Interest: Maintaining transparency and avoiding situations where personal interests conflict with Company interests.</li> <li>◆ Bribery and Corruption: Prohibiting all forms of bribery and corrupt practices.</li> <li>◆ Entertainment and Gifts: Defining acceptable practices to prevent undue influence or impropriety.</li> <li>◆ Accurate Accounting and Record Keeping: Ensuring all records are accurate and comply with applicable laws and regulations.</li> <li>◆ Fair and Transparent Procurement Practices: Promoting fairness and integrity in procurement processes.</li> <li>◆ Corporate Opportunities: Preventing the misuse of Company resources or positions for personal gain.</li> <li>◆ Confidentiality: Protecting sensitive information and using it appropriately.</li> <li>◆ Fair Dealing: Treating all stakeholders fairly and equitably.</li> <li>◆ Protection and Proper Use of Company Assets: Ensuring responsible use of physical and information assets.</li> <li>◆ Sexual Harassment, Discrimination, and Abuse: Fostering a respectful, harassment-free workplace.</li> <li>◆ Compliance with Laws, Rules, and Regulations: Adhering to all legal and regulatory requirements, including insider trading laws.</li> <li>◆ Encouraging Reporting of Unethical Behavior: Providing safe mechanisms for reporting unethical or illegal activities without fear of retaliation.</li> </ul> <p>We regularly review and update our Code to reflect best practices and evolving regulatory requirements. All employees are trained to understand and uphold these principles, ensuring they are embedded in our corporate culture.</p> |

### Compliance Status of Requirements – Janashakthi Limited

During the year 2024/25, JL was in compliance with the applicable rules and regulations issued by various regulatory authorities. Please get the Statutory/Regulatory payments deadlines and the status of the compliance from the Finance and embed to the report.

### Conclusion

Corporate Governance is a cornerstone of a company's success, standing on par with its key business strategies. It enhances a company's public image as a self-regulated, accountable entity, instilling confidence among shareholders and debt holders. More than a set of rules, it shapes the collective philosophy, practices, and culture of an organization and its employees.

At Janashakthi Limited (JL), Corporate Governance is embedded in all principal activities, reflecting the Company's commitment to transparency, accountability, and ethical business conduct. JL continually strengthens its governance framework, by identifying and implementing best practices that foster a culture of sustainability within the organization.

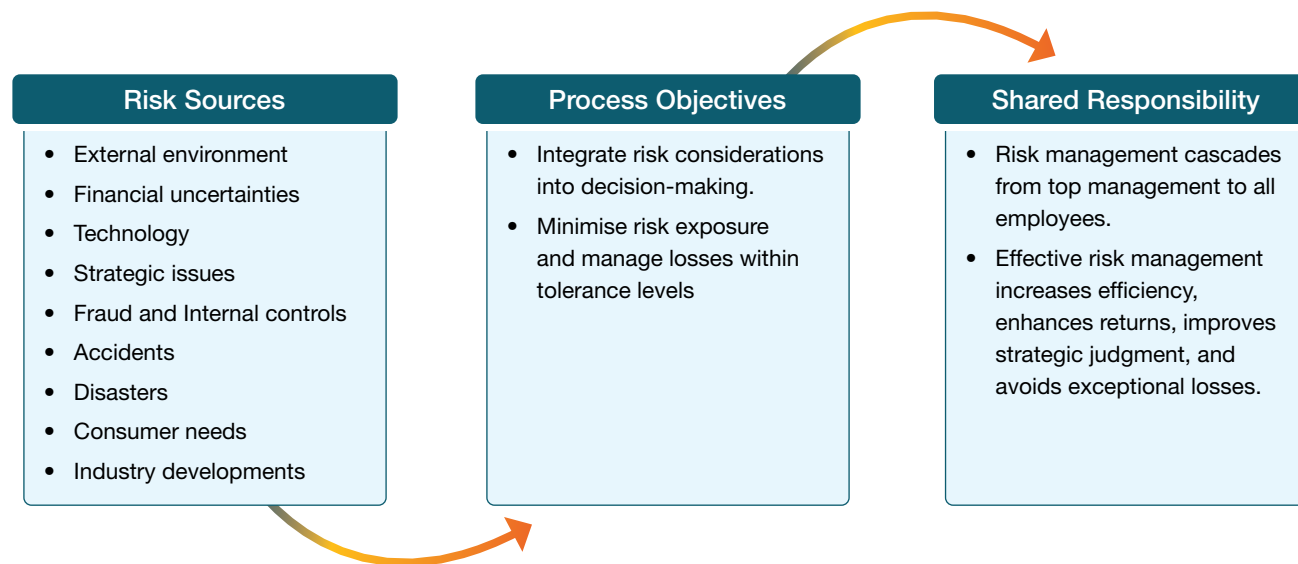
In 2024/25, JL remained fully compliant with the Corporate Governance requirements of the Colombo Stock Exchange (CSE) Listing Rules and adhered, to a significant extent, to the Code of Best Practice on Corporate Governance issued by the Securities and Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka.



# RISK MANAGEMENT

## A Pillar of Sustainability and Growth

The Risk and Compliance function of Janashakthi Limited continues to be a cornerstone in ensuring organisational resilience, operational excellence, and stakeholder trust. Operating in a highly regulated and dynamic environment, the function is designed to address the complex interplay of regulatory compliance, risk management, and governance - critical components for financial services businesses.



## Integrated Governance Framework

The Company's Board of Directors has overall accountability for risk across the Company. It sets the Company's strategy, risk appetite, operating plans and performance targets, thereby playing an essential role in establishing the 'tone from the top' to embed a strong risk culture within the organisation.

The Board delegates the day-to-day risk management responsibilities to individuals within the senior management team. These individuals are accountable for their assigned risks, and are required to report and escalate as necessary through the risk governance structures. Policies, procedures and limits are defined to ensure that business activities remain within risk appetite.

At Janashakthi, governance underpins every decision and action. The Risk and Compliance function ensures a clear and structured governance framework, aligned with both local and international standards. By fostering transparency, ethical behaviour, and accountability, the function contributes to sustainable decision-making processes. This is achieved through:

- ◆ Establishing robust policies and procedures to guide organizational behaviour.
- ◆ Continuous training programs to embed a culture of compliance and integrity.
- ◆ Oversight mechanisms that ensure adherence to governance principles.

## Advanced Risk Management Practices

Janashakthi Limited adheres to five core risk principles and implements an Integrated Enterprise Risk Management (ERM) framework aligned with the ISO 31000:2018 International Standard. This framework is supported by a robust governance structure, ensuring a disciplined approach to managing risk and opportunity.

By leveraging its risk management principles, the Company proactively identifies events or circumstances relevant to its objectives - whether risks or opportunities - assesses them based on their likelihood and potential impact, and determines appropriate response strategies. Through continuous monitoring and adaptation, Janashakthi safeguards and enhances value for all

stakeholders, including shareholders, employees, customers, regulators, and society at large.

The financial industry faces a myriad of risks, including operational, financial, reputational, and cyber risks. The Risk Management division takes a proactive approach, emphasizing identification, assessment, mitigation, and monitoring. Key initiatives include:

### ◆ Comprehensive Risk Assessments:

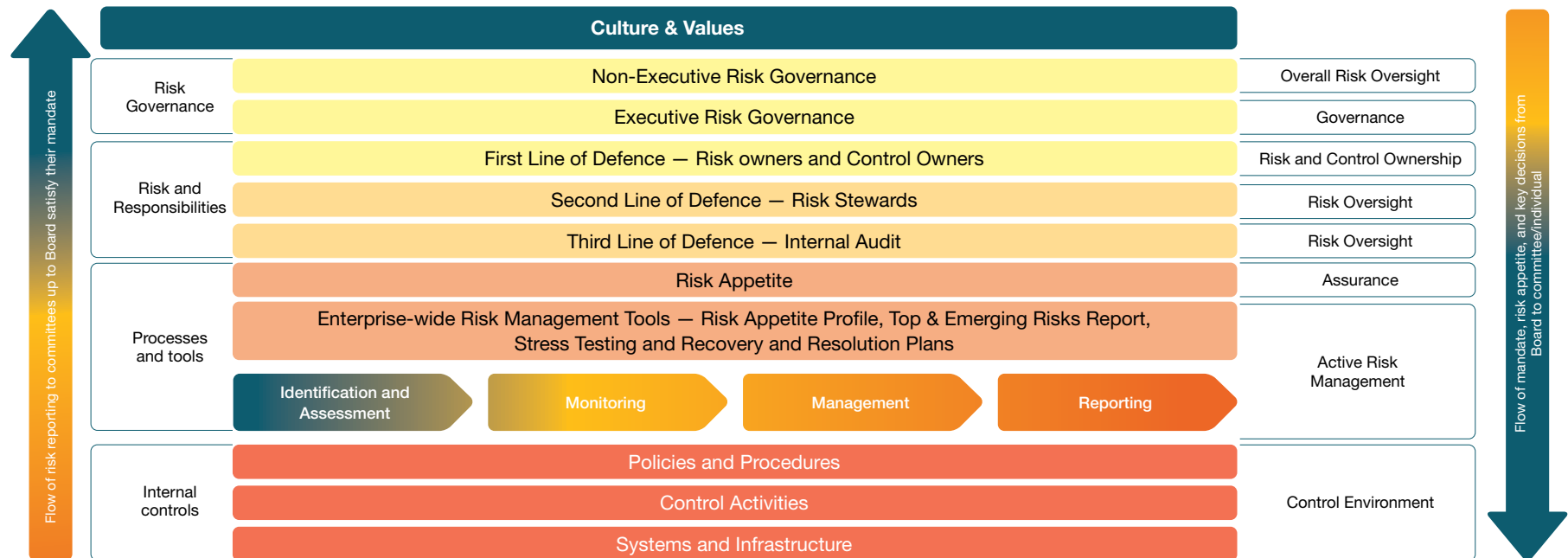
A thorough evaluation of emerging and existing risks, using advanced analytics and scenario testing.

◆ **Resilience Building:** Developing business continuity and disaster recovery plans tailored to the unique needs of the financial sector.

### ◆ Dynamic Risk Appetite Framework:

Ensuring risks are managed within acceptable thresholds while exploring opportunities for growth.

Janashakthi Limited has adopted five main components to manage the Enterprise Risk Management Function: Culture and Values, Risk Governance, Roles and Responsibilities, Processes and Tools, and Internal Controls. These components are discussed in more detail in subsequent sections of this document. The following diagram shows how these components integrate into the framework.



### 1. Culture and Values

The foundation of effective risk management lies in cultivating a risk-aware culture embedded in the Company's core values. Employees across all levels are encouraged to take ownership of risks relevant to their roles, fostering accountability and proactive risk identification.

#### Key Aspects:

- ◆ **Ethical Standards:** Adherence to strong ethical principles ensures that risk management aligns with corporate integrity.
- ◆ **Training and Awareness:** Continuous education on risk principles ensures employees are aligned with the Company's risk appetite and strategic objectives.
- ◆ **Transparency:** Open communication across business units promotes trust and reduces information silos, ensuring risks are identified and addressed promptly.

### 2. Risk Governance

A clear governance structure defines oversight, accountability, and decision-making mechanisms for managing risks effectively.

#### Key Aspects:

- ◆ **Board Oversight:** The Board of Directors actively monitors key risks and ensures alignment with organisational goals.
- ◆ **Risk Committees:** Committees, such as the Integrated Internal Risk Management and Board Audit, provide specialised oversight, ensuring robust risk management practices.
- ◆ **Policies and Frameworks:** Well-defined risk policies and charters guide risk governance practices, ensuring compliance with regulatory requirements and industry standards.

### 3. Roles and Responsibilities

Clearly defined roles and responsibilities enable accountability and prevent overlaps or gaps in risk management activities.

#### Key Aspects:

|                    |   |
|--------------------|---|
| <b>First Line</b>  | Operational units identify and manage risks within their functions.   |
| <b>Second Line</b> | The Risk and Compliance Unit provides oversight and ensures adherence to the risk framework.                          |
| <b>Third Line</b>  | Independent assurance through internal audits evaluates the effectiveness of risk controls and governance structures. |

- ◆ **Role Clarity:** Each employee understands their role in risk management, fostering accountability and alignment with ERM objectives.

### 4. Processes and Tools

A structured approach to risk identification, assessment, mitigation, and monitoring is supported by advanced tools and methodologies.

#### Key Aspects:

- ◆ **Risk Identification:** Comprehensive identification of risks through environmental scanning, incident reviews, and stakeholder inputs.
- ◆ **Assessment and Prioritisation:** Quantitative and qualitative assessment techniques, including risk heat maps and scoring, are used to prioritise risks.
- ◆ **Mitigation and Monitoring:** Action plans are implemented to manage risks, and progress is tracked using dashboards and key risk indicators (KRIs).
- ◆ **Technology Integration:** Use of software for data analytics and reporting enhances efficiency and accuracy in risk monitoring.

## RISK MANAGEMENT

### 5. Internal Controls

Internal controls ensure that risks are managed within acceptable levels, protecting the organisation's assets and reputation.

#### Key Aspects:

- ◆ **Preventive Controls:** Mechanisms such as access restrictions and approval hierarchies prevent risk incidents.
- ◆ **Detective Controls:** Processes like reconciliations and monitoring systems identify irregularities or breaches in real-time.
- ◆ **Corrective Controls:** Action plans address identified gaps and ensure continuous improvement in risk management practices.
- ◆ **Independent Reviews:** Regular audits and assessments validate the effectiveness of internal controls and recommend enhancements.

All employees have a role to play in risk management. These roles are defined using the Three Lines of Defence model, which is based on the activities performed. This model consists of First Line of Defence ("LOD") (Risk Owner and Control Owner), Second LOD (Risk Stewards) and Third LOD (Internal Audit). The model delineates management accountabilities and responsibilities for risk management and the control environment within each LOD, thereby creating a robust control environment to manage risks.

#### Tier 1: Frontline Business Units

- ◆ Proactive risk identification and mitigation.
- ◆ Implement controls and risk management practices.
- ◆ Report risks to dedicated risk and compliance unit.

#### First Line of Defence (LOD)

The First LOD has ultimate ownership for risk and controls and delivering good conduct outcomes. It comprises three key roles: Risk Owners and Control Owners. Individuals can be both Risk Owners and Control Owners, depending on the activity(ies) they are undertaking. Risk Owners may sit within a Business or Function, and are accountable for agreeing risk appetite and identifying, assessing, and managing risks and conduct impacts, for their business in line with the risk appetite set by the Board. Risk Owners are also responsible for assessing, identifying and understanding the conduct impacts across the risk types they own and identifying and understanding the controls they rely on to support the delivery of the conduct outcomes. They should govern the identification and management of conduct issues in relation to their business in a way that is consistent whether the controls are owned directly or performed by a third party.

Control Owners may sit within a Business, Function or a third party. They are responsible for assessing, monitoring and managing the processes, activities, or systems to ensure that they are operating effectively and that

#### Tier 2: Dedicated Risk & Compliance Unit

- ◆ Independently assess and validate risks.
- ◆ Develop and implement enterprise-wide risk management strategies.
- ◆ Monitor and report on risk exposure and compliance.

they support the delivery of the conduct outcomes. They work with the Risk Owners to understand and manage the risks.

#### Second Line of Defence (LOD)

The Second LOD reviews and challenges the activities of the First LOD to ensure that they have met the minimum requirements for risk management and delivery of the conduct outcomes. The Second LOD is independent of the commercial risk-taking activities undertaken by the First LOD and consists of CROs, 'Risk Stewards' and the Operational Risk Function.

Risk Stewards sit within the Functions. They perform the specialist role of setting policies and overseeing the First LOD activities for their given risk type.

The oversight responsibilities of Risk Stewards include but are not limited to:

- ◆ Providing advice on how their policies are to be implemented by the First LOD; including setting out the required control standards required to manage the specific risk type within appetite;

#### Tier 3: Internal Audit Function

- ◆ Conduct independent audits of risk management practices.
- ◆ Provide assurance on effectiveness of controls.
- ◆ Report findings and recommendations to management.

- ◆ Providing independent review, challenge and assurance on the appropriateness of risk management activities undertaken by First LOD; and
- ◆ Providing independent review and challenge of First LOD risk reporting;
- ◆ Overseeing, escalating and providing guidance on the identification of conduct impacts across their risk types and activities owned by the First LOD, including where control weaknesses and risk events impact the delivery of good outcomes.

#### Third Line of Defence (LOD)

The Third LOD is Internal Audit. They provide independent assurance to management and the non-executive Risk and Audit Committees that our risk management, governance and internal control processes are designed and operating effectively.

Janashakthi Limited has adopted five main components to manage the Enterprise Risk Management Function: Culture and Values, Risk Governance, Roles and Responsibilities, Processes and Tools, and Internal Controls. These components are discussed in more detail in subsequent sections of this document. The following diagram shows how these components fit into the framework.





## Risk management life cycle

The Company's Risk management includes processes across the risk management lifecycle and are supported by the enterprise risk management tools.

|                            |   |
|----------------------------|---|
| <b>Identify and assess</b> | <p>Identifying and assessing the type and level of risk is paramount for effective risk management, to ensure appropriate capital levels and return for risk exposure. Wherever possible, risks should be assessed based on quantitative information or model outputs as well as qualitative approaches (including expert judgment and critical analysis).</p> <p>At the day-to-day level, risk assessment may be made on either a portfolio or business line basis; however, at the top-level management adopts a holistic approach in assessing and managing the risk profile of the Company.</p> <p>The Company uses Risk and Control Assessments and scenario analysis to identify and provide a forward-looking assessment of operational risk.</p> <p>Enterprise-wide mechanisms include assessing the emergence and materiality of risks through the Top &amp; Emerging Risks report, identifying risks and trends through the Risk Appetite Profile reporting, and assessing potential risk impacts through stress testing.</p> |
| <b>Monitor</b>             | <p>Effective monitoring allows business areas to provide senior management with timely information on the risks facing the Company, and on the effectiveness of risk management processes. Monitoring can include but is not limited to, review of key indicators, changes in risk profiles, review of MI reports to collate read-across items that may impact cross business lines or functions.</p> <p>It enables proactive identification of issues before they materialize and can provide a forward-looking view of risk.</p> <p>Mechanisms include assessing whether the controls in place continue to be effective, setting and monitoring of key indicators, reviewing performance against the Risk Appetite Statement through the Risk Appetite Profile.</p>   |
| <b>Mitigate/ Manage</b>    | <p>Risk management allows timely resolution of issues and minimizing of losses and other impacts.</p> <p>Risk Owners set out an action plan that determines how risks will be managed / mitigated, with oversight from Risk Stewards to ensure the Company remains within the risk appetite agreed with the Board.</p> <p>Progress of the action plan is observed through the Enterprise Risk Reports, e.g. commentary on the Risk Appetite Profile and Risk Map.</p>   |
| <b>Reporting</b>           | <p>Reporting of current risk profile to risk committees through Enterprise Risk Reports and condensed portfolio management reports to cover key activities and risk exposures.</p>  |
| <b>Risk Foundations</b>    | <p>The processes, activities and structures required to enable us to create, maintain and embed a framework to identify and assess, monitor, manage and report the risks we are, or might be, exposed to.</p> <p>This includes internal and regulatory requirements, the companies' strategy, our culture and organization, systems, data and technology.</p>   |

## Governance and Oversight

The Board of Directors, supported by the Board Audit Committee, holds ultimate responsibility for risk governance. Quarterly risk assessments prepared by the Risk and Compliance Division ensure informed decision-making. These assessments are reviewed rigorously, with recommendations presented to the Board for actionable insights.

To maintain operational independence, the Risk and Compliance Division operates autonomously, offering unbiased perspectives that enhance the integrity of the Company's risk management framework.

## Collaborative Risk Assessment

The Risk and Compliance Division spearheads the risk assessment process, fostering a collaborative approach with various departmental heads. This collaboration allows for the comprehensive identification of both existing and potential risks across different areas of the business. Recognising the critical need for independence, the risk and compliance function operates autonomously from business functions, providing an objective and unbiased perspective. This independent oversight strengthens the integrity and effectiveness of the entire risk management framework.

Furthermore, the framework defines "risk tolerance limits" to guide decision-making. Any identified risk exceeding these limits undergoes a rigorous mitigation process. This involves implementing appropriate measures to reduce the risk to an acceptable level within the Company's risk appetite, ensuring informed risk management and minimising potential losses.

## RISK MANAGEMENT

### Key Risk Areas and Mitigation Strategies

#### Market Risk

In 2024, the Sri Lankan economy experienced reduced interest rate volatility, a decline in inflation, and increased macroeconomic stability, transitioning into a period of deflation. While this provided opportunities for portfolio optimisation, it necessitated careful adjustments to long-term strategies:

#### Interest Rate Risk

The declining interest rate environment provided opportunities for enhanced returns on new investments. However, managing reinvestment risk in this environment remained critical to ensuring long-term profitability.

#### Macroeconomic Stability and Strategic Risks

The stabilisation of macroeconomic factors created a more predictable business environment, reducing uncertainties in strategic planning. However, the deflationary pressures required careful management to avoid stagnation in customer demand for financial products.

#### Compliance Risk

Increased regulatory scrutiny in 2024 underscored the need for more stringent compliance measures. Janashakthi Limited actively monitors evolving regulatory requirements and collaborates with all business units to ensure timely alignment.

#### Operational Risk

Enhancing operational resilience remained a priority, with process re-engineering initiatives reducing system vulnerabilities and fraud risks. All the Business Units were pivotal in safeguarding operational integrity.

#### Cybersecurity Risk

As digital transformation accelerates, Janashakthi Limited invested in advanced cybersecurity infrastructure to mitigate the risks of cyber threats. Regular penetration testing, employee training, and multi-layered IT safeguards are key components of our cybersecurity strategy.

#### People Risk

Talent retention strategies, including targeted training and succession planning, have helped mitigate people-related risks. Regular engagement initiatives enhance employee satisfaction and align individual goals with organisational objectives.

#### Regulatory and Liability Risk

Janashakthi Limited operates with a strong compliance culture, reinforced through rigorous adherence to regulatory frameworks and active participation in industry advocacy. Liability risks are mitigated through enhanced internal process standards and comprehensive payout management practices.

#### Inflation Risk

With inflation falling to historically low levels and transitioning into deflation, operational cost pressures across financial services eased significantly. This shift reduced the impact of inflation on related expenses, while deflation required adjustments to pricing models and policy terms.

### 2024/25 in Review: Resilience in a Transforming Environment

Janashakthi Limited successfully navigated a dynamic economic landscape shaped by deflationary pressures, declining interest rates, and stabilised macroeconomic factors:

- ◆ **Adapting to Deflation:** The Company refined its strategies to align with lower cost structures associated with deflation, ensuring robust financial performance and operational efficiency.
- ◆ **Sovereign Risk Management:** Exposure to government securities was strategically optimised, leveraging a stable fiscal environment to maintain portfolio resilience and secure long-term returns.
- ◆ **Client Retention:** Focused customer engagement campaigns and strengthened retention initiatives across its financial services portfolio, further reduced client attrition, taking advantage of improving disposable incomes and economic stability.

This proactive approach underscored Janashakthi Limited's adaptability and strength in aligning operations with evolving macroeconomic conditions, delivering value to all stakeholders.

### Strategic Outlook for 2025 and Beyond



Short  
Term

#### (2025-2026)

- With deflation expected to persist, Janashakthi Limited will continue refining its pricing strategies to remain competitive and sustain profitability.
- Further investments in customer-centric technology solutions will enhance operational efficiency and service delivery.
- Tailored financial products and services amidst evolving customer preferences. The Company is focusing on embedding artificial intelligence into core processes to further mitigate risks and improve operational efficiency.



Long  
Term

#### (2026 and Beyond):

- Capital adequacy models will be recalibrated to reflect prolonged deflationary trends and ensure long-term resilience.
- Expansion into underpenetrated markets will align with the Company's vision of inclusive growth amid a stable macroeconomic landscape.
- Preparing for potential risks associated with climate change, demographic shifts, and regulatory changes by strengthening scenario planning, stress testing, and dynamic risk assessment models.



### A Culture of Resilience

Risk management at Janashakthi Limited is not just a function; it is a shared ethos that underpins every decision we make. By embedding a culture of resilience, innovation, and foresight, we continue to strengthen our ability to navigate uncertainties and deliver enduring value to all stakeholders.

### Key Risks Faced and Mitigation Strategies Taken During the Year

| Key Risk Faced                                    | Mitigation Action  | Successful Management |
|---|--|-----------------------|
| <b>Market Risk</b>                                | <p>Continuous and dynamic market risk management involves the monitoring movements of key global and local economic indicators and frequent stress testing carried out as part of market risk mitigation, enabling the risk unit to pre-warn the Company on impacts arising from extreme volatilities of key economic indicators.</p> <p>Assessing the sensitivity to the said volatilities also enabled the Company to understand the resulting impacts on its:</p> <ul style="list-style-type: none"> <li>◆ Investment Portfolio,</li> <li>◆ Unrealised/realised losses via the same,</li> <li>◆ Impacts via the existing asset and liability mismatch,</li> <li>◆ Asset quality and potential credit risks,</li> <li>◆ Capital Adequacy Ratio, and</li> <li>◆ Solvency Ratio,</li> <li>◆ Yield on Company Assets and Liabilities.</li> </ul> <p>The monitoring movements of key global and local economic indicators and frequent stress testing carried out as part of Market Risk Mitigation, enabled the Risk Unit to pre-warn the Company on impacts arising from extreme volatilities of key economic indicators. A dynamic asset allocation strategy was employed to capitalise on lower interest rates, ensuring an optimal balance between yield and risk.</p> <p>Continuous monitoring of deflationary trends helped refine investment decisions, minimising potential impacts on the real value of assets.</p> <p>Scenario analysis was conducted to assess the impact of prolonged deflation on customer behaviour and investment returns.</p> |                       |
| <b>Sovereign Risk</b>                             | <p>With improved macroeconomic stability, the Company's exposure to government securities was reassessed, focusing on deflation and reduced yield environments. Scenario analysis helped optimise the investment strategy to maintain adequate returns while managing duration and liquidity risks.</p>  |                       |
| <b>Interest Rate Risk</b>                         | <p>The dynamic Market Risk Management as detailed above has resulted in the Company understanding the strategies required to mitigate and allow for opportunities from varying interest rate scenarios.</p> <p>The continuous decrease of rates through 2023/2024, resulted in the Company strategizing on maximising the movement of rates, whilst fully understanding the factors and time frame of when the trend will reverse and preparing for the same.</p> <p>Duration matching strategies were strengthened to reduce asset-liability mismatches.</p> <p>Investment in fixed-income instruments with attractive yields was prioritised to maximize returns in a low-rate scenario.</p> <p>Comprehensive forecasting tools were utilised to anticipate rate changes and plan accordingly.</p>   |                       |
| <b>Macroeconomic Stability and Strategic Risk</b> | <ul style="list-style-type: none"> <li>◆ Enhanced customer engagement initiatives promoted the long-term value of Janashakthi Group's financial products and services during periods of economic stability and deflation.</li> <li>◆ Strategic reviews focused on leveraging macroeconomic stability to expand market share while ensuring product competitiveness.</li> </ul>   |                       |
| <b>Reserve Risk</b>                               | <ul style="list-style-type: none"> <li>◆ Regular actuarial reviews of reserve adequacy.</li> <li>◆ Alignment of reserving practices with regulatory guidelines and stress-testing scenarios.</li> </ul>  |                       |
| <b>Inflation Risk</b>                             | <p>Enhanced actuarial reviews were conducted to align product pricing with the deflationary environment.</p> <p>A renewed focus on cost optimisation ensured the sustainability of operational processes within the changing economic context.</p>   |                       |



## RISK MANAGEMENT

### Overview of Strategic Risks

|   |   |
|---|---|
| <b>Economic and Political Risk</b>  | <p>The Risk Unit performs a detailed economic analysis every quarter. The analysis outlines current economic performance as well as expected economic performance and expected values of key economic indicators. A close watch is also kept on global industry trends.</p> <p>Quarterly analysis incorporated the effects of deflation and reduced interest rates on the economic environment. Proactive monitoring of political developments ensured preparedness for any unexpected regulatory or policy changes.</p>  |
| <b>Competitor Risk</b>  | <ul style="list-style-type: none"> <li>◆ Market intelligence and competitor benchmarking focused on leveraging stable economic conditions. The Product Implementation Committees of the respective business units ensured that product offerings remained competitive and aligned with evolving customer expectations.</li> <li>◆ Constant monitoring and comparison of the Company's performance against peers.</li> <li>◆ Product Implementation Committees of the respective business units ensure that the respective Company's product portfolio remains competitive based on the above information.</li> </ul>  |
| <b>Co-operation and awareness of common direction</b>                     | <ul style="list-style-type: none"> <li>◆ Clear communication of the Company's strategy and business objectives to all employees through interactive town hall sessions.</li> <li>◆ Enhanced communication of corporate strategies and economic updates through regular town hall sessions, interactive e-flyers, and department-led initiatives ensured employee alignment and engagement.</li> </ul>   |
| <b>Minimum Capital Adequacy Ratio</b>                                     | <ul style="list-style-type: none"> <li>◆ Capital Management Policy and Limits specific to capital adequacy.</li> <li>◆ Updated internal capital models accounted for reduced risk-weighted asset values and optimised surplus capital management.</li> <li>◆ Forecasted internal capital model to ensure capital adequacy is above regulatory requirements.</li> <li>◆ Monthly CAR/solvency calculations to understand trends of key driving factors.</li> </ul>  |
| <b>Increased Regulatory/ Compliance Requirements</b>                      | <ul style="list-style-type: none"> <li>◆ A close watch is kept on all potential regulatory directions by the Risk Unit.</li> <li>◆ The Risk and Compliance Unit also assesses and informs relevant business units of regulatory developments to support those teams in aligning business activities or report requirements with such regulatory developments. It also reports on the compliance status with relevant regulatory requirements to the Audit Committee and the Board every quarter.</li> </ul>   |
| <b>Business Continuity</b>  | <ul style="list-style-type: none"> <li>◆ The Company is equipped with a formal Business Continuity Plan that details all services and systems that are considered critical for business continuity as well as their recovery time objectives.</li> <li>◆ Knowledge-sharing sessions and advanced testing of the procedures are also carried out annually for teams identified as critical and ensure that Recovery Time Objectives can be fulfilled in the event of a disaster.</li> </ul>  |
| <b>Business Continuity of Critical Systems</b>                            | <ul style="list-style-type: none"> <li>◆ Robust disaster recovery mechanisms were tested and updated to reflect the Company's reliance on stable technological and economic conditions. Periodic simulation exercises validated the efficacy of these systems.</li> </ul>   |
| <b>Internal Controls</b>  | <ul style="list-style-type: none"> <li>◆ The Company's Internal Control environment is reviewed continuously as per the plan approved by the Audit Committee annually. Findings are reported to the Audit Committee as well as the Senior Management every month.</li> <li>◆ The completion/adoption of all suggestions and recommendations remains at approximately 95%-100% as of the above date.</li> </ul>  |
| <b>Staff Turnover</b>   | <p>Retention strategies emphasised competitive compensation and skill development programmes, addressing any challenges related to industry attrition trends. Open forums helped identify and address workforce concerns. The following strategies were initiated to reduce Non-Sales Staff Turnover at the beginning of the year and have continued throughout the year.</p> <ul style="list-style-type: none"> <li>◆ Identification of critical resources across all departments and submission of a detailed succession plan.</li> <li>◆ Recruiting staff at branches with prior exposure to customer service and those that possess a higher set of skills.</li> <li>◆ Utilising the Town Hall sessions conducted as a tool to identify issues faced by the staff and to provide relevant solutions.</li> </ul> |
| <b>Reputation Risk</b>  | <ul style="list-style-type: none"> <li>◆ Real-time monitoring of social media and CRM systems ensured efficient resolution of customer complaints, aligning with regulatory guidelines and maintaining strong public confidence in the Company.</li> </ul>  |
| <b>Information Security Risk</b>  | <ul style="list-style-type: none"> <li>◆ Strengthened information security protocols addressed risks associated with technological reliance and cyber threats. Regular audits and employee awareness programmes bolstered the Company's cybersecurity resilience.</li> </ul>  |
| <b>Foreign Exchange Risk</b>  | <ul style="list-style-type: none"> <li>◆ The Company's foreign exchange exposures were managed through hedging strategies and careful evaluation of global currency movements. Risk management plans were adjusted for reduced volatility in global currency markets.</li> </ul>  |
| <b>Risk of Adaptability to Technological Advancements in the Industry</b> | <ul style="list-style-type: none"> <li>◆ Investments in cutting-edge technologies ensured the Company remained competitive. An innovation task force identified and implemented advancements to enhance customer experience and operational efficiency.</li> </ul>  |

A dedicated focus on emerging risks, such as climate change and digital disruptions, positions Janashakthi Group as a forward-thinking financial conglomerate, prepared for future challenges.



### Commitment to Compliance Excellence

Regulatory compliance remains a cornerstone of the financial sector. Our Compliance Division of the respective business units ensure full alignment with the guidelines issued by the regulators, global best practices, and the expectations of all stakeholders. Key activities include:

- ◆ **Automated Compliance Monitoring:**  
Leveraging technology to track regulatory updates and implement changes swiftly across the Group.
- ◆ **Enhanced Reporting Standards:**  
Maintaining high-quality and transparent reporting to meet the expectations of regulators, shareholders, and policyholders.
- ◆ **Ethical Business Practices:**  
Promoting a culture of compliance through regular audits, workshops, and whistleblowing mechanisms.

### Leveraging Technology for Efficiency

Technology plays a pivotal role in enhancing the efficiency and effectiveness of the Risk and Compliance function. By adopting cutting-edge tools and systems, Janashakthi Limited ensures:

- ◆ Real-time monitoring of risk indicators and compliance metrics.
- ◆ Automation of routine compliance tasks to allow a greater focus on strategic priorities.
- ◆ Enhanced data analytics capabilities to provide actionable insights and predict future trends.

### Collaboration for a Unified Approach

The function operates as an integral part of the organisation, collaborating with business units to ensure risks are managed at every level. This collaborative approach breaks silos, enabling a unified strategy for governance, risk, and compliance. Periodic workshops and cross-functional risk assessments ensure that all teams are aligned with organisational goals.

### Focus on Sustainability

In alignment with global trends, the Risk and Compliance function actively incorporates Environmental, Social, and Governance (ESG) factors into its frameworks. This includes:

- ◆ Addressing climate risks through tailored financial products & services and risk assessments.
- ◆ Ensuring fair treatment of customers and promoting inclusivity.
- ◆ Upholding the highest standards of governance to contribute positively to society.

### Looking Ahead

As the regulatory and business landscape evolves, the Risk and Compliance function is committed to continuous improvement. Key priorities for the coming year include:

- ◆ Expanding the use of artificial intelligence and machine learning for predictive risk analysis.
- ◆ Enhancing cyber risk management frameworks in response to growing digital threats.
- ◆ Strengthening ESG-focused compliance initiatives to support sustainable growth.

By integrating best practices, innovative tools, and a steadfast commitment to governance, respective Risk and Compliance functions of the Janashakthi Group continue to safeguard the Company's reputation while enabling its vision for growth and customer-centricity. This strategic approach ensures that the Janashakthi Group together remains a trusted partner to its valuable customers and a leader in the financial sector.

# ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Directors of Janashakthi Limited have the pleasure of presenting their Annual Report together with the Audited Financial Statements for the year ended 31 March 2025.

## Review of Operations

The Company reported a profit after tax of LKR 3,499 Million. A more comprehensive review of the operations of the Company during the financial year is contained in the Chief Executive Officer's review on pages 31 of the Annual Report.

## Principal Activities

The Company manages a portfolio of investments consisting of different business operations, which together constitute the Janashakthi Group. The corporate office provides function-based services to its subsidiaries.

## Legal Status

Janashakthi Limited ("Company") is a limited liability company incorporated and domiciled in Sri Lanka in May 1994 under the name of Acland Finance Limited. The registered office and place of business of the Company is No. 2, Deal Place, Colombo 03. The Company was re-registered on 20th September 2008 under the Companies Act No. 07 of 2007. The Company underwent two name changes between 1994 and 2002 prior to changing its name to Janashakthi Limited on 9th September 2004. The Company listed its Debentures on the Colombo Stock Exchange (CSE) on 1st December 2014 and underwent a further name change as a result to Janashakthi PLC on 29th January 2015. With effect from 17th December 2020, the Company has changed its name to Janashakthi Limited subsequent to the delisting of Debentures from the Colombo Stock Exchange (CSE).

## Financial Results

The Group's net profit after tax was LKR 5,244 Million compared with net loss after tax of LKR 7,961 Million in the previous year. A summary of the financial results for the year is set out below.

|   | 2024/25<br>LKR '000 | 2023/24<br>LKR '000 |
|---|---------------------|---------------------|
| Revenue   | 24,762,249          | 37,921,338          |
| Profit/(Loss) before tax  | 8,676,980           | 15,379,686          |
| Profit/(Loss) after tax   | 5,244,365           | 7,961,020           |
| Total Comprehensive Income attributable to equity holders of the parent | 3,028,051           | 4,765,410           |
| Non-controlling interest  | 2,050,737           | 3,770,373           |

The Financial Statements of the Company are set out in pages XX of the Annual Report.

## Directorate

The following were the Directors of the Company as of 31 March 2025

### Chandana de Silva

Independent Non-Executive

### Ramesh Schaffter

Non-Independent Executive

### Prakash Schaffter

Non-Independent Executive

### Saliya Wickramasuriya

Independent Non-Executive

### Piranavan Sivagananathan

Independent Non-Executive

### Manjula Mathews

Non-Independent Non-Executive

### Minette Perera

Independent Non-Executive

### Vishnu Balachandran

Independent Non-Executive

Directors and their shareholdings as at 31 March 2025 were as follows:

|  | 2023/24 | 2024/25 |  |
|--|---------|---------|--|
| Chandana de Silva – Independent Non-Executive        | Nil     | Nil     |  |
| Ramesh Schaffter – Non-Independent Executive         | Nil     | Nil     |  |
| Prakash Schaffter – Non-Independent Executive        | Nil     | Nil     |  |
| Eardley Perera – Independent Non-Executive           | Nil     | Nil     | Resigned<br>(with<br>effective from<br>31/12/2024) |
| Saliya Wickramasuriya – Independent Non-Executive    | Nil     | Nil     |  |
| Piranavan Sivagananathan – Independent Non-Executive | Nil     | Nil     |  |
| Manjula Mathews – Non-Independent Non-Executive      | Nil     | Nil     |  |
| Minette Perera – Independent Non-Executive           | Nil     | Nil     |  |
| Vishnu Balachandran – Independent Non-Executive      | Nil     | Nil     |  |





## Other Directorship/ Significant Positions of Directors

Information of the Other Directorships/ significant positions of the present Directors of the Company are given on Note 52.

## Related Party Transactions

Related party transactions have been declared at meetings of the Directors and are detailed in Note 52 of the financial statements.

## Directors' Interest

As required by the Companies Act. No. 7 of 2007, an Interests Register was maintained by the Company during the period under review. Directors have made declarations as provided for in Section 192 (2) of the Companies Act. The Interest Register is available for inspection as required under the Companies Act. The Company carries out transactions in the ordinary course of business with entities in which a Director of the Company is a Director. The transactions with entities where a Director of the Company has control or exercises significant influence have been classified as related party transactions where appropriate and disclosed in Note 53.4 to the Financial Statements.

## Remuneration and Fees

Details of Directors' fees are set out in Note 46 to the Financial Statements. All fees and remuneration have been duly approved by the Board of Directors of the Company.

## Risk and Internal Control

The Board of Directors has satisfied itself that there exists an effective and comprehensive system of internal controls to monitor, control and manage the risks to which the Company is

exposed, carry out its business in an orderly manner, to safeguard its assets and to secure as far as possible the reliability and accuracy of records.

## Corporate Governance

The Directors acknowledge their responsibility for the Group's corporate governance and the system of internal control. The Directors are responsible to the shareholders for providing strategic direction to the Company and safeguarding the assets of the Company. The Board is satisfied with the effectiveness of the system of internal control for the period up to the date of signing the Financial Statements. Compliance with recommended Corporate Governance practices is disclosed on pages 94 to 107 of the Annual Report. The performance of the Company is monitored by way of regular review meetings. These meetings provide an opportunity to ensure that progress is in line with agreed targets. Regular Board meetings are held to further strengthen the review process and ensure compliance with all statutory and regulatory obligations.

## Significant Accounting Policies

The accounting policies adopted in the preparation of the Financial Statements are given on pages 140 to 161. There were no changes in the accounting policies adopted by the Company during the year under review from those adopted in the preceding year.

## Going Concern

The Board of Directors has reviewed the Company's business plans and is satisfied that the Company has adequate resources to continue its operations in the foreseeable future. Accordingly, the Financial Statements are prepared on a going concern basis.

## Capital Expenditure

Details of property, plant and equipment and their movements during the year are given in Note 10 to the financial statements.

## Reserves

The movements in reserves during the financial year 2024/25 have been presented in the Statement of Changes in Equity on pages 134 to 136 of the Annual Report.

## Income Tax Expenses

Income tax expenses have been computed in accordance with the provisions of the Inland Revenue Act No.24 of 2017 and subsequent amendments thereto as disclosed in Note 50 to the Financial Statements.

## Stated Capital

The stated capital of the Company as of 31 March 2025 was LKR 4,300 Million consisting of 633,551,428 ordinary shares.

## Corporate Donations

During the year under review, the Group made charitable donations, as disclosed on page 82.

## Statutory Payments and Compliance with Laws and Regulations

The Directors, to the best of their knowledge and belief are satisfied that all statutory payments due to the Government and in relation to the employees have been made on time, and that neither the Company nor its subsidiaries have engaged in any activities contravening laws and regulations.

## Equal Opportunities

The Group is committed to providing equal opportunities to all employees irrespective of their gender, marital status, age, religion, race or disability. It is the Group's policy to give full and fair consideration to persons, with respect to applications for employment, continued employment, training, career development and promotion, having regard for each individual's particular aptitudes and abilities.

## Events Occurring after the Reporting Date

There were no material events occurring after the financial reporting date which require an adjustment to or a disclosure in the Financial Statements.

## Independent Auditors

The Company's Auditors during the period under review were Messrs KPMG, Chartered Accountants. The fees paid to auditors are disclosed on pages 128 to 129 to the Financial Statements. Based on the declaration from Messrs KPMG, Chartered Accountants and as far as the Directors are aware, the Auditors do not have any relationship or interest in the Company or its subsidiaries, other than as disclosed in the above paragraph. Messrs KPMG, Chartered Accountants, have expressed their willingness to continue in office as Auditors of the Company for the ensuing year.

**Chandana de Silva**  
Group Chairman

**Ramesh Schaffter**  
Managing Director/Group Chief  
Executive Officer

16th June 2025

# CHIEF EXECUTIVE OFFICER'S AND CHIEF FINANCIAL OFFICER'S RESPONSIBILITY STATEMENT

The Financial Statements of Janashakthi Limited as at 31st March 2025 are prepared and presented in compliance with the following;

- ◆ Sri Lanka Accounting Standards (SLFRSs / LKASs) issued by the Institute of Chartered Accountants of Sri Lanka (ICASL)
- ◆ Requirements of the Companies Act No. 7 of 2007
- ◆ Sri Lanka Accounting and Auditing Standards Act No 15 of 1995
- ◆ Statement of Recommended Practice (SORP) issued by the ICASL
- ◆ Listing Rules of the Colombo Stock Exchange (CSE)
- ◆ Code of best practice on corporate governance issued by the ICASL

Accordingly, the Group has prepared the financial statements which comply with SLFRSs / LKASs and related interpretations applicable for the year ended 31st March 2025, together with the comparative data as at and for the year ended 31st March 2024, where required, as described in the accounting policies.

The accounting policies used in the preparation of the financial statements are appropriate and are consistently applied, unless otherwise stated in the notes accompanying the financial statements. There have been no changes in the accounting policies adopted by the Group during the year under review.

Significant accounting policies and estimates relating to Financial Statements that involve a high degree of judgement and complexity were made on a prudent and reasonable basis and discussed with our external auditors and the Board Audit Committee (BAC).

The Board of Directors of the Group is responsible for preparation and presentation of these Financial Statements which give a true and fair view of the financial performance and position of the Group.

We confirm that to the best of our knowledge, the financial statements and other financial information included in this annual report, fairly present in all material respects the financial position, results of operations and cash flows of the Group as of, and for, the periods presented in this Annual Report. We are responsible for establishing and maintaining internal controls and procedures to be designed under our supervision, and procedures. We have designed such controls and procedures, or caused such controls and procedures to be designed under our supervision, to ensure that material information relating to the Group is made known to us and for safeguarding the Group's assets and preventing and detecting fraud and error. We have evaluated the effectiveness of the Group's internal controls and procedures and are satisfied that the controls and procedures were effective as of the end of the period covered by this annual report and on an ongoing basis.

We confirm, based on our evaluations that there were no significant deficiencies and material weaknesses in the design or operation of internal controls and any significant fraud that involves management or other employees.

The internal audit function of the Group continuously conducts internal audits and reviews to ensure that the internal controls and procedures are consistently followed.

The Financial Statements were audited by Messrs KPMG, Chartered Accountants, the External Auditors.

The BAC pre-approves the audit and non-audit services provided by Messrs. KPMG, in order to ensure that the provision of such services does not impair KPMG's independence. The BAC also reviews the external audit plan, the internal audit plan, all internal audit reviews and management letters and follows up on any issues raised during the statutory audit as well as the internal audits. The BAC also meets with the external and internal auditors to review the effectiveness of the audits.

We confirm that,

- ◆ the Company and its subsidiaries have complied with all applicable laws, regulations and prudential requirements
- ◆ there are no material non-compliances and
- ◆ there are no material litigations that are pending against the Group other than those disclosed in the Note XX to the Financial Statements

**Ramesh Schaffter**  
Managing Director/ Group Chief Executive Officer

**Thanushka Jayasundera**  
Group Chief Financial Officer

16th June 2025

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible under Sections 150 (1), 151, 152 (1), and 153 of the Companies Act No. 7 of 2007 ("The Companies Act"), to ensure compliance with the requirements set out therein to prepare Financial Statements for each financial year giving a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit & loss of the Company and the Group for the financial year.

The Directors are also responsible, under Section 148, the Companies Act to ensure that proper accounting records are kept to enable, determination of the financial position with reasonable accuracy, preparation of Financial Statements and audit of such statements to be carried out readily and properly. 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.

They also confirm that the Financial Statements have been prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRS/ LKAS), the Companies Act and the Listing Rules of the Colombo Stock Exchange.

The Directors are of the opinion, based on their knowledge of the Company, key operations and specific inquiries, that adequate resources exist to support the Company on a going concern basis over the next year. These Financial Statements have been prepared on that basis.

The Directors have taken proper and sufficient measures to safeguard the assets of the Group and, in that context, have instituted appropriate systems of internal control and accounting records to prevent and detect fraud and other irregularities. These have been reviewed, evaluated and updated on an ongoing basis.

The External Auditors, KPMG, Chartered Accountants who were re- appointed in terms of the Companies Act No. 7 of 2007 were provided with every opportunity to undertake the inspections they considered appropriate to enable them to form their opinion on the Financial Statements. The report of the Auditors, shown on pages 128 to 129 sets out their responsibilities in relation to the Financial Statements.

### Compliance Report

The Directors confirm that to the best of their knowledge, all statutory payments relating to employees and the Government that were due in respect of the Company and its Subsidiaries as at the Balance Sheet date have been paid or provided where relevant.

By order of the Board

**Janashakthi Corporate Services Ltd**  
**Company Secretaries**

16th June 2025





# DIRECTORS' STATEMENT ON INTERNAL CONTROLS

## Introduction

The following statement fulfils the requirement to publish the Directors' Statement on internal control as per the Code of Best Practice on Corporate Governance 2017 issued by CA Sri Lanka.

## Responsibility

The Board of Directors is responsible for maintaining a sound system of internal controls to safeguard shareholders' investments and the Company's assets. The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company and Group. This process includes enhancing the system of internal controls as and when there are changes to 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 in place is sound and adequate to provide reasonable assurance regarding the reliability of financial reporting, and the preparation of Financial Statements for external purposes and is in accordance with relevant accounting principles and regulatory requirements.

The Board has implemented the following to obtain reasonable assurance that proper systems of internal controls are in place:

Audits are carried out on all subsidiaries in accordance with the annual audit plan approved by the Board Audit Committees of each subsidiary. Findings are submitted to the Board Audit Committees for review at their periodic meetings.

The Audit Committee reviews internal control issues identified by internal auditors and evaluates the adequacy and effectiveness of the risk management and internal control systems. They also review the internal audit functions with particular emphasis on the scope of audits and quality of internal audits. The minutes of the Board Audit Committee meetings are tabled at the Board meetings of Janashakthi Limited.

The adoption of new Sri Lanka Accounting Standards comprising LKAS and SLFRS in 2013, processes that are required to comply with new requirements of recognition, measurement, presentation and disclosures were introduced and implemented. Continuous monitoring is in progress to ensure effective implementation of the required processes.

The comments made by External Auditors in connection with the internal control system during the financial year 2024/25 were taken into consideration and appropriate steps have been taken to incorporate them where appropriate.

## Confirmation

The Board having implemented the above is aware that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatements of loss.

The Board of Directors confirm that the financial reporting system of Janashakthi Limited has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes has been done in accordance with the Sri Lanka Accounting Standards, requirements of

the Companies Act No 7 of 2007 and the Listing Rules of the Colombo Stock Exchange.

### Ramesh Schaffter

Managing Director/ Group Chief Executive Officer

### Chandana de Silva

Chairman

### Minette Perera

Chairperson - Audit Committee

16th June 2025



# BOARD AUDIT COMMITTEE REPORT



**Minette Perera**  
Chairperson

The Board Audit Committee is tasked with assisting the Board in fulfilling its oversight responsibility to shareholders, potential shareholders, the investment community, and other stakeholders in relation to the integrity of the Group's Financial Statements. This includes ensuring that a sound financial reporting system is in place and is well managed to provide accurate, appropriate, and timely information.

Additionally, the Committee is responsible for ensuring that financial reporting complies with the Companies Act and other legislative reporting requirements. It also ensures that adequate disclosures are made in the Financial Statements in accordance with the Sri Lanka Accounting Standards.

The powers and responsibilities of the Board Audit Committee are governed by the Audit Committee Charter, which is approved and adopted by the Board. The terms of reference comply with the requirements of the Corporate Governance Rules as per Section 9.13 of the Listing Rules of Colombo Stock Exchange (CSE). The Board Audit Committee's functions and scope are in compliance with the requirements of the Corporate Governance Rules as per section 9.13.4

The Board Audit Committee ensures that the internal controls and the risk management process are effective and adequate to meet the requirements of the

Sri Lanka Auditing Standards and that the Group is in compliance with legal, regulatory and ethical requirements. The Board Audit Committee assesses the Group's ability to continue as a going concern for the foreseeable future.

The Committee evaluates the performance and the independence of the Internal Auditors and External Auditor. The Committee is also tasked with the responsibility of recommending to the Board the re-appointment or change of the External Auditor and to recommend their remuneration and terms of engagement.

In fulfilling its purpose, the Board Audit Committee maintains free and open communication with the independent External Auditor, the Internal Audit function (operating as a shared service), and the management of the Company and its Subsidiaries, to ensure that all parties are fully aware of their respective responsibilities.

The Board Audit Committee is empowered to carry out any investigations it deems necessary and review all internal control systems and procedures, compliance reports, risk management reports etc. to achieve the objectives as stated above.

The Committee has reviewed and discussed with the management and the External Auditor the audited Financial Statements for the year ended 31st March 2025 as well as matters relating to the Group's internal control over financial reporting, key judgement and estimates in the preparation of Financial Statements and the processes that support certification of the Financial Statements by the Directors and the Group Chief Financial Officer (GCFO).

The committee also reviewed and approved the quarterly unaudited Financial Statements.

## Composition

The Board Audit Committee, appointed by the Board of Directors, comprises three Non-Executive Directors. The composition of the committee for the year ended 31st March 2025 was as follows.

- ♦ **Minette Perera** (Chairperson)
- ♦ **Vishnu Balachandran**
- ♦ **Manjula Mathews**

Brief profiles of the members of the Board appointed Board Audit Committee are given on pages 36 to 39 of the Annual Report.

## Meetings And Attendance

| No | Members                                |     |
|----|--|-----|
| 1  | <b>Minette Perera</b><br>(Chairperson) | 5/5 |
| 2  | <b>Vishnu Balachandran</b>             | 4/5 |
| 3  | <b>Manjula Mathews</b>                 | 4/5 |

## Functions

The primary function of the Committee is to assist the Board in fulfilling its oversight responsibilities, primarily through:

- ♦ Overseeing management's conduct of the Group's financial reporting process and systems of internal accounting and financial controls.
- ♦ Monitoring the independence and performance of the Group's external auditors; and
- ♦ Providing an avenue of communication among the external auditors, internal auditors, management and the Board

## Financial Reporting System

The Committee reviewed the financial reporting system adopted by the Company 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 Companies Act No. 7 of 2007 and other applicable statutes.
- ♦ The underlying rationale and basis for the significant estimates and judgments to the financial statements.

## External Audit

The draft annual financial statements for 2024/25 were also reviewed with the External Auditors prior to release. The Committee reviewed the non-audit services provided by the auditors to ensure that the provision of these services does not impair their independence. The fees payable to the auditors have been recommended by the Committee to the Board for approval.

The Board Audit Committee has proposed to the Board of Directors that Messrs. KPMG Chartered Accountants, be recommended for reappointment as Auditor for the year ending 31st March 2026, at the next Annual General Meeting.

## Conclusion

The Board Audit Committee is of the view that adequate controls are in place to safeguard the Company's assets and to ensure that the financial position and the results disclosed in the Audited Financial Statements are free from any material misstatements.

**Minette Perera**  
Chairperson - Board Audit Committee

16th June 2025

Colombo

# RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT



**Minette Perera**  
Chairperson

## Composition

The Related Party Transactions Review Committee, appointed by the Board of Directors, comprises of three Non-Executive Directors. The composition of the committee for the year ending 31st March 2025 is as follows.

- ◆ Minette Perera (Chairperson)
- ◆ Vishnu Balachandran
- ◆ Manjula Mathews

## Meetings And Attendance During The Financial Year 2024/25

| No | Members                         |     |
|----|---------------------------------|-----|
| 1  | Minette Perera<br>(Chairperson) | 4/4 |
| 2  | Vishnu Balachandran             | 3/4 |
| 3  | Manjula Mathews                 | 4/4 |

## Functions

Scope of the Committee includes:

- ◆ 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 Policy annually and recommend amendments to the Charter and the Policy to the Board as and when determined to be appropriate by the Committee.
- ◆ Determining whether Related Party Transactions that are to be entered into by the Company require the approval of the Board or Shareholders of the Company.
- ◆ Establishing guidelines in respect of Recurrent Related Party Transactions, for senior management to follow in its ongoing dealings with the relevant related party.
- ◆ Ensuring 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

## Policies and Procedures

- ◆ The RPTRC operates within the Charter of the Committee as approved by the Board of Directors. It includes a RPT Policy whereby the categories of persons/entities who shall be considered as 'related parties' have been identified.
- ◆ The RPTRC ensures that all transactions with related parties are in the best interests of all stakeholders, with adequate transparency in processes and are in compliance with the Listing Rules.
- ◆ The Committee has established guidelines in respect of Recurrent RPTs to be followed by the Management of the Company, in the Company's dealings with related parties.

- ◆ The Committee has also suggested mechanism that can be followed by the Management of the Company whilst reporting that related party transactions are being conducted at arm's length.
- ◆ Review and approval of RPTs are conducted either at a meeting attended by a majority of the members forming the quorum, or by circulation, provided all the members approve.

## Conclusion

In conclusion, the Related Party Transactions Review Committee (RPTRC) operates under a defined policy approved by the Board of Directors, ensuring transparency and compliance with all transactions involving related parties. By establishing clear guidelines for recurrent transactions and mechanisms to ensure arm's length dealings, the committee strives to safeguard the best interests of stakeholders.

### Minette Perera

Chairperson - Related Party Transactions Review Committee

16th June 2025

Colombo



# REMUNERATION COMMITTEE REPORT



**Piranavan Sivagananathan**  
Chairperson

## Composition

The Remuneration Committee, appointed by the Board of Directors, comprises three Non-Executive Directors. The composition of the committee for the year ended 31st March 2025 was as follows.

- ◆ Piranavan Sivagananathan (Chairperson)
- ◆ Chandana de Silva
- ◆ Saliya Wickramasuriya

The composition of the Remuneration Committee was changed with effect from 1st January 2025. The composition as at 31st December 2024 was as follows:

- ◆ Piranavan Sivagananathan (Chairperson)
- ◆ Chandana de Silva
- ◆ Eardley Perera

## Scope of the Committee

The scope of the Remuneration Committee covers the Company's remuneration and benefits, competency development of employees, especially the key drivers of the business, and succession planning.

## Key Responsibilities of the Remuneration Committee

- ◆ Review and recommend a remuneration and incentive scheme, including any proposed equity incentive awards including terminal benefits/pension rights for the Managing Director/ CEO and KMPs.
- ◆ Review proposed salary increments and market adjustments to ensure that compensation levels are appropriate in relation to industry benchmarks and aligned with the Company's compensation philosophy.
- ◆ Approve annual increments, bonuses, incentives and any other compensation changes for the Managing Director/ CEO and the Senior Management team including KMPs, based on corporate and individual performance against set targets and goals.
- ◆ Ensure the remuneration and benefits are set on a fair and equitable basis.
- ◆ Ensure a proper mechanism is in place for management development and succession planning and periodic reviews of the same.
- ◆ Review market data on compensation and benefits and approve periodic recommendations made by the management.
- ◆ Communication with shareholders on the remuneration policy and the committee's work (on behalf of the Board) through a Remuneration Committee report.
- ◆ Participate in the recruitment and selection process of the KMPs based on the recommendations made by Managing Director/ CEO.
- ◆ Recommend appropriate service contracts for Executive Directors.

- ◆ Approve the terms of any compensation package in the event of early termination of the contract of an Executive Director.
- ◆ Provide direction on disciplinary matters that involves an employee that could create a significant impact to the Company.

## Meetings and Attendance During the Financial Year 2024/25

| No | Members   |     |
|----|---|-----|
| 1  | <b>Piranavan Sivagananathan</b><br>(Chairperson)                    | 3/3 |
| 2  | <b>Eardley Perera</b><br>(Resigned with effect from 31st Dec 2024 ) | 2/2 |
| 3  | <b>Chandana de Silva</b>  | 3/3 |
| 4  | <b>Saliya Wickramasuriya</b><br>(appointed w.e.f 1st June 2025)     | 1/1 |

## Conclusion

The Committee ensures fair executive compensation aligned with market standards, supports succession planning, and communicates transparently with shareholders, crucial for effective corporate governance and leadership continuity.

**Piranavan Sivagananathan**  
Chairperson - Remuneration Committee

16th June 2025

Colombo

# NOMINATION COMMITTEE REPORT



**Piranavan Sivagananathan**  
Chairperson – Nomination Committee

## Composition

The Nomination Committee, appointed by the Board of Directors, comprises three Directors. The composition of the committee for the year ended 31st March 2025 was as follows.

- ◆ Piranavan Sivagananathan  
(Chairperson)
- ◆ Eardley Perera
- ◆ Prakash Schaffter
- ◆ Chandana de Silva

The composition of the Nomination Committee was changed with effect from 1st January 2025. The composition as at 31st December 2024 was as follows:

- ◆ Piranavan Sivagananathan  
(Chairperson)
- ◆ Eardley Perera
- ◆ Prakash Schaffter
- ◆ Chandana de Silva

## Scope of the Committee

Evaluate and ensure the Board's skills align with business needs, identify and recommend suitable candidates, and oversee the induction and appointment process for new Board members.

## Key Responsibilities of the Nomination Committee

- ◆ Assess the skills required on the Board given the needs of the businesses.
- ◆ From time to time assess the extent to which the required skills are represented at the Board.
- ◆ Prepare a clear description of the role and capabilities required for a particular appointment.
- ◆ Identify and recommend suitable candidates for appointments to the Board.
- ◆ Ensure, on appointment to Board, Non-Executive Directors receive a formal letter of appointment clearly specifying expectation in terms of time commitment, involvement outside of the formal Board meetings, participation in Committees, amongst others.
- ◆ Ensure that every appointee undergoes an induction to the Group.
- ◆ The appointment of the Chairperson and Executive Directors is a collective decision of the Board.

## Meetings and Attendance During The Financial Year 2024/25

The Nomination Committee did not convene any meetings during the financial year 2024/25, as there were no matters requiring the Committee's attention or formal deliberation. Existing remuneration structures and policies remained effective and appropriate, and no revisions or approvals were necessitated during the period.

## Conclusion

Nomination Committee plays a crucial role in ensuring the Board is composed of members with the right skills and expertise to meet the evolving needs of the business. The Committee ensures that both Non-Executive Directors and Executive Directors are well-prepared to contribute effectively to the Company's governance and strategic direction.

**Piranavan Sivagananathan**  
Chairperson – Nomination Committee

16th June 2025

Colombo



# STRENGTH IN UNITY. STABILITY IN STRATEGY.

Our strength lies in the balance and synergy of a diversified portfolio. Each business complements the other, reinforcing Group-wide resilience.

Disciplined capital allocation and prudent risk practices anchor our financial stability. Even in shifting markets, we remain agile without compromising strength. Together, we create enduring value through stable, sustainable growth.

**FINANCIAL STATEMENTS**





**INDEPENDENT  
AUDITOR'S REPORT**



# STATEMENT OF FINANCIAL POSITION

| As at 31 December                                    | Notes | Group       |             | Company    |            |
|--|-------|-------------|-------------|------------|------------|
|  |       | 2025        | 2024        | 2025       | 2024       |
|  |       | Rs. '000    | Rs. '000    | Rs. '000   | Rs. '000   |
| Assets   |       |             |             |            |            |
| Property, plant & equipment                          | 10    | 1,496,034   | 881,598     | 127,133    | 115,736    |
| Investment property                                  | 11    | 5,660,397   | 5,677,937   | 2,953,340  | 2,907,000  |
| Right of use of assets                               | 12    | 724,731     | 916,232     | 228,240    | 131,148    |
| Deferred tax assets                                  | 13    | 861,133     | 497,471     | -          | -          |
| Intangible assets                                    | 14    | 4,415,784   | 4,382,678   | -          | -          |
| Investments in subsidiaries                          | 15    | -           | -           | 22,501,293 | 21,551,762 |
| Investment in financial assets                       | 16    | 123,448,487 | 96,576,891  | 379,773    | 204,497    |
| Loans and receivables to customers                   | 17    | 22,054,759  | 15,658,738  | -          | -          |
| Loans to life policyholders and others               | 18    | 275,426     | 268,736     | -          | -          |
| Inventories  | 19    | 20,306      | 12,465      | -          | -          |
| Reinsurance receivables                              | 20    | 19,620      | 26,815      | -          | -          |
| Premium receivables                                  | 21    | 320,075     | 268,203     | -          | -          |
| Amounts due from related parties                     | 22    | 16,993      | 1,050,045   | 991,246    | 1,446,673  |
| Trade, other receivables and advances                | 23    | 3,934,096   | 5,854,500   | 239,249    | 272,047    |
| Derivative financial instruments                     | 24    | 2,820       | 51,933      | -          | -          |
| Assets classified as held for sale                   | 25    | 42,416      | 42,416      | -          | -          |
| Cash and cash equivalents                            | 26    | 4,229,353   | 1,983,030   | 1,245,100  | 769,215    |
| Total assets   |       | 167,522,430 | 134,149,688 | 28,665,374 | 27,398,078 |
|  |       |             |             |            |            |
| Liabilities and equity                               |       |             |             |            |            |
| Liabilities  |       |             |             |            |            |
| Debentures   | 27    | 3,908,443   | 3,573,447   | 2,139,115  | 1,058,299  |
| Retirement benefit obligations                       | 28    | 322,290     | 285,543     | 40,025     | 26,393     |
| Interest bearing loans & borrowings                  | 29    | 29,585,436  | 23,522,292  | 14,647,572 | 17,322,154 |
| Deposits from customers                              | 30    | 15,903,812  | 13,556,431  | -          | -          |
| Insurance liability -life                            | 31    | 16,031,420  | 14,544,804  | -          | -          |
| Reinsurance creditors                                | 32    | 70,983      | 276         | -          | -          |
| Liabilities related to Equity Accounted Subsidiaries | 15.1  | -           | -           | 13,054     | 292,411    |
| Amount due to related parties                        | 33    | 1,269,861   | 8,163       | 1,276,379  | 6,708      |
| Trade and other payables                             | 34    | 8,642,123   | 11,557,590  | 500,715    | 385,324    |
| Derivative financial instruments                     | 35    | 768         | 71,742      | -          | -          |
| Securities sold under repurchase agreements          | 36    | 73,109,134  | 49,643,339  | -          | -          |
| Bank overdrafts                                      | 26    | 1,391,740   | 2,082,924   | 422,960    | 112,432    |
| Total liabilities                                    |       | 150,236,010 | 118,846,551 | 19,039,820 | 19,203,721 |





| As at 31 December                                      | Notes | Group              |                    | Company           |                   |
|--|-------|--------------------|--------------------|-------------------|-------------------|
|  |       | 2025<br>Rs. '000   | 2024<br>Rs. '000   | 2025<br>Rs. '000  | 2024<br>Rs. '000  |
| <b>Equity</b>  |       |                    |                    |                   |                   |
| Stated capital   | 37    | 4,300,000          | 4,300,000          | 4,300,000         | 4,300,000         |
| Risk reserves  | 38    | 1,274,685          | 1,066,516          | 1,274,685         | 1,066,516         |
| Reserve fund   | 39.1  | 220,261            | 202,891            | 220,261           | 202,891           |
| Restricted regulatory reserve                          | 39.2  | 1,336,414          | 1,336,414          | 1,336,414         | 1,336,414         |
| Fair valuation reserve                                 | 39.3  | 43,157             | 186,654            | 43,157            | 186,654           |
| Revaluation reserve                                    | 39.4  | 52,804             | 26,004             | 52,804            | 26,004            |
| Regulatory Loss Allowance reserve                      |       | 181,236            | -                  | 181,236           | -                 |
| Retained Earnings                                      |       | 2,264,529          | 1,466,553          | 2,216,997         | 1,075,878         |
| <b>Total equity attributable owners of the company</b> |       | <b>9,673,086</b>   | <b>8,585,032</b>   | <b>9,625,554</b>  | <b>8,194,357</b>  |
| Non - controlling interests                            |       | 7,613,334          | 6,718,104          | -                 | .                 |
| <b>Total equity</b>                                    |       | <b>17,286,420</b>  | <b>15,303,137</b>  | <b>9,625,554</b>  | <b>8,194,357</b>  |
| <b>Total liabilities and equity</b>                    |       | <b>167,522,430</b> | <b>134,149,688</b> | <b>28,665,374</b> | <b>27,398,078</b> |

Figures in bracket indicate deductions.

The Notes to the Financial Statements on pages XX to XX form an integral part of these Financial Statements.

I certify that the Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.

**Thanushka Jayasundara**  
Group Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements. Approved and signed for and on behalf of the Board by,

**Chandana L. de Silva**  
Chairman

**Ramesh Schaffter**  
Managing Director

11th June 2025  
Colombo.

# STATEMENT OF COMPREHENSIVE INCOME

| For the year ended 31 March   | Notes | Group             |                   | Company            |                    |
|---|-------|-------------------|-------------------|--------------------|--------------------|
|   |       | 2025<br>Rs. '000  | 2024<br>Rs. '000  | 2025<br>Rs. '000   | 2024<br>Rs. '000   |
| <b>Continuing Operations</b>  |       |                   |                   |                    |                    |
| Revenue from contracts with customers                                       |       | 18,016,558        | 33,319,571        | -                  | -                  |
| Revenue from Insurance contracts  |       | 6,562,912         | 4,558,722         | -                  | -                  |
| Shared Services   |       | -                 | -                 | -                  | -                  |
| Dividend Income   |       | 182,779           | 43,045            | 506                | 337                |
| <b>Total Revenue</b>  | 40    | <b>24,762,249</b> | <b>37,921,338</b> | <b>506</b>         | <b>337</b>         |
| Revenue   | 40    | 24,762,249        | 37,921,338        | 506                | 337                |
| Cost of sales and direct expenses   |       | (10,009,657)      | (12,783,838)      | -                  | -                  |
| <b>Gross profit</b>   |       | <b>14,752,592</b> | <b>25,137,500</b> | <b>506</b>         | <b>337</b>         |
| <b>Benefits and losses</b>  |       |                   |                   |                    |                    |
| Insurance claims and benefits (Net)   | 41    | (3,938,349)       | (3,405,033)       | -                  | -                  |
| Underwriting and net acquisition cost                                       | 42    | (1,662,727)       | (1,162,592)       | -                  | -                  |
| Change in contract liabilities -Life  |       | (1,376,912)       | (2,502,624)       | -                  | -                  |
|   |       | (6,977,988)       | (7,070,249)       | -                  | -                  |
| Other operating income  | 43    | 2,782,229         | (580,253)         | 79,609             | (576,232)          |
| Change in fair value of financial assets- Fair value through profit or loss | 43.3  | 3,938,746         | 5,349,425         | (7,474)            | 6,542              |
|   |       | 14,495,579        | 22,836,423        | 72,641             | (569,353)          |
| <b>Operating expenses</b>   |       |                   |                   |                    |                    |
| Selling & distribution expenses   |       | (267,867)         | (280,828)         | (77,755)           | (40,962)           |
| Administrative & other operating expenses                                   | 44    | (6,629,167)       | (7,440,728)       | (505,124)          | (1,007,453)        |
| Impairment charges  | 45    | (17,085)          | (19,500)          | 295,003            | (273,330)          |
| <b>Profit / (Loss) from operations</b>                                      |       | <b>7,581,460</b>  | <b>15,295,586</b> | <b>(215,235)</b>   | <b>(1,891,098)</b> |
| Finance income  | 47    | 3,343,594         | 3,872,030         | 157,748            | 110,101            |
| Finance cost  | 48    | (2,248,074)       | (3,587,711)       | (2,500,904)        | (4,880,882)        |
| <b>Net finance (cost) / income</b>  |       | <b>1,095,520</b>  | <b>284,319</b>    | <b>(2,343,156)</b> | <b>(4,770,781)</b> |
| Share of profit/(loss) from equity accounted investee (net of tax)          | 15.2  | -                 | -                 | 6,573,156          | 10,920,817         |
| <b>Operating profit / (loss) before taxation on financial services</b>      |       | <b>8,676,980</b>  | <b>15,579,905</b> | <b>4,014,765</b>   | <b>4,258,938</b>   |

| For the year ended 31 March   | Notes | Group            |                  | Company          |                  |
|---|-------|------------------|------------------|------------------|------------------|
|   |       | 2025<br>Rs. '000 | 2024<br>Rs. '000 | 2025<br>Rs. '000 | 2024<br>Rs. '000 |
| Profit / (Loss) before income tax   |       | 8,676,980        | 15,379,686       | 4,014,765        | 4,258,938        |
| Income tax expense  | 49    | (3,432,615)      | (7,418,666)      | (516,256)        | (146,668)        |
| Net Profit for the year   |       | 5,244,365        | 7,961,020        | 3,498,509        | 4,112,270        |
| Other comprehensive income  |       |                  |                  |                  |                  |
| Items that will never be reclassified to profit or loss                                   |       |                  |                  |                  |                  |
| Gain/(loss) on financial assets measured at fair value through other comprehensive income |       | 426,323          | 338,254          | -                | -                |
| Available For Sale Financial Assets transferred to Income Statement                       |       | (625,381)        | 273,442          |                  |                  |
| Net realised gains transferred to Statement of profit or loss                             |       | -                | -                |                  | -                |
| Revaluation of Motor Vehicle  |       | 35,000           |                  |                  | -                |
| Actuarial gain/(loss) on retirement benefit obligations                                   | 30.2  | 30,154           | (54,735)         | 812              | (14,831)         |
| Actuarial loss transferred to Long Term Fund  |       | (418)            | 4,207            | -                | -                |
| Reimbursement of Actuarial Gain   |       | (32,702)         | 10,003           |                  |                  |
| Tax effect on other comprehensive (expense) / income                                      |       | 1,447            | 3,589            | -                | -                |
| Share of other comprehensive income from equity accounted investee (net of tax)           | 15.2  | -                | -                | (128,125)        | 462,971          |
| Other comprehensive (loss) / income for the year net of tax                               |       | (165,577)        | 574,760          | (127,313)        | 448,140          |
| Total comprehensive (loss) / income for the year  |       | 5,078,788        | 8,535,780        | 3,371,196        | 4,560,410        |
| (Loss) / Profit attributable to:  |       |                  |                  |                  |                  |
| Owners of the Company   |       | 3,155,366        | 4,317,267        | 3,498,509        | 4,112,270        |
| Non - Controlling Interests   |       | 2,088,999        | 3,643,753        | -                | -                |
|   |       | 5,244,365        | 7,961,020        | 3,498,509        | 4,112,270        |
| Total comprehensive (expense)/income attributable to :                                    |       |                  |                  |                  |                  |
| Owners of the Company   |       | 3,028,051        | 4,765,407        | 3,371,196        | 4,560,410        |
| Non - Controlling Interests   |       | 2,050,737        | 3,770,373        | -                | -                |
|   |       | 5,078,788        | 8,535,780        | 3,371,196        | 4,560,410        |
| Basic Profit / (loss) per share   | 50    | 4.98             | 6.81             | 5.52             | 6.54             |

The Notes to the Financial Statements on pages XX to XX form an integral part of these Financial Statements.

Figures in brackets indicate deductions.



# STATEMENT OF CHANGES IN EQUITY

Attributable to equity holders of the parent

| Group  | Stated Capital<br>Rs. '000 | Reserve Fund<br>Rs. '000 | Risk Reserve<br>Rs. '000 |
|--|----------------------------|--------------------------|--------------------------|
| Balance as at 01st April 2023  | 4,300,000                  | 186,564                  | 402,474                  |
| Adjustment to AFS Reserve Fund of Life Policyholders                     |                            |                          |                          |
| Balance as at 01st April 2023  | 4,300,000                  | 186,564                  | 402,474                  |
| Total Comprehensive income for the year                                  |                            |                          |                          |
| Profit/(Loss) for the year   | -                          | -                        | -                        |
| Share of equity investees other comprehensive Income/(Loss) for the year | -                          | -                        | -                        |
| Company's other comprehensive Income/(Loss) for the year                 |                            |                          |                          |
| Total Comprehensive income for the year                                  | -                          | -                        | -                        |
| Transfers  |                            |                          |                          |
| Transfer to Reserve Fund   | -                          | 16,327                   | 818,356                  |
| Total transfers  | -                          | 16,327                   | 818,356                  |
| Transactions with owners of the company                                  |                            |                          |                          |
| Disposal of equity stake in subsidiary                                   | -                          | -                        | -                        |
| Loss on sale of FVTOCI Investments                                       | -                          | -                        | -                        |
| Adjustment to change in share ownership                                  | -                          | -                        | (154,314)                |
| Sale of subsidiary shares within the group                               |                            |                          |                          |
| Dividends  | -                          | -                        | -                        |
| Total transactions with owners of the company                            | -                          | -                        | (154,314)                |
| Balance as at 31st March 2024  | 4,300,000                  | 202,891                  | 1,066,516                |
| Balance as at 01st April 2024  | 4,300,000                  | 202,891                  | 1,066,516                |
| Total Comprehensive income for the year                                  |                            |                          |                          |
| Profit/(Loss) for the year   | -                          | -                        | -                        |
| Share of equity investees other comprehensive Income/(Loss) for the year | -                          | -                        | -                        |
| Company's other comprehensive Income/(Loss) for the year                 |                            |                          |                          |
| Total Comprehensive income for the year                                  | -                          | -                        | -                        |
| Transfers  |                            |                          |                          |
| Transfer to Risk Reserve   | -                          | 17,370                   | 208,169                  |
| Transfer to Regulatory Loss Reserve                                      |                            |                          |                          |
| Total transfers  | -                          | 17,370                   | 208,169                  |
| Transaction with owners of the Company                                   |                            |                          |                          |
| Loss on sale of FVTOCI Investments                                       | -                          | -                        | -                        |
| Dividends  | -                          | -                        | -                        |
| Total transaction with owners of the Company                             | -                          | -                        | -                        |
| Balance as at 31st March 2025  | 4,300,000                  | 220,261                  | 1,274,685                |

The Notes to the Financial Statements on pages XX to XX form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

| Attributable to equity holders of the parent    |                                    |  |                                   |  |                                  |                   |  |                             |
|---|------------------------------------|--|-----------------------------------|--|----------------------------------|-------------------|--|-----------------------------|
| Restricted<br>Regulatory<br>Reserve<br>Rs. '000 | Revaluation<br>Reserve<br>Rs. '000 | Fair Value<br>Reserve<br>Fund of life<br>Policyholders<br>Rs. '000 | Fair Value<br>Reserve<br>Rs. '000 | Regulatory<br>Loss<br>Allowance<br>reserve<br>Rs. '000 | Retained<br>Earnings<br>Rs. '000 | Total<br>Rs. '000 | Non -<br>Controlling<br>Interest<br>Rs. '000 | Total<br>Equity<br>Rs. '000 |
| 1,363,393                                       | 26,004                             | (494,481)  | (465,733)                         | -  | (361,342)                        | 4,956,879         | 5,519,190                                    | 10,476,069                  |
|   |                                    | 494,481  |                                   |  |                                  | 494,481           | 36,246                                       | 530,727                     |
| 1,363,393                                       | 26,004                             | -  | (465,733)                         | -  | (361,342)                        | 5,451,360         | 5,555,436                                    | 11,006,796                  |
| -   | -                                  | -  | -                                 | -  | 4,317,269                        | 4,317,269         | 3,643,753                                    | 7,961,021                   |
| -   | -                                  | -  | 481,271                           | -  | (18,300)                         | 462,971           | 126,621                                      | 589,592                     |
|   |                                    |  |                                   | -  | (14,831)                         | (14,831)          | -  | (14,831)                    |
| -   | -                                  | -  | 481,271                           | -  | 4,284,137                        | 4,765,409         | 3,770,373                                    | 8,535,782                   |
| -   | -                                  | -  | -                                 | -  | (834,683)                        | -                 | -  | -                           |
| -   | -                                  | -  | -                                 | -  | (834,683)                        | -                 | -  | -                           |
| -   | -                                  | -  | -                                 | -  | -                                | -                 | -  | -                           |
| -   | -                                  | -  | 175                               | -  | (175)                            | -                 | -  | -                           |
| (26,979)  | -                                  | -  | 170,941                           | -  | 70,198                           | 59,847            | (59,847)                                     | -                           |
| -   | -                                  | -  | -                                 | -  | -                                | -                 | -  | -                           |
| -   | -                                  | -  | -                                 | -  | (1,691,583)                      | (1,691,583)       | (2,547,858)                                  | (4,239,440)                 |
| (26,979)  | -                                  | -  | 171,116                           | -  | (1,621,559)                      | (1,631,735)       | (2,607,705)                                  | (4,239,440)                 |
| 1,336,414                                       | 26,004                             | -  | 186,655                           | -  | 1,466,553                        | 8,585,033         | 6,718,104                                    | 15,303,137                  |
| 1,336,414                                       | 26,004                             | -  | 186,655                           | -  | 1,466,553                        | 8,585,033         | 6,718,104                                    | 15,303,137                  |
| -   | -                                  | -  | -                                 | -  | 3,155,366                        | 3,155,366         | 2,088,999                                    | 5,244,365                   |
| -   | 26,800                             | -  | (153,238)                         | -  | (1,687)                          | (128,125)         | (37,452)                                     | (165,577)                   |
|   |                                    |  |                                   | -  | 812                              | 812               |  | 812                         |
| -   | 26,800                             | -  | (153,238)                         | -  | 3,154,491                        | 3,028,053         | 2,051,547                                    | 5,079,600                   |
| -   | -                                  | -  | -                                 | -  | (225,539)                        | -                 | -  | -                           |
|   |                                    |  |                                   | 181,236  | (181,236)                        |                   |  |                             |
| -   | -                                  | -  | -                                 | 181,236  | (406,775)                        | -                 | -  | -                           |
| -   | -                                  | -  | 9,740                             | -  | (9,740)                          | -                 | -  | -                           |
| -   | -                                  | -  | -                                 | -  | (1,940,000)                      | (1,940,000)       | (1,156,317)                                  | (3,096,317)                 |
| -   | -                                  | -  | 9,740                             | -  | (1,949,740)                      | (1,940,000)       | (1,156,317)                                  | (3,096,317)                 |
| 1,336,414                                       | 52,804                             | -  | 43,157                            | 181,236  | 2,264,529                        | 9,673,086         | 7,613,334                                    | 17,286,420                  |

# STATEMENT OF CHANGES IN EQUITY

| Company  | Stated Capital<br>Rs. '000 | Reserve Fund<br>Rs. '000 | Risk Reserve<br>Rs. '000 |
|--|----------------------------|--------------------------|--------------------------|
| Balance as at 1st April 2023   | 4,300,000                  | 186,564                  | 402,474                  |
| Adjustment to AFS Reserve Fund of Life Policyholders                     |                            |                          |                          |
| Balance as at 1st April 2023   | 4,300,000                  | 186,564                  | 402,474                  |
| Total Comprehensive income for the year                                  |                            |                          |                          |
| Profit/(Loss) for the year   | -                          | -                        | -                        |
| Share of equity investees other comprehensive Income/(Loss) for the year |                            |                          |                          |
| Company's other comprehensive Income/(Loss) for the year                 | -                          | -                        | -                        |
| Total Comprehensive income for the year                                  | -                          | -                        | -                        |
| Transfers  |                            |                          |                          |
| Transfer to Reserve Fund   | -                          | 16,327                   | 818,356                  |
| Total transfers  | -                          | 16,327                   | 818,356                  |
| Transactions with owners of the company                                  |                            |                          |                          |
| Change in ownership interest   |                            |                          |                          |
| Loss on sale of FVTOCI Investments                                       | -                          | -                        | -                        |
| Adjustment to change in share ownership                                  | -                          | -                        | (154,314)                |
| Dividends  | -                          | -                        | -                        |
| Total transactions with owners of the company                            | -                          | -                        | (154,314)                |
| Balance as at 31st March 2024  | 4,300,000                  | 202,891                  | 1,066,516                |
| Balance as at 1st April 2024   | 4,300,000                  | 202,891                  | 1,066,516                |
| Profit/(Loss) for the year   | -                          | -                        | -                        |
| Share of equity investees other comprehensive Income/(Loss) for the year | -                          | -                        | -                        |
| Company's other comprehensive Income/(Loss) for the year                 | -                          | -                        | -                        |
| Total Comprehensive income for the year                                  | -                          | -                        | -                        |
| Transfers  |                            |                          |                          |
| Transfer to Risk Reserve   | -                          | 17,370                   | 208,169                  |
| Transfer to Regulatory Loss Reserve                                      |                            |                          |                          |
| Total transfers  | -                          | 17,370                   | 208,169                  |
| Transactions with owners of the company                                  |                            |                          |                          |
| Ordinary share issue (Note 39)   |                            |                          |                          |
| Loss on sale of FVTOCI Investments                                       | -                          | -                        | -                        |
| Dividends  | -                          | -                        | -                        |
| Total transactions with owners of the company                            | -                          | -                        | -                        |
| Balance as at 31st March 2025  | 4,300,000                  | 220,261                  | 1,274,685                |

The Notes to the Financial Statements on pages XX to XX form an integral part of these Financial Statements.

Figures in brackets indicate deductions.





| Restricted<br>Regulatory Reserve<br>Rs. '000 | Revaluation<br>Reserve<br>Rs. '000 | Fair Value Reserve<br>Fund of life<br>Policyholders<br>Rs. '000 | Fair Value Reserve<br>Rs. '000 | Regulatory Loss<br>Allowance reserve<br>Rs. '000 | Retained Earnings<br>Rs. '000 | Total<br>Equity<br>Rs. '000 |
|--|------------------------------------|---|--------------------------------|--|-------------------------------|-----------------------------|
| 1,363,393                                    | 26,004                             | (494,481)   | (465,733)                      | -  | (519,222)                     | 4,798,999                   |
|  |                                    | 494,481   |                                | -  | -                             | 494,481                     |
| 1,363,393                                    | 26,004                             | -   | (465,733)                      | -  | (519,222)                     | 5,293,480                   |
| -  | -                                  | -   | -                              | -  | 4,144,320                     | 4,144,320                   |
|  |                                    |   | 481,271                        | -  | (18,300)                      | 462,971                     |
| -  | -                                  | -   | -                              | -  | (14,831)                      | (14,831)                    |
| -  | -                                  | -   | 481,271                        | -  | 4,111,189                     | 4,592,460                   |
| -  | -                                  | -   | -                              | -  | (834,683)                     | (0)                         |
| -  | -                                  | -   | -                              | -  | (834,683)                     | (0)                         |
| -  | -                                  | -   | 175                            | -  | (175)                         |                             |
| (26,979)                                     | -                                  | -   | 170,941                        | -  | 10,351                        | -                           |
| -  | -                                  | -   | -                              | -  | (1,691,582)                   | (1,691,582)                 |
| (26,979)                                     | -                                  | -   | 171,116                        | -  | (1,681,406)                   | (1,691,582)                 |
| 1,336,414                                    | 26,004                             | -   | 186,655                        | -  | 1,075,878                     | 8,194,357                   |
| 1,336,414                                    | 26,004                             | -   | 186,655                        | -  | 1,075,878                     | 8,194,357                   |
| -  | -                                  | -   | -                              | -  | 3,498,509                     | 3,498,509                   |
| -  | 26,800                             | -   | (153,238)                      | -  | (1,687)                       | (128,125)                   |
| -  | -                                  | -   | -                              | -  | 812                           | 812                         |
| -  | 26,800                             | -   | (153,238)                      | -  | 3,497,634                     | 3,371,196                   |
| -  | -                                  | -   | -                              | -  | (225,539)                     | -                           |
|  |                                    |   |                                | 181,236  | (181,236)                     |                             |
| -  | -                                  | -   | -                              | 181,236  | (406,775)                     | -                           |
| -  | -                                  | -   | 9,740                          | -  | (9,740)                       | -                           |
| -  | -                                  | -   | -                              | -  | (1,940,000)                   | (1,940,000)                 |
| -  | -                                  | -   | 9,740                          | -  | (1,949,740)                   | (1,940,000)                 |
| 1,336,414                                    | 52,804                             | -   | 43,157                         | 181,236  | 2,216,997                     | 9,625,554                   |

# STATEMENT OF CASH FLOWS

| For the year ended 31 March,                                   | Notes | Group              |                   | Company            |                  |
|--|-------|--------------------|-------------------|--------------------|------------------|
|  |       | 2025<br>Rs. '000   | 2024<br>Rs. '000  | 2025<br>Rs. '000   | 2024<br>Rs. '000 |
| <b>Cash flows from operating activities</b>                    |       |                    |                   |                    |                  |
| Profit/(Loss) before tax expenses                              |       | 8,676,980          | 15,379,686        | 4,014,765          | 4,290,988        |
| Adjustments for  |       |                    |                   |                    |                  |
| Finance income   | 47    | (3,343,594)        | (3,872,030)       | (157,748)          | (110,101)        |
| Finance cost   | 48    | 2,248,074          | 3,587,711         | 2,500,904          | 4,880,882        |
| ROU Adjustment   |       | 128,672            |                   | (20,625)           |                  |
| Depreciation and amortization                                  | 46    | 534,866            | 388,341           | 47,898             | 12,222           |
| Profit on disposal of property, plant and equipment            |       | (2,233)            | (339)             |                    |                  |
| Fair value (gain)/loss on financial assets                     | 43.3  | (3,938,746)        | (5,349,425)       | 7,474              | (6,542)          |
| Fair value loss on biological assets                           | 43    | -                  | 498,900           | -                  | 498,900          |
| Fair value (gain)/loss on investment properties                | 11    | (34,489)           | 362,572           | 500                | 401,500          |
| Exchange Loss  | 12    | 2,300              | 6,740             | 2,300              | 6,740            |
| Change in effective holding percentage                         | 16.2  | -                  | 234,685           | -                  | 234,685          |
| Assets write off   | 10/14 | -                  | 427,013           | -                  | 427,013          |
| Impairment charges   | 45    | 17,085             | 19,500            | (295,003)          | 273,330          |
| Gratuity provision   | 28    | 79,589             | 67,824            | 15,588             | 4,777            |
| Share of profit from equity accounted investee (net of tax)    |       |                    |                   | (6,573,156)        | (10,952,867)     |
| Gain on disposal of shares of equity accounted investees       |       |                    |                   | -                  | (294,532)        |
| <b>Operating profit/(loss) before working capital changes</b>  |       | <b>4,368,504</b>   | <b>11,751,178</b> | <b>(457,103)</b>   | <b>(333,005)</b> |
| Change in inventories  |       | (7,841)            | 2,253             |                    |                  |
| Change in loans and advances to customers                      |       | (6,396,021)        | (2,717,727)       |                    |                  |
| Change in financial assets                                     |       | (22,932,850)       | (10,528,596)      | (175,276)          | (40,734)         |
| Change in amount due from related parties                      |       | 1,015,967          | 5,985,244         | 750,430            | 6,104,272        |
| Change in premium and other receivables                        |       | (51,367)           | 185,981           |                    |                  |
| Change in Trade, other receivables and advances                |       | 1,920,404          | (3,028,011)       | 32,798             | (216,605)        |
| Change in deposits from customers                              |       | 2,347,381          | 2,796,932         |                    |                  |
| Change in Trade and other payables                             |       | (945,906)          | 3,616,745         | 18,845             | 192,816          |
| Change in amount due to related parties                        |       | 1,261,698          | (32,351)          | 1,269,671          | (33,703)         |
| Change in life insurance fund                                  |       | 1,486,616          | 2,351,165         |                    |                  |
| Change in Securities sold under re-purchase agreements         |       | 23,465,795         | 3,312,750         |                    |                  |
| <b>Cash generated from/(used in) operations</b>                |       | <b>5,532,380</b>   | <b>13,695,562</b> | <b>1,439,365</b>   | <b>5,673,041</b> |
| Gratuity paid  | 28    | (14,272)           | (38,717)          | (1,144)            | (934)            |
| Income taxes paid  |       | (4,980,813)        | (2,652,805)       |                    |                  |
| Withholding tax on dividend declared from subsidiary companies |       | (730,793)          | (1,360,307)       | (516,256)          | (146,668)        |
| Finance costs paid   |       | (2,117,435)        | (3,587,711)       | (2,490,066)        | (4,880,882)      |
| <b>Net cash flows from/(used in) operating activities</b>      |       | <b>(2,310,933)</b> | <b>6,056,022</b>  | <b>(1,568,101)</b> | <b>644,557</b>   |

| For the year ended 31 March,                                 | Group |             |             | Company     |             |
|--|-------|-------------|-------------|-------------|-------------|
|  |       | 2025        | 2024        | 2025        | 2024        |
|  | Notes | Rs. '000    | Rs. '000    | Rs. '000    | Rs. '000    |
|  |       |             |             |             |             |
| Cash flows from investing activities                         |       |             |             |             |             |
| Acquisition of property, plant and equipment                 | 10    | (1,020,891) | (621,151)   | (32,647)    | (110,630)   |
| Acquisition of investment properties                         | 11    | (59,961)    | (85,000)    | (46,840)    | (85,000)    |
| Investment in Subsidiary                                     | 15.2  |             |             | -           | (137,631)   |
| Acquisition of intangible assets                             | 14    | (97,118)    | (38,524)    |             |             |
| Proceeds from disposal of property, plant and equipment      |       | 4,114       | 550         | 121         |             |
| Proceeds from disposal of investment properties              |       | -           | 84,072      |             |             |
| Proceeds from disposal of right to use asset                 |       | -           | 87,001      | -           | 87,001      |
| Proceeds from disposal of biological assets                  |       | -           | 429,500     | -           | 429,500     |
| Finance income   |       | 3,343,594   | 3,872,030   | 157,748     | 110,101     |
| Proceeds from disposal of Subsidiary Shares                  |       | 58,125      |             | 58,125      | 3,754,587   |
| Dividend Received  |       | 42,101      | 42,101      |             |             |
| Dividend income from equity accounted investee               | 15.2  |             |             | 5,163,554   | 5,320,402   |
| Net cash flows generated from/(used in) investing activities |       | 2,269,964   | 3,770,579   | 5,300,061   | 9,368,329   |
|  |       |             |             |             |             |
| Cash flows from financing activities                         |       |             |             |             |             |
| Net change in interest bearing loans and borrowings          |       | 6,063,144   | (4,782,082) | (2,674,582) | (6,970,838) |
| Payment of lease liability                                   |       | (323,346)   |             | (32,836)    |             |
| Net change in debentures                                     |       | 334,996     | (157,747)   | 1,080,816   | (720,074)   |
| Dividend paid to equity holders                              |       | (1,940,000) | (1,691,583) | (1,940,000) | (1,691,583) |
| Dividend paid to minority shareholders                       |       | (1,156,317) | (2,547,858) |             |             |
| Net cash flows generated from financing activities           |       | 2,978,477   | (9,179,269) | (3,566,602) | (9,382,494) |
|  |       |             |             |             |             |
| Net increase/(decrease) in cash and cash equivalents         |       | 2,937,508   | 647,332     | 165,358     | 630,393     |
| Cash and cash equivalents at the beginning of the year       |       | (99,895)    | (747,227)   | 656,782     | 26,389      |
| Cash and cash equivalents at the end of the year             | 26    | 2,837,613   | (99,895)    | 822,140     | 656,782     |
|  |       |             |             |             |             |
| Analysis of Cash and Cash Equivalents                        |       |             |             |             |             |
| Favorable Balances   |       |             |             |             |             |
| Cash & Bank Balances   | 26    | 4,229,353   | 1,983,030   | 1,245,100   | 769,215     |
| Unfavorable Cash and Cash Equivalents balance                |       |             |             |             |             |
| Bank Overdrafts  | 26    | (1,391,740) | (2,082,924) | (422,960)   | (112,432)   |
| Total Cash and Cash Equivalents                              |       | 2,837,613   | (99,894)    | 822,140     | 656,782     |

The Notes to the Financial Statements on pages XX to XX form an integral part of these Financial Statements.

Figures in brackets indicate deductions.



# NOTES TO THE FINANCIAL STATEMENTS

## 1. REPORTING ENTITY

Janashakthi Limited ("Company") is a limited liability Company incorporated and domiciled in Sri Lanka on May 1994 under the name of Acland Finance Limited. The registered office and place of business of the Company is No. 2, Deal Place, Colombo 03. The Company was re-registered under the Companies Act No. 07 of 2007.

The Company underwent two name changes between 1994 and 2002 prior to changing its name to Janashakthi Limited on 9th September 2004. The Company listed its Debentures on the Colombo Stock Exchange (CSE) on 1st December 2014 for its Debentures and underwent a further name change as a result to Janashakthi PLC on 29th January 2015. With effective from 17th December 2020, the Company has changed its name to Janashakthi Limited subsequent to delisting of debentures from Colombo Stock Exchange (CSE).

The Consolidated Financial Statements of the Company as at and for the year ended 31 March 2025 include the Company and its Subsidiaries (together referred to as the "Group" and individually as "Group entities").

The Financial Statements of all companies in the Group have a common financial year which ends on 31 March except for the Janashakthi Insurance PLC which ends on 31 December.

### 1.1 Principal Activities

#### 1.1.1 Company

The principal activity of the Company is investing in subsidiaries and providing related services.

There were no significant changes in the nature of the principal activities of the Company and the Group during the financial year under review.

#### 1.1.2 Subsidiaries

| Name of subsidiary                                | Principal activities   |
|---|--|
| Janashakthi Insurance PLC                         | Engages in providing life insurance solutions for both individual and corporate customers.   |
| Janashakthi Finance PLC                           | Engages in providing finance leasing, hire purchasing, debt factoring, mobilization of deposits and pawning (gold loans) advances. |
| First Capital Holdings PLC                        | Investing in and management of subsidiaries  |
| First Capital Limited                             | Engages in debt structuring, corporate finance and advisory services and investing in and management of subsidiaries.              |
| First Capital Treasuries PLC                      | Engages in business operations as a primary dealer in government securities.   |
| First Capital Markets Limited                     | Engages in general investments (fixed income securities) and fee-based activities.   |
| First Capital Asset Management Limited            | Engages in the management of clients' investment portfolios and the management of unit trust.                                      |
| First Capital Equities (Private) Limited          | Engages in stock brokering activities of listed securities.  |
| First Capital Trustees (Private) Limited          | Engages in the business of providing trustee services for corporate debt securities.   |
| First Capital Advisory Services (Private) Limited | Engage in corporate finance advisory services  |
| Janashakthi Corporate Services Limited            | Engages in providing secretarial services  |
| Janashakthi Capital Limited                       | Engages in investing activities.   |
| Orient Capital Limited                            | Engages in investing activities.   |
| Beckett Capital (Pvt) Ltd                         | Engages in providing fitness services.   |
| Janashakthi Business Services (Pvt) Ltd           | Engages in providing share service function to the group.  |

## 2. BASIS OF PREPARATION

### 2.1 Statement of Compliance

The Consolidated Financial Statements of the Group and the Financial Statements of the Company which comprise the Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Notes thereto have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs and LKASs) laid down by the Institute of Chartered Accountants of Sri Lanka, and in compliance with the requirements of Companies Act No. 7 of 2007. These Financial Statements, except for information on cash flows have been prepared following the accrual basis of accounting. These SLFRSs and LKASs are available at [www.casrilanka.com](http://www.casrilanka.com). The Group did not adopt any inappropriate accounting treatments, which are not in compliance with the requirements of the SLFRSs and LKASs, regulations governing the preparation and presentation of the Financial Statements.

### 2.2 Responsibility for Financial Statements

The Board of Directors of the Company is responsible for the preparation and presentation of the Financial Statements of the Group and the Company as per the provisions of the Companies Act No. 07 of 2007 and Sri Lanka Accounting Standards (SLFRSs and LKASs).

The Board of Directors acknowledges their responsibility for Financial Statements as set out in these Financial Statements include the following components:

- a Statement of Profit or Loss and Other Comprehensive Income providing the information on the financial performance of the Group and the Company for the year under review.
- a Statement of Financial Position providing the information on the financial position of the Group and the Company as at the year end.
- a Statement of Changes in Equity depicting all changes in shareholders' funds during the year under review of the Group and the Company.
- a Statement of Cash Flows providing the information to the users, on the ability of the Group and the Company to generate cash and cash equivalents and utilization of those cash flows.
- Notes to the Financial Statements comprising significant accounting policies and other explanatory information.

### 2.3 Approval of Financial Statements by the Board of Directors

The Financial Statements of the Group and the Company for the year ended 31 March 2025 (including comparatives for 2024), were approved and authorized for issue by the Board of Directors in accordance with Resolution of the Directors on 10th June 2025.

### 2.4 Basis of Measurement

The Financial Statements have been prepared on the historical cost basis and applied consistently with no adjustments being made for inflationary factors affecting the Financial Statements, except for the following,

| Category   | Basis of measurement                          | Note    |
|--|---|---------|
| Derivative financial assets/liabilities                                    | Fair value                                    | 7.1.3   |
| Financial assets measured at fair value through profit or loss             | Fair value                                    | 7.1.4.1 |
| Financial assets measured at fair value through other comprehensive income | Fair value                                    | 7.1.4.3 |
| Financial assets at amortized cost   | Amortized cost                                | 7.1.4.2 |
| Right of use of assets & lease liabilities                                 | Present value of future lease rental payments | 7.5     |
| Retirement benefit obligations   | Projected unit credit method                  | 7.17.1  |
| Investment property  | Fair value                                    | 11      |

### 2.5 Functional and Presentation Currency

Items included in these Financial Statements of the Group are measured using the currency of the primary economic environment in which the Group operates (the "Functional Currency"). There was no change in the Group's presentation and functional currency during the year under review. These Financial Statements are presented in Sri Lankan Rupees, the Group's functional and presentation currency.

### 2.6 Presentation of Financial Statements

The assets and liabilities of the Group presented in the Statement of Financial Position are grouped by nature. No adjustments have been made for inflationary factors affecting the Financial Statements.

### 2.7 Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard - LKAS 01 on "Presentation of Financial Statements" and amendments to the LKAS 01 on "Disclosure initiative", which was effective from 01st January 2016.

Notes to the financial statements are presented in a systematic manner which ensures the understandability and comparability of financial statements of the Group.

# NOTES TO THE FINANCIAL STATEMENTS

## 2.8 Offsetting

Financial assets and financial liabilities are offset, and the net amount reported in the Statement of Financial Position, only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

Income and expenses are not offset in the Statement of Profit or Loss and Other Comprehensive income, unless required or permitted by an Accounting Standard or Interpretation (issued by the International Financial Reporting Interpretations Committee and Standard Interpretation Committee) and as specifically disclosed in the significant accounting policies of the Group.

## 2.9 Rounding

The amounts in the Financial Statements have been rounded-off to the nearest Rupee thousands, except where otherwise indicated as permitted by the Sri Lanka Accounting Standard – LKAS 01 on “Presentation of Financial Statements”.

## 2.10 Comparative Information

Comparative 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.

## 2.11 Use of Judgements and Estimates

The preparation of Consolidated Financial Statements in conformity with SLFRSs/ LKASs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results which form the basis of making the judgements about the carrying amount of assets and liabilities that are not readily apparent from other sources.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about critical judgments, estimates and assumptions in applying accounting policies that have the most significant effect on the amounts recognized in the Consolidated Financial Statements are included in the following notes to these Financial Statements.

| Critical accounting estimate/judgement                    | Disclosure Note |
|---|-----------------|
| Going concern   | 2.12            |
| Fair value of financial instruments                       | 2.13            |
| Impairment of Goodwill                                    | 4.1.2           |
| Equity Accounted Investee                                 | 4.1.9           |
| Deferred tax on unutilized tax losses                     | 6.6             |
| Classification of financial assets and liabilities        | 7.1.2           |
| Impairment losses on financial assets                     | 7.1.7           |
| Useful lives of property, plant and equipment             | 7.2.3           |
| Non-current assets held for sale                          | 7.4             |
| Useful lives of intangible assets                         | 7.6             |
| Impairment of non-financial assets                        | 7.8             |
| Provisions for liabilities, commitments and contingencies | 7.14            |
| Retirement benefit obligation                             | 7.18.1          |
| Insurance contract liability                              | 8.5.3           |
| Liability adequacy test                                   | 8.5.3           |

## 2.12 Going Concern

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis. The management has formed judgment that the Company, its subsidiaries, and affiliates have adequate resources to continue in operational existence for the foreseeable future driven by the continuous operationalization of risk mitigation initiatives and monitoring of business continuity and response plans at each business unit level along with the financial strength of the Group.

## 2.13 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 between market participants at the measurement date in the principal or, in the absence, in the most advantageous market to which the Group has the access at that date. The fair value of a liability reflects its non-performance risk.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

### Level 1

Inputs that are quoted (unadjusted) market prices in active markets for identical assets or liabilities.



When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument.

A market is regarded as active if transactions for asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

#### Level 2

Inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices).

This category includes instruments valued using;

- quoted prices in active markets for similar instruments,
- quoted prices for identical or similar instruments in markets that are considered to be less active, or
- other valuation techniques in which almost all significant inputs are directly or indirectly observable from market data.

#### Level 3

Inputs that are unobservable.

This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

This category includes instruments that are valued based on quoted prices of similar instruments for which significant unobservable adjustments or assumptions are required to reflect difference between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, risk premiums in estimating discount rates, bond and equity prices, foreign exchange rates, expected price volatilities and corrections.

Observable prices or model inputs such as market interest rates are usually available in the market for listed equity securities and Government Securities such as Treasury Bills and Treasury Bonds. Availability of observable prices and model inputs reduces the need for Management judgment and estimation while reducing uncertainty associated in determining the fair values.

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 recognized only when the inputs become observable or on derecognition of the instrument.

Further information about the assumptions made in measuring fair values is included in following notes'

- Note 11.3: Investment Property
- Note 17.1: Financial Assets

### 2.14 Useful Lifetime of the Property, Plant & Equipment

The Group reviews the residual values, useful lives and methods of depreciation of Property, Plant & Equipment at each reporting date. Judgment of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

### 2.15 Provisions for Liabilities, Commitments and Contingencies

The Group receives legal claims in the normal course of business. Management has made judgments as to the likelihood of any claim succeeding in making provisions.

The time of concluding legal claims is uncertain, as is the amount of possible outflow of economic benefits. Timing and cost ultimately depend on the due processes in respective legal jurisdictions.

### 2.16 Revaluation and Fair Valuation of property, plant & equipment and investment properties

The land and buildings are measured at revalued amounts with changes in fair value being recognized in the statement of equity. The investment properties are measured at fair value, with changes in fair value being recognized in the statement of profit or loss.

### 2.17 Life insurance contract liabilities

The liability for life insurance contracts is based on assumptions established at inception of the contract, reflecting the best estimate at the time. All contracts are subject to a liability adequacy test, which reflect the best current estimates of future cash flows.

The main assumptions used relate to mortality, longevity, and discount rates. The Company bases mortality on standard tables published by the Institute of Actuaries of United Kingdom (A 67/70 and A 49/52). Discounts rates are based on the guidelines provided by the Insurance Regularity Commission of Sri Lanka (IRC SL) and are in line with SLFRS 4 Insurance Contracts.

## 3. CHANGE IN MATERIAL ACCOUNTING POLICIES

### 3.1 Deferred tax related to assets and liabilities arising from a single transaction

The Group has adopted Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) from 1 January 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g.



# NOTES TO THE FINANCIAL STATEMENTS

leases and decommissioning liabilities. For leases and decommissioning liabilities, an entity is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, an entity applies the amendments to transactions that occur on or after the beginning of the earliest period presented.

The Group previously accounted for deferred tax on leases and decommissioning liabilities by applying the 'integrally linked' approach, resulting in a similar outcome as under the amendments, except that the deferred tax asset or liability was recognised on a net basis. Following the amendments, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. However, there was no impact on the statement of financial position because the balances qualify for offset under paragraph 74 of IAS 12. There was also no impact on the opening retained earnings as at 1 January 2022 as a result of the change. The key impact for the Group relates to disclosure of the deferred tax assets and liabilities recognised (see Note 14).

## 3.2 Global minimum top-up tax

The Group has adopted International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12) upon their release on 23 May 2023. The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which is effective immediately, and require new disclosures about the Pillar Two exposure (see Note 14). The mandatory exception applies retrospectively. However, because no new legislation to implement the top-up tax was enacted or substantively enacted at 31 December 2022 in any jurisdiction in which the Group operates and no related deferred tax was recognised at that date, the retrospective application has no impact on the Group's consolidated financial statements.

## 3.3 Material accounting policy information

The Group also adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements. Management reviewed the accounting policies and made updates to the information disclosed in Note 4 Material accounting policies (2022: Significant accounting policies) in certain instances in line with the amendments.

## 4. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by the Group. Comparative information has where necessary been reclassified to confirm the current year's presentation.

### 4.1 BASIS OF CONSOLIDATION

#### 4.1.1 General

The Group's financial statements comprise, consolidated Financial Statements of the Group and its subsidiaries in terms of the Sri Lanka Accounting Standard – SLFRS 10 on 'Consolidated Financial Statements'. Thus, the consolidation Financial Statements present financial information about the Group as a single economic entity distinguishing the equity attributable to the parent (controlling interest) and attributable to minority shareholders with Non-Controlling Interests.

#### 4.1.2 Business Combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in statement of profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in statement of profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in statement of profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognized amount of any Non-Controlling Interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in statement of profit or loss.

#### 4.1.3 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity if it is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entities. Details of the Group's Subsidiaries are set out in notes 1.1 and 16.

The Company accounts for investment in subsidiaries using equity method. The investment is initially recognized at cost. Subsequent to initial recognition share of profit or loss and other comprehensive income of the subsidiaries are capitalized to the investment. The Dividends received from subsidiaries are treated as reduction of investment.

The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date that control effectively commences until the date that control effectively ceases.

The Consolidated Financial Statements are prepared to common financial year end of 31 March except for Janashakthi Insurance PLC which has a year-end of 31st December.

Where Subsidiaries have been sold or acquired during the year, their operating results have been included to the date of disposal or from the date of acquisition. Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any Non-Controlling Interest and the other components of equity related to the subsidiary.

During the year Janashakthi Limited being the parent company of Beckett Capital Pvt Ltd sold its entire stake of 100% on 31st January 2025. Details of this disposal is presented in Note 16.

#### 4.1.3.1 Step Acquisitions

The Group elects the remeasurement approach for step acquisition that result in significant influence being exerted in a Group. Under this approach, the previously held interest is remeasured to fair value through statement of profit or loss. Obtaining significant influence is seen as an economic event that changes the nature of the investment, which is also consistent with the approach for the loss of significant influence.

When significant influence is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition-date fair value and recognizes the resulting gain or loss, if any, in statement of profit or loss. The amount that was recognized in other comprehensive income, is recognized on the same basis as would be required if the group had disposed directly of the previously held equity interest.

Previously held interests will in almost all cases have been fair value through other comprehensive income investments and therefore already at fair value and as a result, no remeasurement in the statement of financial position arises in practice, but because the investment is treated as sold there is reclassification to statement of profit or loss of the fair value through other comprehensive income revaluation reserve.

#### 4.1.4 Non-Controlling Interests

Non-Controlling Interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

For each business combination, the Group elects to measure any Non-Controlling Interest in the acquiree either:

- at fair value; or
- at their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognized in statement of profit or loss.

#### 4.1.5 Acquisitions of Non-Controlling Interest

Acquisition of Non-Controlling Interest is accounted for as transactions with equity holders. Therefore, no goodwill is recognized as a result of such transactions. A list of Subsidiaries within the Group is provided.

# NOTES TO THE FINANCIAL STATEMENTS

## 4.1.6 Goodwill and Gain from a Bargain Purchase arose on the Acquisition of Subsidiaries

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired. When the excess is negative (bargain purchase), it is recognized immediately in statement of profit or loss.

Goodwill on the acquisition of subsidiaries is presented as intangible assets and stated at cost less accumulated impairment loss. Goodwill is tested for impairment as described in LKAS 36 – Impairment of Assets.

## 4.1.7 Loss of Control

On the loss of control, the Group de-recognizes the assets and liabilities of the subsidiary, any Non-Controlling Interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in statement of profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost.

Subsequently that retained interest is accounted for as an equity-accounted investee or in accordance with the Group's accounting policy for financial instruments depending on the level of influence retained.

## 4.1.8 Transactions Eliminated on Consolidation

Intra-group balances, and income and expenses arising from intra- Group transactions are eliminated in preparing the Consolidated Financial Statements. Unrealized gains arising from transactions with equity accounted investees are eliminated to the extent of the Group's interest in the investee against the investment in the investee. Unrealized losses are eliminated in the same way as unrealized gains except that they are only eliminated to the extent that there is no evidence of impairment.

## 4.1.9 Interest in Equity Accounted Investees

The Group's interest in equity accounted investee comprises interest in associate. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Interests in associates are accounted for using equity method. They are initially recognized at cost.

Subsequent to initial recognition the Consolidated Financial Statements include the Group's share of profit or loss and Other Comprehensive Income of equity accounted investees, until the date on which significant influence ceases.

The Group has no associate as of the reporting date.

## 4.1.10 Material Gains or Losses, Provisional Values or Error Corrections

There were no material gains or losses, provisional values or error corrections recognized during the year in respect of business combinations that took place in previous periods.

## 4.1.11 Unconsolidated Structured Entities

The Group manages and administrates assets held in unit trusts on behalf of investors. These are entities which are not consolidated because the Group does not control them through voting rights, contract, funding agreements, or other means.

The extent of the Group's interests to consolidated structured entities will vary depending on the type of structured entities.

The details relating to unconsolidated structured entities are disclosed in Note 52 to the Financial Statements.

## 5 Foreign Currency

### 5.1 Foreign Currency Transactions

Transactions in foreign currencies are translated into the respective functional currency (Sri Lankan Rupees - LKR) of Group entities at the spot exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the spot exchange rate (Closing rate) at that date. The foreign currency gain or loss on monetary items is the difference between the amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in the foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the spot exchange rate at the date on which the fair value is determined.

Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction.

Foreign currency differences arising on translation are generally recognized in statement of profit or loss.

## 6. RECOGNITION OF INCOME AND EXPENSES

### 6.1 Revenue Recognition and expenses

The revenue is recognized based on the identified performance obligation. The transaction price is determined taking into account of variable considerations. The transaction price is allocated to performance obligations and recognized the revenue either over the time of the contract or point in time upon analysis of each sale of goods under separate divisions.

#### 6.1.1. Gross Premium

Gross recurring premiums on life and investment contracts with Discretionary Participating Feature (DPF) are recognized as revenue when payable by the



policyholder. For single premium business, revenue is recognized on the date on which the policy is effective. Any premium received in advance is not recorded as revenue at time of receipt but recorded as a liability until the premium is due and transferred to the revenue.

#### 6.1.2. Reinsurance Premium

Reinsurance Premiums are recognized as an expense on the earlier of the due date or on the date on which the policy is effective.

#### 6.1.3 Interest Income and expense

Interest income and expense are recognized in statement of profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Interest income and expense presented in the statement of profit or loss and Other Comprehensive Income include:

»» interest on financial assets and financial liabilities measured at amortized cost calculated on an effective interest basis; and

»» interest on financial assets measured at fair value through other comprehensive income are calculated on an effective interest basis.

Interest income and expense on all trading assets and liabilities are considered to be incidental to the Group's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

Fair value changes on other derivatives held for risk management purposes, and other financial assets and financial liabilities carried at fair value through profit or loss, are presented in net income as gain on fair valuation of other financial instruments at fair value through profit or loss in the statement of profit or loss and other comprehensive income.

#### 6.1.4 Gain on Sale of Financial Investments measured at fair value through profit or loss

Gain on sale of financial instruments held for trading' comprises realized trading gains on disposal of government securities, quoted shares and listed debentures, are presented in direct income as sale of financial investments

at fair value through profit or loss in the statement of profit or loss and other comprehensive income.

#### 6.1.5 Gain/(Loss) on Redemption of Units

Gain/(loss) on redemption of units comprises realized trading gain/(loss) on disposal of investment in unit trust, is presented in direct income as sale of financial investments at fair value through profit or loss in the statement of profit or loss and other comprehensive income.

#### 6.1.6 Gain/(Loss) on Disposal of Financial Investments – Fair Value through Other Comprehensive Income

Gain/(loss) on disposal of financial investments measured at fair value through other comprehensive income comprises realized capital gain/ (loss) on disposal of investment in equity securities classified as financial assets measured at fair value through other comprehensive income, is presented in other comprehensive income.

#### 6.1.7 Fee and Commission Income

Policy administration services, surrenders and other contract fees, investment management fees and placement fees are recognized as the related services are performed. Fee and commission expenses are recognized on an accrual basis.

Commission income on dealing/ brokering in listed shares is recognized as the related services are performed. Commission expenses are recognized on an accrual basis.

Other fees and commission expense relate mainly to transaction and service fees, which are expensed as the services are received.

#### 6.1.8 Dividend Income

Dividend income from financial investments held for trading is recognized in statement of profit or loss on an accrual basis when the Company's right to receive the dividend is established. This is usually on the ex-dividend date for equity securities. Dividends are presented in net trading income or net gain/ (loss) from financial investments based on the underlying classification of the equity investment.

#### 6.1.9 Construction and selling of houses

Revenue from construction and selling of houses is recognized when construction is completed, 100% sales proceeds are collected, and Certificate of Conformity is obtained.

#### 6.1.10 Sale of Land

Revenue from sale of land is recognized only when 100% sales proceeds are collected, and the control is transferred to the customers upon the transfer of property deed.



# NOTES TO THE FINANCIAL STATEMENTS

## 6.1.11 Rental Income and Expenses

Rental income and expense are recognized in statement of profit or loss and other comprehensive income on an accrual basis.

## 6.1.12 Interest on overdue rentals

Overdue interest is charged on loans and advances which are not paid on the due date and accounted for on the cash basis.

## 6.1.13 Recovery of bad and doubtful debts written off

Recovery of amounts written off as bad and doubtful debts is recognized on a cash basis.

## 6.1.14 Interest Rate Swap Income

Interest rate swap income comprises realized gain on interest rate swap contracts, is presented in direct income as interest rate swap income in the statement of profit or loss and other comprehensive income.

## 6.1.15 Other income and expenses

Other income and expenses are recognized on an accrual basis.

## 6.2 Expenses Recognition

Expenses are recognized in the statement of profit or loss and other comprehensive income on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant & equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

For the presentation of the statement of profit or loss the Directors are of the opinion that the nature of the expenses method present fairly the element of the Group's performance, and hence such presentation method is adopted.

## 6.3 Benefits, claims & Insurance expenses recognition

Claims of Life insurance include claims on death or maturity and are charged against revenue on notification of death or on expiry of the term. Claims on participating business include bonus payable and interest. Survival benefit payments are recognized on the due date or on notification and surrenders are accounted for only at the time of settlement.

### 6.3.1 Reinsurance claims

Reinsurance claims are recognized when the related gross insurance claim is recognized according to the terms of the relevant contract.

## 6.4 Borrowing Costs

All Borrowing Costs are expensed as and when they are incurred except where they are directly attributable to the acquisition or construction of a qualified asset as required by LKAS 23 - Borrowing Costs.

## 6.5 Income Tax Expense

### 6.5.1 Income Tax

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in statement of other comprehensive income (OCI).

Current tax assets and liabilities and deferred tax assets and liabilities are offset only to the extent that they relate to income taxes imposed by the same taxation authority, there is a legal right and intentions to settle on a net basis and it is allowed under the tax law of the relevant jurisdiction.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under LKAS 37 Provisions, Contingent Liabilities and Contingent Assets.

### 6.5.2 Current Tax

Current tax assets and liabilities consists of amounts expected to be recovered from or paid to the Commissioner General of Inland Revenue in respect of the current as well as prior years. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the reporting date.

Accordingly, provision for taxation is made on the basis of the profit for the year as adjusted for taxation purpose in accordance with the provision of the Inland Revenue Act No. 24 of 2017 and the amendment thereto, at the rates specified in the Financial Statements.

## 6.6 Deferred Tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill; and
- taxable temporary differences arising on subsidiaries, associates or joint ventures who have not distributed their entire profits to the parent or investor.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used.



Future taxable profits are determined based on business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves. Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

## 6.7 Tax Exposures

In determining the amount of current and deferred tax, the Group considers the impact of tax exposures, including whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities. Such changes to tax liabilities would impact tax expense in the period in which such a determination is made.

## 6.8 Uncertainty Over Income Tax Treatments

The Group has accounted for the uncertainty over tax treatments under IFRIC 23. An 'uncertain tax treatment' is a tax treatment for which there is uncertainty over whether the relevant taxation authority will accept the tax treatment under tax law. If it is not probable that the taxation authority will accept an uncertain tax treatment, effect of uncertainty shall be reflected in determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates. The effect of uncertainty for each uncertain tax treatment shall be reflected by using either of the most likely amount or the expected value methods, depending on which method the Group expects to better predict the resolution of the uncertainty.

## 6.9 Withholding Tax on Dividends Distributed by the Company, Subsidiaries

### 6.9.1 Withholding Tax on Dividends Distributed by the Company

Withholding tax that arises from the distribution of dividends by the Company is recognized at the time the liability to pay the related dividend is recognized.

### 6.9.2 Withholding Tax on Dividends Distributed by the Subsidiaries

Dividends received by the Company from its Subsidiaries, have attracted a 15% deduction at source.

## 6.10 Value Added Tax on Financial Services (VAT on FS)

VAT on Financial Services is calculated in accordance with the amended VAT Act No. 7 of 2003 and subsequent amendments thereto. VAT on financial services is computed on the prescribed rate

## 6.11 Crop Insurance Levy (CIL)

As per the provisions of the 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.

# 7. RECOGNITION OF ASSETS & LIABILITIES

## 7.1 Financial Instruments

### 7.1.1 Initial Recognition, Classification and Subsequent Measurement

#### 7.1.1.1 Date of recognition

All financial assets and liabilities are initially recognized on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. This includes "regular way trades": purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

#### 7.1.1.2 Initial measurement of Financial Instruments

The classification of financial instruments at initial recognition depends on the purpose and the management's intention for which the financial instruments were acquired and their characteristics. All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

### 7.1.2 Classification and Subsequent Measurement of Financial Instruments

On initial recognition, a financial asset is classified as measured at: amortized cost, Fair value through other comprehensive income or Fair value through profit or loss.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at Fair value through profit or loss:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are assessment of whether contractual cash flows are Solely Payments of Principal and Interest ("SPPI").

# NOTES TO THE FINANCIAL STATEMENTS

A debt instrument is measured at Fair value through other comprehensive income only if it meets both of the following condition and is not designated as at Fair value through profit or loss:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income. This election is made on an investment by investment basis. All other financial assets are classified as measured at Fair value through profit or loss.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at as at Fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

## 7.1.2.1 Business Model Assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level 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 realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's Management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- 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, 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 realized.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at Fair value through profit and loss because they are neither held to collect contractual cashflows nor held both to collect contractual cash flows and to sell financial assets.

## Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. '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 (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual paramount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

|  |   |
|--|---|
| Financial assets measured at Fair value through profit or loss | These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in statement of profit or loss.   |
| Financial assets at amortized cost                             | These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in statement of profit or loss. Any gain or loss on derecognition is recognized in statement of profit or loss.  |
| Debt investments at Fair value through comprehensive income    | These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in statement of profit or loss. Other net gains and losses are recognized in statement of other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to statement of profit or loss. |
| Equity investments at Fair value through comprehensive income  | These assets are subsequently measured at fair value. Dividend is recognized as income in statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in statement of other comprehensive income and are never reclassified to statement of profit or loss.  |

### 7.1.3 Derivatives recorded at fair value through profit or loss

#### 7.1.3.1 Derivatives held for risk management purposes

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. Derivatives held for risk management purposes are measured at fair value in the statement of financial position.

#### 7.1.3.2 Other Derivatives

If a derivative is not held for trading, and is not designated in a qualifying hedge relationship, then all changes in its fair value are recognized immediately in statement of profit or loss as a component of net income from other financial instruments at Fair value through profit or loss.

### 7.1.4 Financial Assets

Financial assets are classified appropriately as financial assets recognized through profit or loss, financial assets measured at fair value through other comprehensive income and financial assets at amortized cost.

All the financial assets are recognized at fair value at its initial recognition.

#### 7.1.4.1 Financial assets measured at - fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Upon initial recognition, transaction costs are recognized in statement of profit or loss as incurred.

Financial assets at fair value through profit or loss are measured at fair value, and subsequent therein are recognized in statement of profit or loss.

Following assets represent financial assets at fair value through profit or loss,

- Investment in government securities
- Investment in listed debentures
- Investment in listed equity securities
- Investment in unit trusts

#### 7.1.4.2 Financial assets at amortized cost

A financial asset shall be measured at amortized cost if both of the following conditions are met:

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

Financial assets at amortized cost of the Group comprise of the followings,

- Lending
- Investment in corporate debt securities
- Fixed deposits
- Staff loans
- Reverse repurchase agreements

#### 7.1.4.3 Financial assets measured at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income (FVTOCI) are non-derivative financial assets that are designated FVTOCI and that are not classified in any of the previous categories of financial assets. FVTOCI are recognized initially at fair value plus any directly attributable transaction costs.



# NOTES TO THE FINANCIAL STATEMENTS

Subsequent to initial recognition, these are measured at fair value and changes therein, other than impairment losses are recognized in other comprehensive income and presented within equity in the fair value reserve. When an investment in debt instrument is derecognized, the cumulative gain or loss in other comprehensive income is transferred to statement of profit or loss.

Financial assets measured at FVTOCI comprise, government securities and unquoted equities.

## 7.1.4.4 Cash and Cash Equivalents

Cash and cash equivalents comprise of cash in hand, cash at banks and other highly liquid financial assets which are held for the purpose of meeting short-term cash commitments with original maturities of less than three months which are subject to insignificant risk of changes in their fair value.

Bank overdrafts that are repayable on demand and form an integral part of the Company cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

## 7.1.5 Financial Liabilities

The Group initially recognizes debt securities and borrowings on the date that they are originated. All other financial liabilities are recognized at initially on the trade date, which is the date that the Group becomes party to the contractual provisions of the instruments.

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using effective interest rate method.

Financial liabilities comprise;

- Bank overdrafts
- Securities sold under re-purchase agreements
- Short term borrowings
- Long term borrowings
- Borrowing on listed debentures

## 7.1.5.1 Recognition and measurement of financial liabilities

Group classifies financial liabilities, other than financial guarantees and loan commitments, into one of the following categories:

- Financial liabilities at amortized cost; and
- Financial liabilities at fair value through profit or loss,

A financial liability is measured initially at fair value plus, transaction costs that are directly attributable to its acquisition or issue. Subsequent measurement of financial liability is at fair value or amortized cost. The amortized cost of a financial liability is the amount at which the financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount.

## 7.1.5.1.1 Classification and subsequent measurement of financial liabilities

The subsequent measurement of financial liabilities depends on their classification.

## 7.1.5.2 Financial liabilities at amortized cost

Financial liabilities issued by the Group that are not designated at fair value through profit or loss are recognized initially at fair value plus any directly attributable transaction costs, by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

The effective interest rate amortization is included in "Interest expense" in the statement of profit or loss. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

## 7.1.5.3 Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include derivative liabilities held for risk management purposes.

## 7.1.6 Reclassification of Financial Assets and Liabilities

Financial assets are not reclassified subsequent to their initial recognition, except and only in those rare circumstances when the Group's changes its objective of the business model for managing such financial assets. Financial liabilities are not reclassified as such reclassifications are not permitted by SLFRS 9.

## 7.1.7 Impairment of Financial Assets

### 7.1.7.1 Recognition of ECL

The Group recognizes allowances for Expected Credit Losses (ECL) on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- loan and receivable to customers
- other lending
- financial guarantee contracts issued; and
- undrawn credit commitments.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the definition of “investment grade”. The Group does not apply the low credit risk exemption to any other financial instruments. 12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Group assesses financial assets under three stages in determining ECL.

- Stage 1 : financial instruments that have not had a significant increase in credit risk since initial recognition. For these assets, a 12-months ECL is recognized.
- Stage 2 : financial instruments that have experienced a significant increase in credit risk since initial recognition but for which the exposure is not yet defaulted. For these assets, lifetime ECLs are recognized, representing the expected credit losses that result from all possible default events over the expected life of the financial asset.
- Stage 3 : financial instruments which are deemed to be credit impaired. This is where a credit loss has already been suffered on the assets. For these assets, lifetime ECLs are recognized, representing the expected credit losses that result from all possible default events over the expected life of the financial asset.

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit impaired at the reporting date: as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive);
- financial assets that are credit impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Company if the commitment is drawn down and the cash flows that the Company expects to receive; and

- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Company expects to recover.

#### 7.1.7.2 Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group’s historical experience and expert credit assessment including forward looking information. The Group considers an exposure to have significantly increased credit risk when contractual payments of a customer are more than 30 days past due in accordance with the rebuttable presumption in SLFRS 9.

The Group 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 realizability 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 Group 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 Group regularly monitors the effectiveness of the criteria used to identify significant increase in credit risk to confirm that the criteria is capable of identifying significant increase in credit risk before an exposure is in default.

For debt instruments having an external credit rating, which are measured at amortized cost or at FVOCI, the Group determines significant increase in credit risk based on the generally accepted investment/non-investment grade

# NOTES TO THE FINANCIAL STATEMENTS

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 investment grade.

## 7.1.7.2 Credit-Impaired Financial Assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt financial assets carried at FVTOCI are credit-impaired (referred to as “Stage 3 financial assets”). A financial asset is “credit-impaired” when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market or a security because of financial difficulties.

## 7.1.7.3 Movement between the stages

Financial assets can be transferred between the different categories (other than POCL) depending on their relative change in credit risk since initial recognition. Financial instruments are transferred out of stage 2 if their credit risk is no longer considered to be significantly increased since initial recognition based on the assessments. Financial instruments are transferred out of stage 3 when they no longer exhibit any evidence of credit impairment as described above.

## 7.1.7.4 Grouping financial assets measured on collective basis

The Group calculates ECLs either on a collective or an individual basis. Asset classes where the Group calculates ECL on individual basis include credit impaired facilities of individually significant customers.

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.

## 7.1.7.5 The calculation of Expected Credit Loss Principle (ECL)

The Group 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 derecognized 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 principle 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 realization of any collateral.

## 7.1.7.6 Forward-looking information

The Group 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.

## 7.1.7.7 Presentation of Allowance for ECL in the Statement of Financial Position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

For debt securities at FVTOCI, the loss allowance is charged to statement of profit or loss and is recognized in other comprehensive income.

## 7.1.7.8 Write-off

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in “provision for impairment of financial assets at amortized cost” in the statement of profit or loss.



Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

### 7.1.8 Derecognition of Financial Assets and Financial Liabilities

#### 7.1.8.1 Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired.

The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

- The Group has transferred substantially all the risks and rewards of the asset, or
- The Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognizes an associated liability.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

#### 7.1.8.2 Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in statement of profit or loss and other comprehensive income.

### 7.1.9 Offsetting financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

### 7.1.10 Amortized cost measurement

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

## 7.2 Property, Plant and Equipment

The Group applies the requirements of the Sri Lanka Accounting Standard-LKAS 16 on 'Property, Plant & Equipment' in accounting for assets which are held for use in the provision of services, for rental to others or for administrative purposes and are expected to be used for more than one year.

### 7.2.1 Recognition and Measurement

Property, Plant & Equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the Group and cost of the asset can be reliably measured. The Group applies the cost model to all property, plant & equipment except for freehold land and buildings and records at cost of purchase together with any incidental expenses thereon, less accumulated depreciation and any accumulated impairment losses.

An item of property, plant & equipment that qualifies for recognition as an asset is initially measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the asset and subsequent costs (excluding the costs of day-to-day servicing).

The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use and the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Purchased software which is integral to the functionality of the related equipment is capitalized as part of computer equipment.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

#### 7.2.1.1 Cost Model

The Group applies the cost model to property, plant and equipment except for freehold land and buildings and records them at cost of purchase or construction together with any incidental expenses thereon less accumulated depreciation and any accumulated impairment losses.

#### 7.2.1.2 Revaluation Model

The Group applies the revaluation model to the entire class of freehold land and buildings. Such properties are carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Freehold land and buildings of the Group are revalued every three years on a roll over



# NOTES TO THE FINANCIAL STATEMENTS

basis to ensure that the carrying amounts do not differ materially from the fair values at the reporting date.

## 7.2.2 Subsequent Costs

Subsequent expenditure is capitalized only when it is probable that the future economic benefits of the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

## 7.2.3 Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognized in the statement of profit or loss. Land is not depreciated.

The estimated useful lives of significant items of property and equipment are as follows:

| Asset Type                            | Lifetime (Years) |
|---------------------------------------|------------------|
| Building                              | 20 - 50          |
| Improvements on buildings under lease | 5 - 10           |
| Office equipment                      | 3 - 6            |
| Computer hardware                     | 3 - 5            |
| Motor vehicles                        | 3 - 5            |
| Plant and machinery                   | 2 - 20           |
| Furniture, fixtures & fittings        | 3-8              |

The depreciation rates are determined separately for each significant part of an item of property, plant & equipment depreciation of 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 the date that the asset is de-recognized.

## 7.2.4 Change in depreciation rate

Depreciation methods, useful lives and residual values are reassessed at each Reporting date and adjusted, if required.

## 7.2.5 De-recognition

An item of Property, Plant & Equipment is de-recognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset), is recognized in 'Other Income' in statement of profit or loss in the year the asset is de-recognized. When replacement costs are recognized in the carrying amount of an item of property, plant & equipment, the remaining carrying amount of the replaced part is derecognized as required by Sri Lanka Accounting Standard – LKAS 16 on 'property, plant & equipment'.

## 7.3 Investment Property

Investment properties are 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.

### 7.3.1 Basis of recognition

Investment property is recognized as an asset if it is probable that future economic benefits that are associated with the investment property will flow to the Group and if the cost of the investment property can be measured reliably.

### 7.3.2 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 market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise. The Group fair value the investment property at least once in three years.

### 7.3.3 Derecognition

Investment properties are derecognized 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 recognized in the statement of profit and loss in the year of retirement or disposal.

## 7.4 Non-current Assets held for Sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as "Held for Sale" once identified that the carrying amount will be recovered principally through a sale transaction rather than through continuing use. These are assets which are available for immediate sale in their present condition, subject to only the terms that are usual and customary for sale of such assets and their sale is highly probable.

Non-current assets held for sale are presented separately on the face of the statement of financial position at the lower of its carrying amount and fair value less costs to sell.

Assets classified as Non-Current Assets held for Sale are neither amortized nor depreciated.

Impairment loss on initial classification as held for sale and subsequent gains and losses on re-measurement are recognized in statement of profit or loss.

## 7.5 SLFRS 16 – Right of use assets and Lease Liabilities

At the inception of a contract, the Group assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Group use the definition of a lease in SLFRS 16.

### 7.5.1 Group acting as a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right of- use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate plus remaining value of lease rentals paid in advance if any.

The Group determines its incremental borrowing rate by analyzing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of the lease asset.

Lease payments included in the measurement of lease liability includes:

- »» Fixed payments
- »» Variable lease payments that depend on an index or rate
- »» Amount expected to be payable under residual value guarantee
- »» The exercise price under a purchase option that the Group is reasonably certain to exercise

Lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable or if there is a fixed in substance lease payment.

When the lease liability is remeasured as such, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in the statement of profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents the Right of use of assets and the lease liabilities in Note 13 and Note 36.2 respectively.

### Short term leases and leases of low value assets

The Group elected not to recognize right of- use assets and lease liabilities for lease of low value assets and short-term leases. The Group recognizes the lease payments associated with these leases as an expense on the straight-line basis. When practical expedients applied.

### 7.5.2 Finance Leases – As a lessee

Finance leases that transfer substantially all risks and benefits incidental to ownership of the leased item to the Group, are classified as finance leases and capitalized at the commencement of the lease at the fair value of the leased property or, if lower at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance cost in the statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

## 7.6 Intangible assets and goodwill

### 7.6.1 Goodwill

Goodwill that arises on the acquisition of subsidiaries is presented with intangible assets. For the measurement of goodwill at initial recognition refer to Note 4.1 Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is assessed for impairment annually.

### 7.6.2 Software

Software acquired by the Group is measured at cost less accumulated amortization and any accumulated impairment losses.

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Software's are amortized on a straight-line basis in statement of profit or loss over its estimated useful life, from the date on which it is available for use. The estimated useful life of software for the current and comparative periods is three to five years.

# NOTES TO THE FINANCIAL STATEMENTS

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

## 7.6.3 Business License

Business license that arose upon the acquisition of subsidiaries is included in intangible assets. An intangible asset with an indefinite useful life is not amortized. In accordance with LKAS 36, the Group tests the intangible assets with an indefinite useful life for impairment by comparing its recoverable amount with its carrying amount

(a) annually, and

(b) whenever there is an indication that the intangible asset may be impaired

Business license that arose upon the acquisition of subsidiaries is included in intangible assets. Business license is measured at cost.

## 7.7 Inventories

Inventories are valued at the lower of cost and net realizable value, after making due allowances for obsolete and slow-moving items. Net realizable value is the estimated selling price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

The costs incurred in bringing inventories to its present location and condition, are accounted for as follows:

### 7.7.1 Contract work in progress -This cost represents the amounts due from customer for work performed and measured at actual cost incurred.

## 7.8 Impairment of Non-Financial Assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment properties, consumer biological asset and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest Group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or (Cash generating units). Goodwill arising from a business combination is allocated to CGUs or Groups of CGUs that are expected to benefit from the synergies of the combination.

The 'recoverable amount' of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 'Value in use' is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

The Group's corporate assets do not generate separate cash inflows and are used by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGUs to which the corporate assets are allocated.

Impairment losses are recognized in statement of profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, 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 amortization, if no impairment loss had been recognized.

## 7.9 Debt Securities issued & subordinated term debt

Repo borrowings, borrowing on debentures, commercial papers, securitized papers and long and short-term borrowing are the Group's sources of debt funding. When the Group sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (sale and repurchase agreement), the arrangement is accounted for as a borrowing, and the underlying asset continues to be recognized in the Group's financial statements.

The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

The borrowing on debentures, commercial papers, securitized papers and short-term borrowing are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortized cost using the effective interest method.

## 7.10 Dividends Payable

Dividends on ordinary shares are recognized as a liability and deducted from equity when they are recommended and declared by the Board of Directors.

## 7.11 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

## 7.12 Other Liabilities

Other liabilities are recorded at amounts expected to be payable at the reporting date.



### 7.13 Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

### 7.14 Deposits due to customers

These include term deposits and certificates of deposits. Subsequent to initial recognition, deposits are measured at their amortized cost using the effective interest method, except where the Group designates liabilities at fair value through profit or loss. They are stated in the statement of financial position at amount payable. Interest paid / payable on these deposits based on the effective interest rate is charged to the statement of profit or loss.

### 7.15 Financial Guarantees

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor guarantee fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are recognized initially at their fair value, and the initial fair value is amortized over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortized amount and the present value of any expected payment when a payment under the guarantee has become probable.

### 7.16 Commitments and Contingencies

All discernible risks are accounted for in determining the amount of all known liabilities. The Group's share of any contingencies and capital commitments of a Subsidiary or Associate for which the Group is also liable severally or otherwise are also included with appropriate disclosures.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent liabilities are not recognized in the Statement of Financial Position but are disclosed unless they are remote.

### 7.17 Employee Benefits

#### 7.17.1 Defined Benefit Plan - Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The liability recognized in the Statement of Financial Position in respect of a defined benefit plan is the present value of the defined benefit obligation at the reporting date. Benefit falling due more than 12 months after the reporting date are discounted to present value.

The defined benefits obligation is calculated annually using Projected Unit Credit Method (PUC) as recommended by LKAS-19, "Employee Benefits".

Actuarial gains and losses in the period in which they occur have been recognized in the statement of profit or loss and other Comprehensive income (OCI).

The assumptions based on which the results of actuarial valuation were determined, are included in notes to the financial statements.

Gratuity liability was computed from the first year of service for all employees in conformity with LKAS 19- "Employee Benefits". However, under the payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of five years of continual service. The Group is liable to pay gratuity in terms of the relevant statute. The gratuity liability is not externally funded.

The Gratuity liability is not externally funded. These items are grouped under Defined Benefit Liability in the Statement of Financial Position.

#### 7.17.2 Defined Contribution Plans (DCPs)

A Defined contribution plan is a post-employment plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligations to pay further amounts. Obligations for contributions to Defined Contribution plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

#### 7.17.3 Employees' Provident Fund

The Group and employee contribute 12% - 15% and 8% - 10% respectively on the salary of each employee to an approved Provident Fund managed by the Central Bank of Sri Lanka.

#### 7.17.4 Employees' Trust Fund

The Group contributes 3% of the salary of each employee to the Employees' Trust Fund maintained by the Employees Trust Fund managed by the Central Bank of Sri Lanka.

#### 7.17.5 Short-term Employee Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The gain or loss arising on initial recognition of consumable biological assets at fair value less cost to sell and from a change in fair value less cost to sell of consumable biological assets are included in statement of profit or loss for the period in which it arises.



# NOTES TO THE FINANCIAL STATEMENTS

## 8. OTHER POLICIES

### 8.1 Earnings per Share (EPS)

The Group presents Basic and Diluted Earnings per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period.

### 8.2 Subsequent Events

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

All material and important events that occurred after the reporting date have been considered and appropriate disclosures are made in Note 60 to the Financial Statements.

### 8.3 Segment reporting

An operating segment is a component of the Group 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 Group's other components, whose operating results are reviewed regularly by the Group'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 Group'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 Group basis and are not allocated to operating segments. Detailed information on the results of each reportable segment as required by the Sri Lanka Accounting Standard – SLFRS 8 “Operating Segments” is provided in Notes 66 to the Financial Statements.

### 8.4 Statement of Cash Flows

The Statement of Cash Flows has been prepared using the “Indirect Method” of preparing Cash Flows in accordance with the Sri Lanka Accounting Standard LKAS – 07 “Cash Flow Statements”. Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The cash and cash equivalent include cash in hand and favorable balances with banks.

## 8.5 Policies Related Specific Business Units

### 8.5.1 Stock Brokering

#### 8.5.1.1 Brokerage Income

Brokerage income is recognized at the point of completion (T+1) of each transaction and is accounted for on an accrual basis.

#### 8.5.1.2 Interest Income

Group is recognizing interest income on delayed payments on cash basis. If a customer does not settle this outstanding balance within (T+3) days this additional interest is charged, from the customer. Income other than the above is however accounted for on an accrual basis.

### 8.5.2 Life insurance - Product Classification

#### 8.5.2.1 Insurance contracts

According to Sri Lanka Accounting Standards SLFRS 4, Insurance contracts are those contracts where the Group (the insurer) has accepted significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholder. The Group determines whether it has significant insurance risk, by comparing benefits paid against benefits payable if the insured event did not occur.

Investment contracts are those contracts that transfer significant financial risk. Financial risk is the risk of a possible future change in one or more of specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

#### 8.5.2.2 Investment contract

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expired. Investment contracts can however be reclassified as insurance contracts after inception if the insurance risk becomes significant. All of the insurance policies issued by the Group transfer significant insurance risk and have been classified as insurance contracts in accordance with SLFRS 4, Insurance Contracts. The Group does not have any investment contracts as the reporting date.

#### 8.5.2.3 Insurance contracts with Discretionary Participating Features (DPF)

Certain insurance and investment contracts contain a Discretionary Participation Feature (DPF). This feature entitles the holder to receive, as a supplement to guaranteed benefits, additional benefits or bonuses:

- that are likely to be a significant portion of the total contractual benefits;
- whose amount or timing is contractually at the discretion of the Group; and

- that are contractually based on:
- the performance of a specified pool of contracts or a specified type of contract;
- realized and/or unrealized investment returns on a specified pool of assets held by the Group; or
- the profit or loss of the company, fund or other entity that issues the contract.

Local statutory regulations and the terms and conditions of these contracts set out the bases for the determination of the amounts on which the additional discretionary benefits are based (the DPF eligible surplus) and within which the Group may exercise its discretion as to the quantum and timing of payment to contract holders. At least 90% of the eligible surplus must be attributed to contract holders as a Group (which can include future contract holders). The amount and timing of the distribution to individual contract holders is at the discretion of the Group, subject to the advice of the relevant appointed actuary.

### 8.5.3 Insurance Contract Liabilities

#### Life insurance contract liabilities

Life insurance liabilities are recognized when contracts are entered into and premiums are charged. These liabilities are measured by using the gross premium method. The liability is determined as the sum of the discounted value of the expected future benefits, claims handling and policy administration expenses, policyholder options and guarantees and investment income from assets backing such liabilities, which are directly related to the contract, less the discounted value of the expected theoretical premiums that would be required to meet the future cash outflows based on the valuation assumptions used.

The liability is either based on current assumptions or calculated using the assumptions established at the time the contract was issued, in which case a margin for risk and adverse deviation is generally included.

Furthermore, the liability for life insurance contracts comprises the provision for unearned premiums and unexpired risks, as well as for claims outstanding, which includes an estimate of the incurred claims that have not yet being reported to the Company. Adjustments to the liabilities at each reporting date are recorded in the Income Statement. Profits originating from margins of adverse deviations on run-off contracts are recognized in the Income Statement over the life of the contract, whereas losses are fully recognized in the Income Statement during the first year of run-off. The liability is derecognized when the contract expires, is discharged or is cancelled.

#### Liability Adequacy Test- Life Insurance Contract Liabilities

At each reporting date, an assessment is made of whether the recognized

long-term business provisions are adequate using current estimates of future cash flows. If that assessment shows that the carrying amount of the liabilities (less related assets) is insufficient in light of the estimated future cash flows, the deficiency is recognized in the Income Statement by creating an additional provision in the Statement of Financial Position as required by SLFRS 4: Insurance Contracts.

According to the Section 67(2) of new Inland Revenue Act No.24 of 2017 which is effective from 1st April 2018, the surplus distributed to a life insurance policyholder who shares the profit of a person engaged in the business of a life insurance, as provided in the Regulation of Insurance Industry Act No. 43 of 2000, shall be deemed as gains and profits of the business and shall be taxed at a concessionary rate of 14% for three years of assessment after the commencement of the Act.

### 8.5.4 Statutory reserve fund

The statutory reserve fund is maintained in terms of a licensed finance Group (Capital Funds) Direction No.01 of 2003. Accordingly, the company should transfer funds out of net profits of each year in the flowing 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.

## 9. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

# NOTES TO THE FINANCIAL STATEMENTS

## 10 Property, plant and equipment

|   | Land & Building<br>Rs. '000 | Improvements to Building Under Lease<br>Rs. '000 | Motor Vehicles<br>Rs. '000 | Other Equipment<br>Rs. '000 |
|---|-----------------------------|--|----------------------------|-----------------------------|
| <b>10.1 Group</b>                       |                             |  |                            |                             |
| <b>Cost</b>                             |                             |  |                            |                             |
| Balance at the beginning of the year    | 80,661                      | 250,256  | 41,181                     | 183,603                     |
| Additions during the year               | 177,200                     | 92,800   | 79,300                     | 320,212                     |
| Transfers during the year               | -                           | -  | -                          | -                           |
| Disposals during the year               | -                           | -  | -                          | (4,857)                     |
| Written-off during the year             | -                           | -  | (21,900)                   | -                           |
| On acquisition of subsidiary            | -                           | -  | -                          | -                           |
| On disposal of subsidiary               | -                           | -  | -                          | (14,402)                    |
| Transfers from Capital Work in Progress | -                           | -  | -                          | 5,342                       |
| Balance at the end of the year          | 257,861                     | 343,056  | 98,581                     | 489,898                     |
| <b>Accumulated Depreciation</b>         |                             |  |                            |                             |
| Balance at the beginning of the year    | 1,472                       | 172,054  | 40,977                     | 95,502                      |
| Charge for the year                     | 464                         | 39,993   | 2,010                      | 71,003                      |
| Disposals/ transfers during the year    | -                           | -  | (21,900)                   | (2,836)                     |
| Written-off during the year             | -                           | -  | -                          | -                           |
| On disposal of subsidiary               | -                           | -  | -                          | (832)                       |
| Balance at the end of the year          | 1,936                       | 212,047  | 21,087                     | 162,837                     |
| Carrying values as at 31 March 2025     | 255,925                     | 131,009  | 77,494                     | 327,061                     |
| Carrying values as at 31 March 2024     | 79,189                      | 78,202   | 204                        | 88,101                      |

|                                      | Motor Vehicles<br>Rs. '000 | Other Equipment<br>Rs. '000 | Furniture, Fixtures & Fittings<br>Rs. '000 | Office Equipment<br>Rs. '000 | Work in Progress<br>Rs. '000 | Total 2025<br>Rs. '000 | Total 2024<br>Rs. '000 |
|--------------------------------------|----------------------------|-----------------------------|--|------------------------------|------------------------------|------------------------|------------------------|
| <b>10.2 Company</b>                  |                            |                             |  |                              |                              |                        |                        |
| <b>Cost</b>                          |                            |                             |  |                              |                              |                        |                        |
| Balance at the beginning of the year | 21,918                     | 13,027                      | 11,833                                     | 3,733                        | 108,356                      | 158,867                | 48,237                 |
| Additions during the year            | 21,000                     | 8,188                       | 3,020                                      | 439                          | -                            | 32,647                 | 110,630                |
| Transfers from CWIP                  | -                          | 5,342                       | 103,014                                    | -                            | (108,356)                    | -                      | -                      |
| Disposals during the year            | -                          | (252)                       | -  | -                            | -                            | (252)                  | -                      |
| Balance at the end of the year       | 42,918                     | 26,305                      | 117,867                                    | 4,172                        | -                            | 191,262                | 158,867                |
| <b>Accumulated Depreciation</b>      |                            |                             |  |                              |                              |                        |                        |
| Balance at the beginning of the year | 21,771                     | 7,678                       | 11,204                                     | 2,478                        | -                            | 43,131                 | 40,829                 |
| Addition on amalgamation             | -                          | -                           | -  | -                            | -                            | -                      | -                      |
| Charge for the year                  | 1,976                      | 2,194                       | 16,405                                     | 554                          | -                            | 21,129                 | 2,302                  |
| Disposals during the year            | -                          | (131)                       | -  | -                            | -                            | (131)                  | -                      |
| Balance at the end of the year       | 23,747                     | 9,741                       | 27,609                                     | 3,032                        | -                            | 64,129                 | 43,131                 |
| Carrying value as at 31 March 2025   | 19,171                     | 16,564                      | 90,258                                     | 1,140                        | -                            | 127,133                | -                      |
| Carrying value as at 31 March 2024   | 147                        | 5,349                       | 629  | 1,255                        | 108,356                      | -                      | 115,736                |



| Furniture,<br>Fixtures &<br>Fittings<br>Rs. '000 | Office<br>Equipment<br>Rs. '000 | Gym<br>Equipments<br>Rs. '000 | Name Board<br>Rs. '000 | Electrical<br>Equipment<br>Rs. '000 | Work in<br>Progress<br>Rs. '000 | Total 2025<br>Rs. '000 | Total 2024<br>Rs. '000 |
|--|---------------------------------|-------------------------------|------------------------|-------------------------------------|---------------------------------|------------------------|------------------------|
| 425,728  | 633,076                         | 48,350                        | 1,228                  | 5,944                               | 161,405                         | 1,831,432              | 1,162,005              |
| 113,203  | 234,810                         | 550                           | -                      | 2,816                               | -                               | 1,020,891              | 621,151                |
| -  | -                               | -                             | -                      | -                                   | (52,474)                        | (52,474)               | 58,755                 |
| (8,805)  | (556)                           | -                             | -                      | -                                   | -                               | (14,218)               | (10,479)               |
| (224)  | (252)                           | -                             | -                      | -                                   | -                               | (22,376)               | -                      |
| -  | -                               | -                             | -                      | -                                   | -                               | -                      | -                      |
| (1,515)  | (1,395)                         | (48,900)                      | (1,228)                | (8,760)                             | (575)                           | (76,775)               | -                      |
| 103,014  |                                 |                               |                        |                                     | (108,356)                       | -                      |                        |
| 631,401  | 865,683                         | -                             | -                      | -                                   | -                               | 2,686,480              | 1,831,432              |
| 195,554  | 432,042                         | 10,968                        | 322                    | 944                                 | -                               | 949,834                | 813,807                |
| 94,896   | 91,400                          | 855                           | 21                     | 200                                 |                                 | 300,842                | 146,294                |
| (9,011)  | (490)                           | -                             | -                      | -                                   | -                               | (34,237)               | (10,267)               |
| -  | -                               | -                             | -                      | -                                   | -                               | -                      | -                      |
| (11,613)   | (237)                           | (11,824)                      | (343)                  | (1,144)                             | -                               | (25,993)               | -                      |
| 269,826  | 522,715                         | -                             | -                      | -                                   | -                               | 1,190,446              | 949,834                |
| 361,575  | 342,968                         | -                             | -                      | -                                   | -                               | 1,496,034              |                        |
| 230,174  | 201,034                         | 37,382                        | 906                    | 5,000                               | 161,405                         |                        | 881,598                |



# NOTES TO THE FINANCIAL STATEMENTS

## 10.3 Valuation of land and building

The Land & Building refer to Note 10.1 above are at revalued prices.

## 10.4 Fully depreciated property, plant and equipment in use

The original cost of fully depreciated property, plant and equipment of the Group & Company that is still in use amounts to Rs. 286.1Mn & Rs.37Mn respectively (2023/24Rs. 332Mn & Rs. 37Mn).

## 10.5 Impairment

Based on the assessment of potential impairment carried out by the Group as at 31 March 2025, no provision was required to be made in the Financial Statements.

## 10.6 Title restriction on property, plant and equipment

There were no restrictions on the title of the property, plant and equipment as at 31st March 2025.

## 10.7 Temporarily idle property, plant and equipment

There were no temporary idle items of property, plant and equipment as at 31st March 2025.

## 10.8 Assets pledged as collateral for banking facilities

There were no items of property, plant and equipment pledged as security as at 31 March 2025.

## 10.9 Capitalization of borrowing costs

There were no capitalized borrowing costs related to the acquisition of property, plant & equipment during the year.

## 10.10 Revaluation Policy

Janashakthi Insurance PLC applies the revaluation model to the entire class of freehold land and buildings. Freehold land and buildings of that company are revalued every three years on a roll over basis to ensure that the carrying amounts do not differ materially from the fair values at the reporting date.

## 10.11 Assessment of impairment of property, plant and equipment

The Board of Directors has assessed the potential impairment indicators of property, plant & equipment as at 31 March 2025. Based on the assessment, no impairment indicators were identified.

## 11 Investment Property

| As at 31 March  | Notes | Group            |                  | Company          |                  |
|---|-------|------------------|------------------|------------------|------------------|
|   |       | 2025<br>Rs. '000 | 2024<br>Rs. '000 | 2025<br>Rs. '000 | 2024<br>Rs. '000 |
| Balance at the beginning of the year                      |       | 5,677,938        | 6,522,375        | 2,907,000        | 3,649,967        |
| Additions during the year                                 |       | 59,961           | 85,000           | 46,840           | 85,000           |
| Transfers to Property, Plant & Equipments during the Year |       | -                | (55,328)         | -                | -                |
| Transfer from / (to) Inventories                          |       | 20,009           | -                | -                | -                |
| Disposals during the year                                 |       | (132,000)        | (85,071)         | -                | -                |
| Fair value gain/(loss) on investment properties           |       | 34,489           | (362,572)        | (500)            | (401,500)        |
| Building write off  | 11.1  | -                | (426,467)        | -                | (426,467)        |
| Balance at the end of the year                            |       | 5,660,397        | 5,677,937        | 2,953,340        | 2,907,000        |

- 11.1** The company initially commenced construction of an apartment complex on the Wattala land. However, due to economic recession in 2021 and early part of 2022, the project's feasibility was compromised. Consequently, the company decided to abandon the project, reallocating it to intellectual property (IP). The construction costs incurred are now being transferred to the profit and loss statement (P&L).

**11.2 Location of Land & Buildings**

| Location                  | Address   | Building Area<br>(Sq.Ft) | Land Extent    | Type     | Fair value       |                  | Per perch<br>value -<br>correlation to<br>fair value |
|---------------------------|---|--------------------------|----------------|----------|------------------|------------------|--|
|                           |   |                          |                |          | 2025<br>Rs. '000 | 2024<br>Rs. '000 |  |
|                           |   |                          |                |          |                  |                  |  |
| Janashakthi Limited       |   |                          |                |          |                  |                  |  |
| Wattala                   | No. 58/09, Kanthi Mawatha<br>& No.566/5, Negombo Road,<br>Hunupitiya Village, Wattala | -                        | 1537 perches   | Freehold | 2,800,000        | 2,800,000        | Positive   |
| Hiripitiya                | Urban Gateway Residencies   | Unit B/F0/U6             | 1,856.73 sq.ft | Freehold | 21,500           | 22,000           | Positive   |
| Makuluduwa Land           | No. 583 Makuludoowa, Kesbewa  |                          | 43.85 perches  | Freehold | 85,000           | 85,000           | Positive   |
| Rajagiriya Land           |   |                          |                | Freehold | 46,840           | -                | Positive   |
|                           |   |                          |                |          | 2,953,340        | 2,907,000        |  |
|                           |   |                          |                |          |                  |                  |  |
| Janashakthi Insurance PLC |   |                          |                |          |                  |                  |  |
| Galle                     | No. 143, Colombo Road, Galle  |                          | 10.40 perches  | Freehold | 79,500           | 76,500           | Positive   |
| Badulla                   | No. 13 1/1, Bailey Road, Badulla  |                          | 12.50 perches  | Freehold | 28,880           | 28,089           | Positive   |
| Matale                    | No. 83, Kings Street, Matale  |                          | 15.00 perches  | Freehold | 39,921           | 41,514           | Positive   |
| Kandy                     | No. 302 , D.S.Senanayake<br>Mawatha, Kandy  |                          | 13.50 perches  | Freehold | -                | 132,000          | Positive   |
| Dematagoda                | No. 675, Dr. Danister De Silva<br>Mawatha, Colombo 09                                 |                          | 37.06 perches  | Freehold | 1,685,000        | 1,650,500        | Positive   |
| Kilinochchi               | No. 24-133, Main Street, Kilinochchi  |                          | 22.03 perches  | Freehold | 48,500           | 46,000           | Positive   |
| Trincomalee               | No. 233/1, Ehambaram Road,<br>Trincomalee   |                          | 40.70 perches  | Freehold | 76,806           | 74,934           | Positive   |
| Sub total                 |   |                          |                |          | 1,958,607        | 2,049,537        |  |
|                           |   |                          |                |          |                  |                  |  |
| Janashakthi Finance PLC   |   |                          |                |          |                  |                  |  |
| Matara                    | No 38, Station Road, Matara   |                          | 37.8 Perches   | Freehold | 150,000          | 143,000          | Positive   |
| Kalutara                  | No 197/4 Galle Road, Kalutara   |                          | 39.87 Perches  | Freehold | 305,500          | 303,000          | Positive   |
| Panadura                  | Eluwila, Panadura   |                          | A1-R3-P22      | Freehold | 88,000           | 85,500           | Positive   |
| Malabe                    | 3rd Lane, Pubudu Kreedangana<br>Mawatha, Halbarawa, Malabe                            |                          | R1-P11         | Freehold | 76,350           | 71,650           | Positive   |
| Peellewa                  | Homagama, Kuruduwatthe wala<br>kumbure peellewa                                       |                          | 1A-R3-P32      | Freehold | 51,000           | 46,500           | Positive   |
| Dambulla                  | Katupotha, Dambulla   |                          | R1-P32.62      | Freehold | 31,000           | 29,000           | Positive   |
| Dambulla                  | No. 5675, Naigalawatta,<br>Ibbankatuwa, Dambulla                                      |                          | 1A-2R 32.4 P   | Freehold | 33,000           | 30,000           | Positive   |
| Habaraduwa                | Beligahawatta, Gunasekara<br>Mawatha, Habaraduwa                                      |                          | R1-P6.5        | Freehold | 13,600           | 12,750           | Positive   |
| Sub total                 |   |                          |                |          | 748,450          | 721,400          |  |
|                           |   |                          |                |          |                  |                  |  |
| Grand total               |   |                          |                |          | 5,660,397        | 5,677,937        |  |

# NOTES TO THE FINANCIAL STATEMENTS

## 11.3 Fair Valuation of investment Properties

### 11.3.1 Janashakthi Limited

The Fair value hierarchy of the investment properties for the Company as at 31st March, 2025 is as follows.

Value is derived from the subsequent Market value for the properties.

| As at 31 March         | Level 1 | Level 2 | Level 3   | Total fair value |
|------------------------|---------|---------|-----------|------------------|
| Condominium Properties | -       | -       | 21,500    | 21,500           |
| Makuluduwa Land        |         |         | 85,000    | 85,000           |
| Land in Wattala        |         |         | 2,800,000 | 2,800,000        |
| Land in Kaduwela       | -       | -       | 46,840    | 46,840           |
|                        | -       | -       | 2,953,340 | 2,953,340        |

Company investment properties were not pledged as securities.

### 11.3.2 Janashakthi Insurance PLC

Investment Properties re-stated at fair value which have been determined based on a valuation performed by Deshamanya, H.B. Manjula Basnayaka AIV (SL), JP (WI), using the Income Approach Method of valuation except for Kilinochchi land which was valued on Market approach as of 31st December 2024.

| Location                                      | Significant unobservable input | Estimates for unobservable inputs<br>Rs. |
|---|--------------------------------|--|
| No. 24-133, Main Street, Kilinochchi          | Estimated Price per perch      | 2,200,000                                |
| No. 233/1, Ehambaram Road, Trincomalee        | Estimated Annual Rental Income | 7,500,000                                |
| No. 143, Colombo Road, Galle                  | Estimated Annual Rental Income | 6,600,000                                |
| No. 13 1/1, Bailey Road, Badulla              | Estimated Annual Rental Income | 6,300,000                                |
| No. 83, Kings Street, Matale                  | Estimated Annual Rental Income | 529,200                                  |
| No. 675, Dr. Danister de Silva Mw, Colombo 09 | Estimated Annual Rental Income | 140,000                                  |

11.3.2.1 The rental income earned from the above properties during the year 2024 is LKR 92.7 million (2023 - Rs.12.43 million).

11.3.2.2 The Fair value hierarchy of the investment properties for the Company as at 31st December 2024 is as follows.

|                   | Level 1 | Level 2 | Level 3   | Total fair value |
|-------------------|---------|---------|-----------|------------------|
| Freehold land     | -       | -       | 1,158,537 | 1,158,537        |
| Freehold Building | -       | -       | 800,070   | 800,070          |
|                   | -       | -       | 1,958,607 | 1,958,607        |



### 11.3.3 Janashakthi Finance PLC

11.3.3.1 The rental income earned from the below properties during the year is Rs. 9.49 million. (2023/24 Rs.9.38 million).

11.3.3.2 The Fair value hierarchy of the investment properties of Janashakthi Finance PLC as at 31st March, 2025 is as follows.

|                           | Level 1 | Level 2 | Level 3 | Total fair value |
|---------------------------|---------|---------|---------|------------------|
| Freehold land & buildings | -       | -       | 748,450 | 748,450          |
|                           | -       | -       | 748,450 | 748,450          |

11.3.3.3 Investment properties are stated at fair value which has been determined based Market approach.

## 12 Right of use of assets

| As at 31 March  | Notes | Group            |                  | Company          |                  |
|---|-------|------------------|------------------|------------------|------------------|
|   |       | 2025<br>Rs. '000 | 2024<br>Rs. '000 | 2025<br>Rs. '000 | 2024<br>Rs. '000 |
| <b>Cost</b>   |       |                  |                  |                  |                  |
| Balance at the beginning of the year                        |       | 1,430,582        | 1,097,181        | 135,720          | 212,802          |
| Opening balance of advance payments for right of use assets |       | 24,464           | 16,294           | -                | -                |
| Additions during the year                                   | 12.1  | 331,946          | 601,411          | 126,161          | 142,460          |
| Disposal of ROU   |       | (100,662)        | (299,700)        | -                | (212,802)        |
| Disposal of subsidiary during the year*                     | 12.2  | (565,321)        | -                | -                | -                |
| Exchange Gain/ (Loss)                                       |       | (2,300)          | (6,740)          | (2,300)          | (6,740)          |
| Advance paid for right to use of land during the year       |       | 10,920           | 22,136           | -                | -                |
| Balance at the end of the year                              |       | 1,129,629        | 1,430,582        | 259,581          | 135,720          |
| <b>Accumulated depreciation</b>                             |       |                  |                  |                  |                  |
| Balance at the beginning of the year                        |       | 514,350          | 433,366          | 4,572            | 113,076          |
| Depreciation charge for the year                            |       | 191,363          | 196,232          | 26,769           | 9,738            |
| Capitalized during the year                                 |       | -                | -                | -                | -                |
| Disposal of ROU   |       | (5,007)          | (115,248)        | -                | (118,242)        |
| Disposal of subsidiary during the year*                     | 12.2  | (295,808)        | -                | -                | -                |
| Balance at the end of the year                              |       | 404,898          | 514,350          | 31,341           | 4,572            |
|   |       |                  |                  |                  | -                |
| Carrying value as at 31 March                               |       | 724,731          | 916,232          | 228,240          | 131,148          |

12.1 During the year, the Group leased land and buildings and recognised a right to use asset of Rs. 331.94 Mn (2023/24 - Rs .601.41 Mn).

12.2 Janashakthi Limited being the parent company of Beckett Capital Pvt Ltd sold its entire stake of 100% on 31st January 2025. This resulted in derecognising the ROU assets.



# NOTES TO THE FINANCIAL STATEMENTS

## 13 Net Deferred tax assets

| As at 31 March  | Group            |                  | Company          |                  |
|---|------------------|------------------|------------------|------------------|
|   | 2025<br>Rs. '000 | 2024<br>Rs. '000 | 2025<br>Rs. '000 | 2024<br>Rs. '000 |
| Balance at the beginning of the year                                    | 497,471          | 686,837          | -                | -                |
| Origination during the year - Profit or Loss                            | 362,215          | (192,956)        | -                | -                |
| Reversal / (Origination) during the year - Other Comprehensive Income   | -                | 4,323            | -                | -                |
| Recognised in other comprehensive income                                | 1,270            | 1,321            | -                | -                |
| Deferred tax effect on actuarial gain on retirement benefits obligation | 177              | (2,054)          | -                | -                |
| Balance at the end of the year  | 861,133          | 497,471          | -                | -                |
| <b>13.1 Deferred tax Assets / (liabilities) arise from;</b>             |                  |                  |                  |                  |
| Property, plant & equipment   | (167,841)        | (256,213)        | (10,712)         | (1,612)          |
| Right of use of land and lease liabilities                              | 7                | (82,350)         | 7                | 1,022            |
| Retirement benefit obligation   | 1,726,214        | 176,131          | 7,719            | 26,394           |
| Investment property   | (441,010)        | (285,000)        | (284,500)        | (285,000)        |
| Qualifying payment on purchase consideration of amalgamation            | 1,133,820        | 1,252,640        | -                | -                |
| Provision for impairment of financial assets                            | 306,719          | 179,559          | -                | -                |
| On Accumulated tax losses   | 116,289          | 333,089          | -                | -                |
| Brought forward tax losses  | 287,486          | 340,381          | 287,486          | 259,196          |
| On Leasehold assets   | (91,242)         | -                | -                | -                |
| Total deductible temporary differences                                  | 2,870,442        | 1,658,237        | -                | -                |
| Applicable tax rate   | 30%              | 30%              | 30%              | 30%              |
| Net deferred tax assets   | 861,133          | 497,471          | -                | -                |

- 13.2** Deferred tax asset is recognized by considering the brought forward tax losses of which, the amount is in the opinion of the Directors, to the extent that it is probable that future taxable profit of the company will be available against brought forward tax losses in accordance with LKAS 12 and provisions of Inland Revenue Act No. 24 of 2017 and amendments there to.

Deferred tax asset has not been recognized in respect of the following tax losses because it is not probable that future taxable profit will be available against which the Group/Company can use the benefits therein.

| As at 31 March                  | Group      |            | Company    |            |
|---------------------------------|------------|------------|------------|------------|
|                                 | 2025       | 2024       | 2025       | 2024       |
|                                 | Rs. '000   | Rs. '000   | Rs. '000   | Rs. '000   |
| Tax loss                        | 15,564,459 | 20,594,653 | 15,045,843 | 20,201,478 |
| Unrecognized deferred tax asset | 4,669,338  | 4,612,520  | 4,513,753  | 4,513,753  |

**13.3** Deferred tax has been computed at 30% for all group of companies for the reporting date, 31st March 2025.

#### 14 Intangible assets

| As at 31 March                            | Group    |                  |           | Company   |           |
|---|----------|------------------|-----------|-----------|-----------|
|   | Software | Business License | Goodwill  | 2025      | 2024      |
|   | Rs. '000 | Rs. '000         | Rs. '000  | Rs. '000  | Rs. '000  |
| <b>Cost</b>                               |          |                  |           |           |           |
| Balance at the beginning of the year      | 303,856  | 49,800           | 4,255,564 | 4,609,220 | 4,571,696 |
| Additions during the year                 | 97,118   | -                | -         | 97,118    | 38,524    |
| Disposal of subsidiary                    | (458)    | (21,000)         | -         | (21,458)  | -         |
| Disposal                                  | -        | -                | -         | -         | (1,000)   |
| Balance at the end of the year            | 400,516  | 28,800           | 4,255,564 | 4,684,880 | 4,609,220 |
| <b>Accumulated amortization</b>           |          |                  |           |           |           |
| Balance at the beginning of the year      | 226,542  | -                | -         | 226,542   | 181,181   |
| Amortization charge for the year          | 42,661   | -                | -         | 42,661    | 45,815    |
| Disposal of subsidiary                    | (107)    | -                | -         | (107)     | -         |
| Disposal                                  | -        | -                | -         | -         | (454)     |
| Balance at the end of the year            | 269,096  | -                | -         | 269,096   | 226,542   |
| <b>Carrying value as at 31 March 2025</b> | 131,420  | 28,800           | 4,255,564 | 4,415,784 | -         |
| <b>Carrying value as at 31 March 2024</b> | 77,314   | 49,800           | 4,255,564 | -         | 4,382,678 |

# NOTES TO THE FINANCIAL STATEMENTS

## 14.1 Nature of intangible assets

Intangible assets consist of goodwill on business combinations, business license & computer software which are in use for normal business activities.

### Intangible Assets - Goodwill on Acquisition

As at 31 March

|   | Carrying Value |           |
|---|----------------|-----------|
|   | 2025           | 2024      |
|   | Rs. '000       | Rs. '000  |
| Janashakthi Insurance PLC   | 982,500        | 982,500   |
| Janashakthi Finance PLC   | 482,593        | 482,593   |
| First Capital Holdings PLC (Dunamis Capital PLC - Amalgamated entity) | 2,790,471      | 2,790,471 |
|   | 4,255,564      | 4,255,564 |

## 14.3 Title restrictions on intangible assets

There were no restrictions on title of intangible assets as at the reporting date.

## 14.4 Assessment of impairment of intangible assets

The Board of Directors has assessed the potential impairment indicators of Intangible Assets including as at 31 March 2025. Based on the assessment, no impairment indicators were identified.

## 14.5 Assessment of impairment of intangible assets - Goodwill

As required by LKAS 36 - "Impairment of Assets", goodwill is tested for impairment annually and assessed for any indications of impairment at each reporting date to ensure that the carrying amount does not exceed the recoverable amount. Accordingly, the management of the Group conducted an assessment and concluded that there are no indications of impairment of the goodwill as at 31 March 2025.

The recoverable amount of goodwill is determined based on value in use calculations. The value in use was determined by following basis as at reporting date.

| Company   | Methodology          | Key Assumptions                    |
|---|----------------------|------------------------------------|
| Janashakthi Insurance PLC                         | EV                   | Multiple 1.50 (Note 14.5.1)        |
| First Capital Holdings PLC                        | Adjusted NAV         |                                    |
| First Capital Limited                             | Adjusted NAV         |                                    |
| First Capital Treasuries PLC                      | Justified P/B        | Multiple 1.28 (Note 14.5.2)        |
| First Capital Asset Management Limited            | As a % of AUM        | 1.00% (Note 14.5.3)                |
| First Capital Markets Limited                     | NAV                  |                                    |
| First Capital Equities (Private) Limited          | NAV                  | Multiple 1.50 (Note 14.5.4)        |
| First Capital Trustee Services (Private) Limited  | NAV                  |                                    |
| First Capital Advisory Services (Private) Limited | NAV                  |                                    |
| Janashakthi Finance PLC                           | Discounted Cash Flow | WACC 12% Terminal Value Rate 2.00% |

- 14.5.1** EV of Janashakthi Insurance (JINS) is arrived using NAV with a 1.5x multiplier. on 30th September 2022 independent valuer IBM arrived at EV of JINS and at the time EV was 1.5x of NAV. Despite economic changes, fair valuation adjustments ensure NAV reflects current conditions. thus, the same assumption is incorporated
- 14.5.2** Given the asset-centric nature of First Capital Treasuries PLC , the P/B ratio is used. industry average of 1.28x is used as assumption
- 14.5.3** First Capital Asset Management Limited, 1% of AUM reflects its historical profitability from fund management activities. First Capital Asset Management Limited achieves an average 1% profit margin after direct and administrative costs, which is applied to value the company relative to its total AUM
- 14.5.4** First Capital Equities (Private) Limited 's revenue from commissions fluctuates with market conditions, making discounted cashflows unreliable. Instead, NAV is used with a 1.5x multiplier, assuming future revenue at 50% of existing NAV, this assumption is validated by an independent valuer CAL.

## 15 Investments in Subsidiaries

Janashakthi Limited's principal activity is investing in subsidiaries and providing related services to the subsidiaries. As such, the return on the fund invested by the shareholders of Janashakthi Limited is generated through the subsidiaries. Janashakthi Limited accounts for investment in subsidiaries using equity method.

| As at 31 March                            | Effective Holding (%) |          | Number of Shares |              | Equity method |           | Equity method |           |
|---|-----------------------|----------|------------------|--------------|---------------|-----------|---------------|-----------|
|   | 2025                  | 2024     | 2025             | 2024         | 2025          | Cost      | 2024          | Cost      |
|   | Rs. '000              | Rs. '000 | Rs. '000         | Rs. '000     | Rs. '000      | Rs. '000  | Rs. '000      | Rs. '000  |
| <b>Direct Subsidiaries</b>                |                       |          |                  |              |               |           |               |           |
| Janashakthi Insurance PLC                 | 77.58%                | 77.58%   | 168,144,497      | 168,144,497  | 12,736,402    | 2,002,642 | 12,045,743    | 2,002,642 |
| Janashakthi Finance PLC                   | 93.44%                | 93.44%   | 184,199,495      | 184,199,495  | 2,967,686     | 2,752,714 | 2,613,285     | 2,752,714 |
| First Capital Holdings PLC                | 76.57%                | 76.57%   | 234,992,601      | 234,992,601  | 5,687,900     | 1,397,626 | 6,750,928     | 1,397,626 |
| Janashakthi Capital Ltd                   | 99.99%                | 99.99%   | 99,991           | 99,991       | 46,801        | 44,302    | (290,280)     | 44,302    |
| Beckett Capital Pvt Ltd                   | 100.00%               | 100.00%  | 30,000,001       | 30,000,001   | 58,125        | 300,000   | 110,714       | 300,000   |
| <b>Sub Subsidiary</b>                     |                       |          |                  |              |               |           |               |           |
| First Capital Limited                     | 76.57%                | 76.57%   | -                | -            | -             | -         | -             | -         |
| First Capital Treasuries PLC              | 68.48%                | 68.48%   | -                | -            | -             | -         | -             | -         |
| First Capital Asset Management Limited    | 75.57%                | 75.57%   | -                | -            | -             | -         | -             | -         |
| First Capital Markets Limited             | 76.57%                | 76.57%   | -                | -            | -             | -         | -             | -         |
| First Capital Equities (Pvt) Ltd          | 76.57%                | 76.57%   | -                | -            | -             | -         | -             | -         |
| First Capital Trustee Services (Pvt) Ltd  | 76.57%                | 76.57%   | -                | -            | -             | -         | -             | -         |
| First Capital Advisory Services (Pvt) Ltd | 76.57%                | 76.57%   | -                | -            | -             | -         | -             | -         |
| Orient Capital Ltd                        | 99.99%                | 99.99%   | 34,999,998       | 34,999,998   | 29,501        | -         | 30,793        | -         |
| <b>Disposal of Subsidiary</b>             |                       |          |                  |              |               |           |               |           |
| Beckett Capital Pvt Ltd                   | 100.00%               | 100.00%  | (30,000,001)     | (30,000,001) | (58,125)      | (300,000) |               |           |
| <b>Sub total</b>                          |                       |          |                  |              | 21,468,289    | 6,197,284 | 21,261,183    | 6,497,284 |



# NOTES TO THE FINANCIAL STATEMENTS

## 15.1 Liabilities related to Equity Accounted Subsidiaries

| As at 31 March                         | Effective Holding (%) |          | Number of Shares |           | Equity method | Cost      | Equity method | Cost      |
|--|-----------------------|----------|------------------|-----------|---------------|-----------|---------------|-----------|
|  | 2025                  | 2024     | 2025             | 2024      | 2025          | 2025      | 2024          | 2024      |
|  | Rs. '000              | Rs. '000 | Rs. '000         | Rs. '000  | Rs. '000      | Rs. '000  | Rs. '000      | Rs. '000  |
| Janashakthi Business Services Limited  | 100.00%               | 100.00%  | 2                | 2         | (8)           | -         | 299           | -         |
| Janashakthi Capital Ltd                |                       |          |                  |           |               |           |               |           |
| Janashakthi Corporate Services Limited | 100.00%               | 100.00%  | 3,763,107        | 3,763,107 | (13,046)      | 10,000    | (2,131)       | 10,000    |
|  |                       |          |                  |           | (13,054)      | 10,000    | (1,832)       | 10,000    |
| Total of Equity Accounted Subsidiaries |                       |          |                  |           | 22,488,239    | 6,207,284 | 21,259,351    | 6,507,284 |

## 15.2 Reconciliation of the carrying amount of Group interest of the subsidiaries

| As at 31 March                                      | 2025        | 2024        |
|---|-------------|-------------|
|   | Rs. '000    | Rs. '000    |
| Opening balance at the beginning of the year        | 21,259,351  | 18,226,543  |
| Add -   |             |             |
| Investments made during the year                    | -           | 137,631     |
| Share of profit during the year                     | 6,573,156   | 10,920,817  |
| Share of other comprehensive income during the year | (128,125)   | 491,801     |
| Removal of AFS Reserve Fund of Life Policyholders   | -           | 494,481     |
| Disposal of Subsidiary                              | (52,588)    | -           |
| Less ( - )  |             |             |
| Disposal of Subsidiary Shares                       | -           | (2,694,201) |
| Intercompany shares sold (Gain)/Loss                | -           | (733,805)   |
| Dividend earned during the year                     | (5,163,554) | (5,349,232) |
| Adjustment to change in share ownership             |             | (234,685)   |
| Closing balance at the end of the year              | 22,488,240  | 21,259,351  |



As at 31 March

2025  
Rs. '000

2024  
Rs. '000

**15.2.1 Sales proceeds on disposal of Subsidiary Shares****Company Perspective**

|   |        |           |
|---|--------|-----------|
| Proceeds from disposal                      | 58,125 | 3,754,587 |
| Net Invested value of disposal              | 58,125 | 2,694,201 |
| Unrealized Gain/(Loss) on intercompany sale | -      | 765,854   |
| Gain/(Loss) on disposal                     | -      | 294,532   |

**Group Perspective**

|   |        |         |
|---|--------|---------|
| Sales proceeds on disposal of Subsidiary Shares |        |         |
| Sales consideration                             | 58,125 | 841,778 |
| Value of reduction in investment                | 58,125 | 547,246 |
| Gain/(Loss) on disposal                         | -      | 294,532 |

**15.2.2** During the year, Janashakthi Limited divested its entire 100% equity stake in Beckett Capital at the company's net asset value of LKR 58.125 Mn.

**15.3** During the year 2023/24 Janashakthi Ltd. sold 101,201,799 shares of First Capital PLC to Janashakthi Insurance on 22nd December 2024. The company adopted the direct holding method to calculate the profit on the disposal of shares. This share disposal resulted in the following changes to the effective holdings in subsidiaries, due to cross-holdings.

| Susbiadiay                 | Reduction in effective holding % | Value of reduction (000) | Effective holding before the sale | Effective holding after the sale |
|----------------------------|----------------------------------|--------------------------|-----------------------------------|----------------------------------|
| Janashakthi Insurance PLC  | 1.45%                            | 226,083                  | 79.03%                            | 77.58%                           |
| First Capital Holdings PLC | 6.44%                            | 547,246                  | 83.01%                            | 76.57%                           |
| Janashakthi Finance PLC    | 0.25%                            | 8,602                    | 93.69%                            | 93.44%                           |

**15.4** Shares pledged details are disclosed in Note 55.

# NOTES TO THE FINANCIAL STATEMENTS

**15.4.1** The management has formed judgment that its subsidiaries which have negative net assets, are supported with adequate resources to continue in operational existence for the foreseeable future driven by the continuous operationalization of risk mitigation initiatives and monitoring of business continuity and response plans at each business unit level along with the financial strength of the Group.

**15.5** The following table summarizes the financial information of Company's subsidiaries with the Company's interest in the subsidiaries and the profits/(loss) and net assets allocated to NCI.

| As at 31 March,   | Janashakthi Insurance PLC |                   | Janashakthi Finance PLC |                   | First Capital Holdings PLC<br>(Group) |                    |
|---|---------------------------|-------------------|-------------------------|-------------------|---------------------------------------|--------------------|
|   | 2024                      | 2023              | 2025/24                 | 2024/23           | 2025/24                               | 2024/25            |
|   | Rs. '000                  | Rs. '000          | Rs. '000                | Rs. '000          | Rs. '000                              | Rs. '000           |
| <b>Summarized Profit or Loss and other Comprehensive Income</b> |                           |                   |                         |                   |                                       |                    |
| Revenue   | 6,690,149                 | 4,584,822         | 4,465,309               | 4,601,527         | 14,011,457                            | 29,558,233         |
| Profit / (loss) after tax                                       | 4,512,163                 | 4,134,828         | 371,796                 | 348,527           | 5,016,635                             | 10,156,336         |
| Other Comprehensive Income (OCI)                                | (91,390)                  | 665,579           | 7,486                   | (26,603)          | 19,668                                | (49,352)           |
| <b>Total Comprehensive Income</b>                               | <b>3,089,239</b>          | <b>4,800,407</b>  | <b>379,282</b>          | <b>321,924</b>    | <b>5,036,303</b>                      | <b>10,106,984</b>  |
| Profit/loss allocated to NCI                                    | 414,567                   | 867,073           | 24,390                  | 22,619            | 1,351,512                             | 2,754,059          |
| OCI allocated to NCI  | (43,362)                  | 139,572           | 491                     | (1,901)           | 4,609                                 | (11,049)           |
| <b>Summarized Statement of Financial Position</b>               |                           |                   |                         |                   |                                       |                    |
| Current assets  | 15,514,685                | 13,663,020        | 17,031,688              | 11,812,517        | 19,479,933                            | 42,118,636         |
| Non-current assets  | 22,382,146                | 22,529,189        | 10,325,983              | 8,664,840         | 79,855,113                            | 36,534,446         |
| <b>Total assets</b>   | <b>37,896,833</b>         | <b>36,192,209</b> | <b>27,357,671</b>       | <b>20,477,357</b> | <b>99,335,046</b>                     | <b>78,653,082</b>  |
| Current liabilities   | 2,726,796                 | 2,660,915         | 16,751,382              | 13,305,339        | 88,804,562                            | 67,624,658         |
| Non-current liabilities   | 18,267,470                | 17,939,377        | 6,624,078               | 3,569,088         | 761,516                               | 3,087,944          |
| <b>Total liabilities</b>  | <b>20,994,266</b>         | <b>20,600,292</b> | <b>23,375,460</b>       | <b>16,874,427</b> | <b>89,566,078</b>                     | <b>70,712,602</b>  |
| <b>Net Assets</b>   | <b>16,902,567</b>         | <b>15,591,917</b> | <b>3,982,212</b>        | <b>3,602,931</b>  | <b>9,768,968</b>                      | <b>7,940,480</b>   |
| Subsidiary NCI  |                           |                   |                         |                   | (976,277)                             |                    |
| Good will   |                           |                   | (800,426)               | (800,426)         | (80,872)                              | (80,872)           |
| Inter Company Holding Adjustment                                | (1,331,534)               |                   |                         |                   | (80,872)                              |                    |
| <b>Adjusted Net Asset</b>                                       | <b>15,571,031</b>         | <b>15,591,917</b> | <b>3,181,786</b>        | <b>2,802,505</b>  | <b>8,711,818</b>                      | <b>7,859,608</b>   |
| <b>Net assets attributable to NCI</b>                           | <b>3,491,025</b>          | <b>3,495,708</b>  | <b>713,356</b>          | <b>628,322</b>    | <b>2,929,467</b>                      | <b>1,762,124</b>   |
| <b>Summarized Statement of Cash Flow</b>                        |                           |                   |                         |                   |                                       |                    |
| Cash flows from / (used in) operating activities                | 4,478,029                 | 3,761,489         | (3,283,792)             | 249,687           | 8,949,382                             | 6,621,747          |
| Cash flows from / (used in) investing activities                | 271,950                   | (6,117,698)       | (450,526)               | 803,266           | (88,721)                              | (300,444)          |
| Cash flows from / (used in) financing activities                | (4,486,893)               | 2,314,263         | 3,340,998               | (933,499)         | (6,588,631)                           | (7,338,742)        |
| <b>Net Increase / (decrease) in cash &amp; cash Equivalents</b> | <b>263,086</b>            | <b>(41,947)</b>   | <b>(393,320)</b>        | <b>119,454</b>    | <b>2,272,030</b>                      | <b>(1,017,439)</b> |

15.5.1 The Group's year end is 31st March except for Janashakthi Insurance PLC which has a year end of 31st December.

15.5.2 The management has formed judgment that its subsidiaries which have negative net assets, are supported with adequate resources to continue in operational existence for the foreseeable future driven by the continuous operationalization of risk mitigation initiatives and monitoring of business continuity and response plans at each business unit level along with the financial strength of the Group.

## 16 Investment in financial assets

| As at 31 March  | Notes  | Group            |                  | Company          |                  |
|---|--------|------------------|------------------|------------------|------------------|
|   |        | 2025<br>Rs. '000 | 2024<br>Rs. '000 | 2025<br>Rs. '000 | 2024<br>Rs. '000 |
| Financial assets measured at fair value through profit or loss          | 16.1   | 108,771,003      | 78,944,053       | 248,462          | 120,776          |
| Financial Assets measured at amortized cost                             | 16.2   | 11,191,334       | 12,627,268       | 131,311          | 83,721           |
| Financial assets measured fair value through other comprehensive income | 16.3   | 3,486,150        | 5,005,570        | -                | -                |
|   |        | 123,448,487      | 96,576,891       | 379,773          | 204,497          |
| <b>16.1 Financial assets at fair value through profit or loss</b>       |        |                  |                  |                  |                  |
| Fair value  |        |                  |                  |                  |                  |
| Investment in quoted equity securities                                  | 16.1.1 | 11,400,564       | 1,502,953        | 45,693           | 91,387           |
| Investment in unit trust  |        | 3,744,598        | 4,815,058        | 202,769          | 29,389           |
| Investment in government securities                                     | 16.1.2 | 91,959,320       | 71,607,788       | -                | -                |
| Investment in debentures  | 16.1.3 | 1,666,521        | 1,018,254        | -                | -                |
|   |        | 108,771,003      | 78,944,053       | 248,462          | 120,776          |
| <b>16.1.1 Investment in quoted equity securities</b>                    |        |                  |                  |                  |                  |
| Banks, finance and insurance  |        | 10,698,583       | 1,422,197        | 45,693           | 91,387           |
| Diversified holdings  |        | 701,981          | 47,223           | -                | -                |
| Manufacturing   |        | -                | 33,533           | -                | -                |
|   |        | 11,400,564       | 1,502,953        | 45,693           | 91,387           |

16.1.1.1 Equity shares classified as financial assets measured at fair value through profit or loss has not been pledged as collateral for margin facility entered into by the Company as of 31 March 2025 (2024 - Rs.91Mn).

16.1.1.2 Equity shares classified as financial assets measured at fair value through profit or loss pledged as collateral for borrowings are disclosed in Note 29.2

| As at 31 March                                    |  | Group            |                  | Company          |                  |
|---|--|------------------|------------------|------------------|------------------|
|   |  | 2025<br>Rs. '000 | 2024<br>Rs. '000 | 2025<br>Rs. '000 | 2024<br>Rs. '000 |
| <b>16.1.2 Investment in government securities</b> |  |                  |                  |                  |                  |
| Treasury bills                                    |  | 729,308          | 18,227,996       | -                | -                |
| Treasury bonds                                    |  | 77,378,212       | 38,965,665       | -                | -                |
| Investment in government securities               |  | 13,851,800       | 14,414,127       | -                | -                |
|   |  | 91,959,320       | 71,607,788       | -                | -                |



# NOTES TO THE FINANCIAL STATEMENTS

## 16.1.2.1 Securities pledged as collateral

Out of the government securities classified as FVTPL, the following amounts had been pledged as collateral for re-purchase agreements entered into by the Group.

| As at 31 March                                | Notes | Group            |                  | Company          |                  |
|---|-------|------------------|------------------|------------------|------------------|
|   |       | 2025<br>Rs. '000 | 2024<br>Rs. '000 | 2025<br>Rs. '000 | 2024<br>Rs. '000 |
| Treasury bills                                |       | 695,792          | 13,605,361       | -                | -                |
| Treasury bonds                                |       | 76,676,775       | 37,145,268       | -                | -                |
|   |       | 77,372,567       | 50,750,629       | -                | -                |
| <b>16.1.3 Investment in quoted debentures</b> |       |                  |                  |                  |                  |
| Banks, finance and insurance                  |       | 1,666,521        | 1,018,254        | -                | -                |
|   |       | 1,666,521        | 1,018,254        | -                | -                |

| As at 31 March  |        | Group            |                  | Company          |                  |
|---|--------|------------------|------------------|------------------|------------------|
|   |        | 2025<br>Rs. '000 | 2024<br>Rs. '000 | 2025<br>Rs. '000 | 2024<br>Rs. '000 |
| <b>16.2 Financial assets measured at amortized cost</b> |        |                  |                  |                  |                  |
| Reverse repurchase agreements                           |        | 5,159,508        | 4,139,696        | 63               | 59               |
| Short term lending                                      |        | 1,208,554        | 130,557          | -                | 49,473           |
| Corporate debts   |        | 2,440,672        | 3,331,448        | -                | -                |
| Fixed deposits  |        | 672,411          | 455,752          | 131,248          | 34,189           |
| Commercial Papers                                       |        | 1,769,936        | 4,438,885        | -                | -                |
| Staff receivables                                       |        | 53,956           | 62,953           | -                | -                |
| Placement with banks and financial institutions         |        | -                | 236,667          | -                | -                |
| Less: Provision for impairment                          | 16.2.3 | (113,703)        | (168,690)        | -                | -                |
|   |        | 11,191,334       | 12,627,268       | 131,311          | 83,721           |

**16.2.4.1** Investments in fixed deposits amounting to Rs. 74Mn have been pledged as collateral for banking facilities (As at 31 March 2024 - Group Rs. 60Mn).

**16.2.4.2** Investment in commercial papers classified as financial assets at amortised cost amounting to Rs. 228Mn have been pledged as collateral for re-purchase agreements and margin facility entered into by the Group as of 31 March 2025 (31 March 2024- Rs.1,102Mn).

**16.2.4.3** Investment in trust certificates classified as financial assets at amortised cost amounting to Rs. 810Mn have been pledged as collateral for re-purchase agreements and margin facility entered into by the Group as of 31 March 2025 (31 March 2024- Nil).

**16.2.4.4** Investment in securitised papers classified as financial assets at amortised cost amounting to Rs. 199Mn have been pledged as collateral for re-purchase agreements and margin facility entered into by the Group as of 31 March 2025.



| As at 31 March |  | Group            |                  | Company          |                  |
|----------------|--|------------------|------------------|------------------|------------------|
|                |  | 2025<br>Rs. '000 | 2024<br>Rs. '000 | 2025<br>Rs. '000 | 2024<br>Rs. '000 |
| <b>16.2.3</b>  | <b>Movement in provision for expected credit loss on financial assets measured at amortized cost</b> |                  |                  |                  |                  |
|                | Balance as at the beginning of the year  | 168,690          | 245,517          | -                | -                |
|                | (Reversal)/charge for the year   | (54,987)         | (76,827)         | -                | -                |
|                | Balance as at the end of the year  | 113,703          | 168,690          | -                | -                |

**16.2.4** Expected loss on corporate debt securities classified as “Stage 1” amounting to Rs. 307,018 (2024 - “Stage 1” - Rs. 235,860) in accordance with SLFRS 9.

**16.2.5** Expected loss on investment in fixed deposits classified as “Stage 1” and “Stage 3” amounting to Rs. 77 and Rs. 5,000,000 (2024 - “Stage 1” - Rs. 4,318 and “Stage 3” - Rs. 5,000,000) respectively in accordance with SLFRS 9.

**16.2.6** Expected loss on short term lending classified as “Stage 1”, and Stage 3” amounting to Rs. 5,274,642, and Rs. 103,119,677 respectively (2024 - “Stage 1” - Rs. 26,075,905 “Stage 2” - Rs. 16,249,863 and “Stage 3” - Rs. 118,119,678) in accordance with SLFRS 9.

| As at 31 March |   | Group    |           | Company   |          |   |
|----------------|---|----------|-----------|-----------|----------|---|
|                |   | 2025     | 2024      | 2025      | 2024     |   |
|                | Notes   | Rs. '000 | Rs. '000  | Rs. '000  | Rs. '000 |   |
| 16.3           | Financial assets at fair value through other comprehensive income |          |           |           |          |   |
|                | Equity securities   | 16.3.1   | 848,432   | 2,516,818 | -        | - |
|                | Venture capital investments                                       |          | 12        | 12        | -        | - |
|                | Investment in government securities                               | 16.3.6   | 1,144,033 | 932,761   | -        | - |
|                | Corporate debt  |          | 1,493,673 | 1,555,979 | -        | - |
|                |   |          | 3,486,150 | 5,005,570 | -        | - |
| 16.3.1         | Equity securities   |          |           |           |          |   |
|                | Banks, finance and insurance                                      |          | 776,654   | 2,450,191 | -        | - |
|                | Land and property   |          | 71,778    | 66,628    | -        | - |
|                | Diversified holdings  |          | -         | -         | -        | - |
|                | Manufacturing   |          | -         | -         | -        | - |
|                |   |          | 848,432   | 2,516,819 | -        | - |

**16.3.2** The Group designated the investment shown above as equity securities measured at Fair value through other comprehensive income because these equities represent investment that the Group intends to hold for medium to long term for strategic purpose.

**16.3.3** Janashakthi Limited (JL) holds 5,000,000 preference shares (12%, non-cumulative, convertible) acquired at Rs. 20 per share in Kanrich Finance Limited on account of amalgamation with Dunamis Capital PLC. Nation Lanka Finance PLC (NLF) amalgamated on the 31st July with KFL and the Shares held by JL were converted to 228,466,987 number of Share Exchange Ratio adopted in the Business Amalgamation For 10,000 share of KFL, 456,933.973 shares of NLFL.

# NOTES TO THE FINANCIAL STATEMENTS

**16.3.4** First Capital Limited (FCL) held 8,270,077 ordinary shares acquired at Rs. 40 per share in Kanrich Finance Limited (KFL) which was equivalent to 10% stake and the said investment is classified under Financial assets measured at fair value through other comprehensive income. On 31st July 2024, NLF (NLF) amalgamated with KFL and the Shares held by FCL were converted to 266,770,806 number of Shares of NLF adopting a Share Exchange Ratio of 10,000 shares of KFL, 322,573.5456 shares of NLF in the business amalgamation. The shares were listed on Colombo Stock Exchange on 31st August 2024. As of 31st March 2025, FCL holds 261,167,368 ordinary shares of NLF.

**16.3.5** The Directors' valuation of non-quoted securities of Janashakthi Finance PLC, based on cost of investment less impairment amounts to Rs. 230,600/- (2024 - Rs. 230,600/-).

**16.3.6** Investment in Government Securities includes Investments in Treasury Bills By Janashakthi Finance PLC and First Capital Holdings PLC.

## 17 Loans and receivables from customers

| As at 31 March  | Notes | Group            |                  | Company          |                  |
|---|-------|------------------|------------------|------------------|------------------|
|   |       | 2025<br>Rs. '000 | 2024<br>Rs. '000 | 2025<br>Rs. '000 | 2024<br>Rs. '000 |
| Loans and receivables   |       | 29,359,282       | 21,855,738       | -                | -                |
| Less: Unearned income   |       | (6,192,749)      | (5,068,272)      | -                | -                |
| Net loans and receivables                                       |       | 23,166,533       | 16,787,466       | -                | -                |
| Less: impairment for expected credit loss                       | 17.7  | (1,111,774)      | (1,128,728)      | -                | -                |
| Net loans and receivables                                       |       | 22,054,759       | 15,658,738       | -                | -                |
| Product wise analysis of net loans and receivables to customers |       |                  |                  |                  |                  |
| Financial lease receivables                                     | 17.1  | 11,975,446       | 9,165,520        | -                | -                |
| Hire purchase receivables                                       | 17.2  | 11,560           | 14,129           | -                | -                |
| Factoring receivables   | 17.3  | 39,089           | 48,378           | -                | -                |
| Gold loan receivables   | 17.4  | 7,720,279        | 4,889,426        | -                | -                |
| Other loans receivables   | 17.5  | 795,381          | 604,327          | -                | -                |
| Alternative finance receivables                                 | 17.6  | 1,513,007        | 936,959          | -                | -                |
|   |       | 22,054,762       | 15,658,739       | -                | -                |



| As at 31 March   | Note | Group             |                  | Company          |                  |
|--|------|-------------------|------------------|------------------|------------------|
|  |      | 2025<br>Rs. '000  | 2024<br>Rs. '000 | 2025<br>Rs. '000 | 2024<br>Rs. '000 |
| <b>17.1 Financial lease receivables</b>                  |      |                   |                  |                  |                  |
| Gross lease rentals receivables                          |      | 18,540,302        | 14,675,401       | -                | -                |
| Less: Unearned lease income                              |      | (5,577,982)       | (4,583,593)      | -                | -                |
| Net lease rentals receivables                            |      | 12,962,319        | 10,091,809       | -                | -                |
| Less: impairment for expected credit loss                | 17.7 | (986,874)         | (926,289)        | -                | -                |
| Net financial lease receivable                           |      | 11,975,445        | 9,165,519        | -                | -                |
| <b>Lease rentals receivables within one year</b>         |      |                   |                  |                  |                  |
| Gross lease rentals receivables                          |      | 7,823,327         | 6,214,713        | -                | -                |
| Less : Unearned lease income                             |      | (2,752,915)       | (2,170,736)      | -                | -                |
| Net lease rentals receivables                            |      | 5,070,412         | 4,043,977        | -                | -                |
| Impairment for expected credit loss                      |      | (386,031)         | (371,181)        | -                | -                |
| Net financial lease receivables within one year          |      | 4,684,381         | 3,672,796        | -                | -                |
| <b>Lease rentals receivables one to five years</b>       |      |                   |                  |                  |                  |
| Gross lease rentals receivables                          |      | 10,716,976        | 8,456,208        | -                | -                |
| Less : Unearned lease income                             |      | (2,825,067)       | (2,412,507)      | -                | -                |
| Net lease rentals receivables                            |      | 7,891,909         | 6,043,701        | -                | -                |
| Impairment for expected credit loss                      |      | (600,843)         | (554,729)        | -                | -                |
| Net financial lease receivables within one to five years |      | 7,291,066         | 5,488,972        | -                | -                |
| <b>Lease rentals receivables later than five years</b>   |      |                   |                  |                  |                  |
| Gross lease rentals receivable later than five years     |      | -                 | 4,480            | -                | -                |
| Less : Unearned lease income                             |      | -                 | (350)            | -                | -                |
| Net lease rentals receivable                             |      | -                 | 4,130            | -                | -                |
| Impairment for expected credit loss                      |      | -                 | (379)            | -                | -                |
| Net financial lease receivables later than five years    |      | -                 | 3,751            | -                | -                |
| <b>Total</b>   |      | <b>11,975,446</b> | <b>9,165,519</b> | <b>-</b>         | <b>-</b>         |



# NOTES TO THE FINANCIAL STATEMENTS



| As at 31 March  |       | Group            |                  | Company          |                  |
|---|-------|------------------|------------------|------------------|------------------|
|   | Notes | 2025<br>Rs. '000 | 2024<br>Rs. '000 | 2025<br>Rs. '000 | 2024<br>Rs. '000 |
| <b>17.2 Hire purchase rentals receivables</b>                 |       |                  |                  |                  |                  |
| Gross hire purchase rentals receivables                       |       | 22,206           | 25,705           | -                | -                |
| Impairment for expected credit losses                         | 17.7  | (10,646)         | (11,574)         | -                | -                |
| Hire purchase rentals receivable within one year              |       | 11,560           | 14,131           | -                | -                |
| <b>Hire purchase rentals receivables within one year</b>      |       |                  |                  |                  |                  |
| Gross hire purchase rentals receivables within one year       |       | 22,206           | 25,705           | -                | -                |
| Less : Unearned income  |       | (10,646)         | -                | -                | -                |
| Impairment for expected credit losses                         | 17.7  | -                | (11,574)         | -                | -                |
| Net Hire purchase rentals receivables within one year         |       | 11,560           | 14,131           | -                | -                |
| <b>17.3 Factoring receivables</b>                             |       |                  |                  |                  |                  |
| Factoring receivables   |       | 49,531           | 58,821           | -                | -                |
| Impairment for expected credit losses                         | 17.7  | (10,442)         | (10,441)         | -                | -                |
| Net Factoring Receivables                                     |       | 39,089           | 48,380           | -                | -                |
| <b>17.4 Gold Loan receivables</b>                             |       |                  |                  |                  |                  |
| Gold Loans receivable   |       | 7,723,282        | 4,895,029        | -                | -                |
| Impairment for expected credit losses                         | 17.7  | (3,003)          | (5,603)          | -                | -                |
| Net Gold Loan receivable                                      |       | 7,720,279        | 4,889,426        | -                | -                |
| <b>17.5 Other loan receivables</b>                            |       |                  |                  |                  |                  |
| Gross other loans rentals receivables                         |       | 983,162          | 866,570          | -                | -                |
| Unearned income   |       | (104,266)        | (95,105)         | -                | -                |
| Net other loans rentals receivables                           |       | 878,896          | 771,465          | -                | -                |
| Impairment for expected credit losses                         |       | (83,515)         | (167,138)        | -                | -                |
| Net other loans rentals receivables                           |       | 795,381          | 604,327          | -                | -                |
| <b>Other loans receivables within one year</b>                |       |                  |                  |                  |                  |
| Gross other loans rentals receivable within one year          |       | 798,988          | 537,910          | -                | -                |
| Unearned income   |       | (71,332)         | (37,390)         | -                | -                |
| Net other loans rentals receivable within one year            |       | 727,656          | 500,520          | -                | -                |
| Impairment for expected credit losses                         | 17.7  | (71,081)         | (126,676)        | -                | -                |
| Net other loans receivables within one year                   |       | 656,575          | 373,844          | -                | -                |
| <b>Other loans receivables one to five years</b>              |       |                  |                  |                  |                  |
| Gross other loans rentals receivable within one to five years |       | 184,174          | 328,660          | -                | -                |
| Unearned income   |       | (32,934)         | (57,715)         | -                | -                |
| Net other loans rentals receivable within one to five years   |       | 151,240          | 270,946          | -                | -                |
| Impairment for expected credit losses                         | 17.7  | (12,434)         | (40,462)         | -                | -                |
| Net other loans receivables within one to five years          |       | 138,806          | 230,483          | -                | -                |
| <b>Total</b>  |       | <b>795,381</b>   | <b>604,327</b>   | <b>-</b>         | <b>-</b>         |



| As at 31 March  | Note | Group            |                  | Company          |                  |
|---|------|------------------|------------------|------------------|------------------|
|   |      | 2025<br>Rs. '000 | 2024<br>Rs. '000 | 2025<br>Rs. '000 | 2024<br>Rs. '000 |
| <b>17.6 Alternative finance receivable</b>                      |      |                  |                  |                  |                  |
| Gross Alternative finance receivable                            |      | 2,038,528        | 1,334,213        | -                | -                |
| Less: Unearned income   |      | (508,228)        | (389,574)        | -                | -                |
| Net Alternative finance receivable                              |      | 1,530,300        | 944,639          | -                | -                |
| Less: Impairment for expected credit losses                     | 17.7 | (17,293)         | (7,680)          | -                | -                |
| Net Alternative finance receivable                              |      | 1,513,007        | 936,959          | -                | -                |
| <b>Alternative finance receivables within one year</b>          |      |                  |                  |                  |                  |
| Gross Alternative finance receivable within one year            |      | 1,092,979        | 658,737          | -                | -                |
| Less: Unearned income   |      | (272,372)        | (198,232)        | -                | -                |
| Net Alternative finance receivable within one year              |      | 820,607          | 460,505          | -                | -                |
| Less: Impairment for expected credit losses                     |      | (9,273)          | (3,744)          | -                | -                |
| Net Alternative finance receivable within one year              |      | 811,334          | 456,761          | -                | -                |
| <b>Alternative finance receivables within one to five years</b> |      |                  |                  |                  |                  |
| Gross Alternative finance receivable within one to five years   |      | 943,945          | 675,477          | -                | -                |
| Less: Unearned income   |      | (235,730)        | (191,342)        | -                | -                |
| Net Alternative finance receivable within one to five years     |      | 708,215          | 484,135          | -                | -                |
| Less: Impairment for expected credit losses                     |      | (8,003)          | (3,936)          | -                | -                |
| Net Alternative finance receivable within one to five years     |      | 700,212          | 480,199          | -                | -                |
| <b>Alternative finance receivables later than five years</b>    |      |                  |                  |                  |                  |
| Gross Alternative finance receivable later than five years      |      | 1,603            |                  | -                | -                |
| Less: Unearned income   |      | (126)            |                  | -                | -                |
| Net Alternative finance receivable later than five years        |      | 1,477            |                  | -                | -                |
| Less: Impairment for expected credit losses                     |      | (17)             |                  | -                | -                |
| Net Alternative finance receivable later than five years        |      | 1,461            |                  | -                | -                |
| <b>Total</b>  |      | <b>1,513,007</b> | <b>936,960</b>   | <b>-</b>         | <b>-</b>         |

# NOTES TO THE FINANCIAL STATEMENTS

## 17.7 Product wise analysis of net loans and receivables from customers

| As at 31 March                 | As at 31 March 2025 |                    |                   | As at 31 March 2024 |                    |                   |
|--------------------------------|---------------------|--------------------|-------------------|---------------------|--------------------|-------------------|
|                                | Gross<br>receivable | ECL<br>allowance   | Net<br>receivable | Gross<br>receivable | ECL<br>allowance   | Net<br>receivable |
|                                | Rs. '000            | Rs. '000           | Rs. '000          | Rs. '000            | Rs. '000           | Rs. '000          |
| Finance lease receivable       |                     |                    |                   |                     |                    |                   |
| Stage 01                       | 9,670,952           | (108,237)          | 9,562,715         | 6,237,183           | (109,194)          | 6,127,989         |
| Stage 02                       | 1,985,856           | (117,262)          | 1,868,594         | 2,339,308           | (190,283)          | 2,149,025         |
| Stage 03                       | 1,305,512           | (777,775)          | 527,736           | 1,515,316           | (626,812)          | 888,505           |
| Written off during the year    | -                   | 16,400             | 16,400            | -                   | -                  | -                 |
|                                | 12,962,320          | (986,874)          | 11,975,446        | 10,091,808          | (926,289)          | 9,165,519         |
| Hire purchase receivable       |                     |                    |                   |                     |                    |                   |
| Stage 03                       | 22,206              | (14,145)           | 8,061             | 25,705              | (11,575)           | 14,129            |
| Written off during the year    | -                   | 3,499              | 3,499             | -                   | -                  | -                 |
|                                | 22,206              | (10,646)           | 11,560            | 25,705              | (11,575)           | 14,129            |
| Factoring receivable           |                     |                    |                   |                     |                    |                   |
| Stage 03                       | 49,531              | (10,442)           | 39,088            | 58,821              | (10,442)           | 48,378            |
|                                | 49,531              | (10,442)           | 39,088            | 58,821              | (10,442)           | 48,378            |
| Gold loans receivable          |                     |                    |                   |                     |                    |                   |
| Stage 01                       | 6,974,117           | (2,942)            | 6,971,175         | 3,796,063           | (176)              | 3,795,887         |
| Stage 02                       | 744,394             | (61)               | 744,333           | 988,016             | (393)              | 987,623           |
| Stage 03                       | 4,771               | -                  | 4,771             | 110,950             | (5,034)            | 105,916           |
|                                | 7,723,282           | (3,003)            | 7,720,279         | 4,895,029           | (5,603)            | 4,889,426         |
| Other loans receivable         |                     |                    |                   |                     |                    |                   |
| Stage 01                       | 617,534             | (1,705)            | 615,829           | 416,654             | (2,293)            | 414,360           |
| Stage 02                       | 32,399              | (1,698)            | 30,701            | 21,850              | (2,610)            | 19,240            |
| Stage 03                       | 228,962             | (161,300)          | 67,663            | 332,963             | (162,235)          | 170,728           |
| Written off during the year    | -                   | 81,188             | 81,188            | -                   | -                  | -                 |
|                                | 878,895             | (83,515)           | 795,380           | 771,467             | (167,138)          | 604,328           |
| Alternative finance receivable |                     |                    |                   |                     |                    |                   |
| Stage 01                       | 1,440,111           | (9,276)            | 1,430,835         | 906,046             | (5,373)            | 900,673           |
| Stage 02                       | 83,339              | (3,115)            | 80,224            | 36,943              | (1,897)            | 35,046            |
| Stage 03                       | 6,850               | (4,902)            | 1,948             | 1,650               | (410)              | 1,240             |
|                                | 1,530,300           | (17,293)           | 1,513,007         | 944,639             | (7,680)            | 936,959           |
| <b>Total</b>                   | <b>23,166,533</b>   | <b>(1,111,774)</b> | <b>22,054,759</b> | <b>16,787,468</b>   | <b>(1,128,728)</b> | <b>15,658,739</b> |

**17.8 Movement in specific and collective impairment charges of loans and receivables from customers for the year ended 31 March 2025**

| As at 31 March                 | Finance<br>lease<br>Rs.'000 | Hire<br>purchase<br>Rs.'000 | Other loans<br>receivables<br>Rs.'000 | Factoring<br>Rs.'000 | Alternative<br>finance<br>Rs.'000 | Gold loan<br>Rs.'000 | Provision for<br>specific item<br>Rs.'000 | Total<br>Rs.'000 |
|--------------------------------|-----------------------------|-----------------------------|---------------------------------------|----------------------|-----------------------------------|----------------------|---|------------------|
| Balance as at 01st April 2024  | 926,289                     | 11,575                      | 167,138                               | 10,442               | 7,680                             | 5,603                | -   | 1,128,728        |
| Charge/(reversal) for the year | 76,985                      | 2,569                       | (2,435)                               |                      | 9,613                             | (2,600)              | -   | 84,133           |
| Written off during the year    | (16,400)                    | (3,499)                     | (81,188)                              | -                    | -                                 | -                    |   | (101,087)        |
| Balance as at 31st March 2025  | 986,874                     | 10,646                      | 83,516                                | 10,442               | 17,293                            | 3,003                | -   | 1,111,774        |

Movement in specific and collective impairment charges of loans and receivables from customers for the year ended 31 March 2024

| As at 31 March                 | Finance<br>lease<br>Rs.'000 | Hire<br>purchase<br>Rs.'000 | Other loans<br>receivables<br>Rs.'000 | Factoring<br>Rs.'000 | Alternative<br>Finance<br>Rs.'000 | Gold Loan<br>Rs.'000 | Provision for<br>specific item<br>Rs.'000 | Total<br>Rs.'000 |
|--------------------------------|-----------------------------|-----------------------------|---------------------------------------|----------------------|-----------------------------------|----------------------|---|------------------|
| Balance as at 01st April 2023  | 744,960                     | 8,042                       | 202,563                               | 79,299               | 2,750                             | 1,905                | -   | 1,039,520        |
| Charge/(reversal) for the year | 181,329                     | 3,533                       | (35,425)                              | (17,886)             | 4,930                             | 3,698                |   | 140,179          |
| Written off during the year    | -                           | -                           | -                                     | (50,971)             | -                                 | -                    |   | (50,971)         |
| Balance as at 31st March 2024  | 926,289                     | 11,575                      | 167,138                               | 10,442               | 7,680                             | 5,603                | -   | 1,128,728        |

**18 Loans to life policyholders and others**

| As at 31 March                        | Group            |                  | Company          |                  |
|---------------------------------------|------------------|------------------|------------------|------------------|
|                                       | 2025<br>Rs. '000 | 2024<br>Rs. '000 | 2025<br>Rs. '000 | 2024<br>Rs. '000 |
| Loans recoverable from policy holders | 257,702          | 247,541          | -                | -                |
| Loans given to employees              | 17,724           | 21,195           | -                | -                |
| Provision for impairment              | -                | -                | -                | -                |
|                                       | 275,426          | 268,736          | -                | -                |



# NOTES TO THE FINANCIAL STATEMENTS

## 19 Inventories

| As at 31 March    | Group            |                  | Company          |                  |
|-------------------|------------------|------------------|------------------|------------------|
|                   | 2025<br>Rs. '000 | 2024<br>Rs. '000 | 2025<br>Rs. '000 | 2024<br>Rs. '000 |
| Real estate stock | 20,306           | 9,860            | -                | -                |
| Consumables       | -                | 2,605            | -                | -                |
| <b>Total</b>      | <b>20,306</b>    | <b>12,465</b>    | <b>-</b>         | <b>-</b>         |

- 19.1** Real estate stocks consists of real estate projects carrying out by Janashakthi Finance PLC. Consumable balances consisted of gym improvement materials of Beckett Capital (Pvt) Ltd amounting to Rs. 2,605Mn in March 2024.

| As at 31 March            | Note | Group            |                  | Company          |                  |
|---------------------------|------|------------------|------------------|------------------|------------------|
|                           |      | 2025<br>Rs. '000 | 2024<br>Rs. '000 | 2025<br>Rs. '000 | 2024<br>Rs. '000 |
| Janashakthi Finance PLC   | 19.2 | 20,306           | 9,860            | -                | -                |
| Beckett Capital (Pvt) Ltd |      | -                | 2,605            | -                | -                |
|                           |      | <b>20,306</b>    | <b>12,465</b>    | <b>-</b>         | <b>-</b>         |

| As at 31 March                          | Group            |                  |
|---|------------------|------------------|
|   | 2025<br>Rs. '000 | 2024<br>Rs. '000 |
| <b>19.2 Janashakthi Finance PLC</b>     |                  |                  |
| Naranwala Project                       | 1,767            | 1,767            |
| Kiriberiya Project                      | -                | 2,887            |
| Matale Project                          | 13,046           | 13,046           |
| Maddawaththa Project                    | -                | 865              |
| Chillaw Project                         | -                | 1,794            |
| Dambulla Project                        | 6,601            | 7,393            |
| Fall in fair value of real estate stock | -                | (16,785)         |
| Intercompany Adjustments                | (1,108)          | (1,108)          |
|   | <b>20,306</b>    | <b>9,860</b>     |

- 19.3** There were no items of inventory pledged as security as of 31 March 2025, except for disclosed in 29.2.



## 20 Reinsurance receivables

| As at 31 March                                | Group            |                  | Company          |                  |
|---|------------------|------------------|------------------|------------------|
|   | 2025<br>Rs. '000 | 2024<br>Rs. '000 | 2025<br>Rs. '000 | 2024<br>Rs. '000 |
| Reinsurance receivables on outstanding claims | 19,620           | 26,815           | -                | -                |
|   | 19,620           | 26,815           | -                | -                |

- 20.1** Reinsurance receivables are recognised as a financial asset as Loans and receivables and the asset is de-recognised when the contractual rights are extinguished or expired or when the contract is transferred to another party.

## 21 Premium receivables

| As at 31 March      | Group            |                  | Company          |                  |
|---------------------|------------------|------------------|------------------|------------------|
|                     | 2025<br>Rs. '000 | 2024<br>Rs. '000 | 2025<br>Rs. '000 | 2024<br>Rs. '000 |
| Premium receivables | 320,075          | 268,203          | -                | -                |
|                     | 320,075          | 268,203          | -                | -                |

- 21.1** Premium Receivables as disclosed above include amounts that are over due at the end of the reporting period. The allowance has been recognised for impairment loss where the receivables are beyond the extended credit period.

# NOTES TO THE FINANCIAL STATEMENTS

## 22 Amounts due from related parties

| As at 31 March  | Group            |                  | Company          |                  |
|---|------------------|------------------|------------------|------------------|
|   | 2025<br>Rs. '000 | 2024<br>Rs. '000 | 2025<br>Rs. '000 | 2024<br>Rs. '000 |
| Premier Synthetic Leather Manufacturers (Pvt) Ltd   | -                | 139,713          | -                | 139,713          |
| Janashakthi Insurance PLC   | -                | -                | 85,135           | 9,413            |
| Nextventures Limited  | -                | 1,054,460        | -                | 1,054,460        |
| Janashakthi Corporate Services Ltd  | -                | -                | 14,121           | 3,509            |
| PVIC Management (Pvt) Ltd   | -                | 150              | -                | 150              |
| First Capital Holdings PLC  | -                | -                | 32,539           | 2,091            |
| Thornton Engineering (Pvt) Ltd  | -                | 157              | -                | 157              |
| Janashakthi Finance PLC   | -                | -                | 68,235           | 4,091            |
| Orient Capital Limited  | -                | -                | 162              | 13,301           |
| Schaffters (Pvt) Ltd  | 16,861           | 30,000           | -                | 5,000            |
| Janashakthi Capital Limited   | -                | -                | 814,285          | 614,088          |
| Janashakthi Business Services   | -                | -                | 6,438            | 3,456            |
| Beckett Capital (Pvt) Ltd   | 132              | -                | 132              | 50,031           |
| Power World Gyms Limited  | -                | 22               | -                | -                |
| Rock Foundation (Pvt) Ltd   | -                | 11               | -                | 11               |
| Less: Provision for impairment  | -                | (179,468)        | (29,800)         | (452,798)        |
|   | 16,993           | 1,050,045        | 991,246          | 1,446,673        |
| <b>22.1 Movement in provision for expected credit loss on amount due from related parties</b> |                  |                  |                  |                  |
| Balance as at the beginning of the year   | 179,468          | 212,468          | 452,798          | 179,468          |
| Charge for the year   | (179,468)        | (33,000)         | (422,998)        | 273,330          |
| Balance as at the end of the year   | -                | 179,468          | 29,800           | 452,798          |

- 22.1.1 This represents the expected credit loss on amounts due from related parties classified under Stage 3, with a Nil balance for the Group and Rs.29.8Mn for the Company as at 31st March 2025 (2024 – Rs.179.5Mn for the Group and Rs.452.8Mn for the Company).

### 23 Trade, other receivables and advances

| As at 31 March                     | Notes | Group            |                  | Company          |                  |
|------------------------------------|-------|------------------|------------------|------------------|------------------|
|                                    |       | 2025<br>Rs. '000 | 2024<br>Rs. '000 | 2025<br>Rs. '000 | 2024<br>Rs. '000 |
| Trade receivables                  |       | 979,194          | 829,128          | -                | -                |
| Other receivables                  | 23.1  | 2,954,902        | 5,025,372        | 239,249          | 272,047          |
|                                    |       | 3,934,096        | 5,854,500        | 239,249          | 272,047          |
| <b>23.1 Other receivables</b>      |       |                  |                  |                  |                  |
| Advances, deposits and prepayments |       | 1,076,722        | 1,404,552        | 56,489           | 22,457           |
| Taxation recoverable               |       | 454,231          | 499,120          | -                | -                |
| Other receivables                  |       | 1,423,949        | 3,121,700        | 182,760          | 249,590          |
|                                    |       | 2,954,902        | 5,025,372        | 239,249          | 272,047          |

### 24 Derivative financial instruments

| As at 31 March             |  | Group            |                  | Company          |                  |
|----------------------------|--|------------------|------------------|------------------|------------------|
|                            |  | 2025<br>Rs. '000 | 2024<br>Rs. '000 | 2025<br>Rs. '000 | 2024<br>Rs. '000 |
| Forward sale contracts     |  | 2,814            | 1,944            |                  |                  |
| Forward purchase contracts |  | 6                | 49,989           | -                | -                |
|                            |  | 2,820            | 51,933           | -                | -                |



# NOTES TO THE FINANCIAL STATEMENTS

## Accounting Policy

“Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. Derivatives held for risk management purposes are measured at fair value in the statement of financial position.

If a derivative is not held for trading, and is not designated in a qualifying hedge relationship, then all changes in its fair value are recognised immediately in profit or loss as a component of net income from other financial instruments at FVTPL.”

A derivative is a financial instrument or other contract with all three of the following characteristics:

- ➡ Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract.
- ➡ It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.
- ➡ It is settled at a future date.

The Group enters into derivative transactions with various counterparties. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative.

## 25 Assets classified as held for sale

| As at 31 March         | Notes | Group            |                  | Company          |                  |
|------------------------|-------|------------------|------------------|------------------|------------------|
|                        |       | 2025<br>Rs. '000 | 2024<br>Rs. '000 | 2025<br>Rs. '000 | 2024<br>Rs. '000 |
| Investment in equities | 25.1  | 42,416           | 42,416           | -                | -                |

| As at 31 March                     | No of Shares | Group            |                  | Company          |                  |
|------------------------------------|--------------|------------------|------------------|------------------|------------------|
|                                    |              | 2025<br>Rs. '000 | 2024<br>Rs. '000 | 2025<br>Rs. '000 | 2024<br>Rs. '000 |
| <b>25.1 Investment in equities</b> |              |                  |                  |                  |                  |
| Ceyspence (Pvt) Ltd                | 2,861,856    | 71,432           | 71,432           | -                | -                |
| Ceyaki Shipping (Pvt) Ltd          | 3,116,600    | 29,928           | 29,928           | -                | -                |
|                                    |              | 101,360          | 101,360          | -                | -                |
| Less: Provision for impairment     |              | (58,944)         | (58,944)         | -                | -                |
|                                    |              | 42,416           | 42,416           | -                | -                |

- 25.2** This represents equity investments in shipping business made by First Capital Limited. All these businesses are in the process of liquidation and stated at their realisable values as at the reporting date. A provision of Rs.58.94Mn has been accounted for the estimated liability on income tax, settlement of creditors and the impairment of investment to reflect the recoverable amount.



## 26 Cash and cash equivalents

| As at 31 March           | Group            |                  | Company          |                  |
|--------------------------|------------------|------------------|------------------|------------------|
|                          | 2025<br>Rs. '000 | 2024<br>Rs. '000 | 2025<br>Rs. '000 | 2024<br>Rs. '000 |
| Cash in hand and at bank | 4,229,353        | 1,983,030        | 1,245,100        | 769,215          |
| Bank overdrafts          | (1,391,740)      | (2,082,924)      | (422,960)        | (112,432)        |
|                          | 2,837,613        | (99,894)         | 822,141          | 656,783          |

## 27 Debentures

| As at 31 March                           | Group            |                  | Company          |                  |
|--|------------------|------------------|------------------|------------------|
|  | 2025<br>Rs. '000 | 2024<br>Rs. '000 | 2025<br>Rs. '000 | 2024<br>Rs. '000 |
| Balance at the beginning of the year     | 3,573,447        | 3,731,194        | 1,058,299        | 1,778,373        |
| Issued during the year                   | 1,080,816        | 1,058,299        | 1,080,816        | 1,058,299        |
| Redemption with interest                 | (1,033,729)      | (2,084,585)      | -                | (1,778,373)      |
| Adjustment on inter-company sales        | -                | 562,871          | -                | -                |
| Net effect on amortized interest payable | 287,909          | 305,668          | -                | -                |
|  | 3,908,443        | 3,573,447        | 2,139,115        | 1,058,299        |

27.1 During the financial year 2024/25, no debentures of Janashakthi Limited matured or were settled.

# NOTES TO THE FINANCIAL STATEMENTS

**27.2** During the Financial year 2023/24, Janashakthi Limited issued 10,570,000 senior, unlisted, unsecured redeemable debentures at the value of Rs.100/- each, accumulated to Rs.1,057,000,000/- with maturity of two years and three years.

| Type   | No. of<br>Debentures | Face<br>Value | Carrying<br>Value<br>2025<br>Rs. '000 | Carrying<br>Value<br>2024<br>Rs. '000 | Allotment<br>Date | Maturity<br>Date | Rate of<br>Interest | Frequency on<br>Interest |
|--------|----------------------|---------------|---------------------------------------|---------------------------------------|-------------------|------------------|---------------------|--------------------------|
| Type A | 1,080,000            | 108,000,000   | 107,674,828                           | 180,126,857                           | 28-Mar-25         | 28-Mar-26        | 15.00%              | Annually                 |
| Type B | 9,490,000            | 949,000,000   | 961,695,504                           | 950,172,585                           | 28-Mar-25         | 28-Mar-27        | 16.00%              | Annually                 |
|        | 10,570,000           | 1,057,000,000 | 1,069,370,332                         | 1,130,299,442                         |                   |                  |                     |                          |

During the Financial year 2024/25, Janashakthi Limited issued 9,430,000 senior, unlisted, unsecured redeemable debentures at the value of Rs.100/- each, accumulated to Rs. 943,000,000/- with maturity of two years and three years.

| Type   | No. of<br>Debentures | Face<br>Value | Carrying<br>Value<br>2025<br>Rs. '000 | Carrying<br>Value<br>2024<br>Rs. '000 | Allotment<br>Date | Maturity<br>Date | Rate of<br>Interest | Frequency on<br>Interest |
|--------|----------------------|---------------|---------------------------------------|---------------------------------------|-------------------|------------------|---------------------|--------------------------|
| Type A | 6,960,000            | 696,000,000   | 788,124,450                           | -                                     | 30-Apr-25         | 30-Apr-26        | 15.00%              | Annually                 |
| Type B | 2,470,000            | 247,000,000   | 281,620,584                           | -                                     | 30-Apr-25         | 30-Apr-27        | 16.00%              | Annually                 |
|        | 9,430,000            | 943,000,000   | 1,069,745,035                         | -                                     |                   |                  |                     |                          |

**27.3** Intercompany debentures for the year is Nil (2024/25 - Nil)

**27.3.1** Inter-Company investments in listed debentures of First Capital Treasuries in Janashakthi Insurance amounting to Rs.260Mn (including amortized interest costs) has been eliminated in group accounts in the financial year 2024/25

**27.4** Total debentures represent 20,000,000 rated, senior, unsecured, redeemable 5 year (2021/2026) debentures at a face value of Rs.100/- interest payable annually, which consist of 13,247,500 debentures at a rate of 10% and 6,752,500 debentures at a rate of weekly AWPLR + 2% (Cap of 12% and Floor of 9%).

| Type   | No. of<br>Debentures | Face Value | Carrying<br>Value<br>2025<br>Rs. '000 | Carrying<br>Value<br>2024<br>Rs. '000 | Allotment<br>Date | Maturity<br>Date | Rate of<br>Interest                                   | Frequency on<br>Interest |
|--------|----------------------|------------|---------------------------------------|---------------------------------------|-------------------|------------------|---|--------------------------|
| Type A | 13,247,500           | 1,324,750  | 1,340,494                             | 1,338,324                             | 08-Feb-21         | 07-Feb-26        | 10.00%  | Annually                 |
| Type B | 6,752,500            | 675,250    | 686,852                               | 690,229                               | 08-Feb-21         | 07-Feb-26        | Weekly<br>AWPLR + 2%<br>(Cap of 12%<br>& Floor of 9%) | Annually                 |
|        | 20,000,000           | 2,000,000  | 2,027,346                             | 2,028,553                             |                   |                  |   |                          |

- 27.5** First Capital Treasuries PLC Sub-subsidiary debentures represent 7,500,000 rated, subordinated, unsecured redeemable 5 year (2020/25) debentures at the face value of Rs.100/- each, interest payable at a rate of 12.75% semi - annually.

| Type   | No. of<br>Debentures | Face Value<br>Rs. '000 | Carrying<br>Value<br>2025<br>Rs. '000 | Carrying<br>Value<br>2024<br>Rs. '000 | Allotment<br>Date | Maturity Date | Rate of<br>Interest    | Frequency on<br>Interest |
|--------|----------------------|------------------------|---------------------------------------|---------------------------------------|-------------------|---------------|------------------------|--------------------------|
| 5 Year | 7,500,000            | -                      | -                                     | 764,042                               | 30-Jan-20         | 30-Jan-25     | 12.75%<br>(AER-13.16%) | Semi Annually            |

- 27.5.1** Inter-Company investments in listed debentures of First Capital Treasuries PLC, face value amounting to Rs.22.5Mn including amortised interest cost has been eliminated as of 31 March 2024.

## 28 Retirement benefit obligation

| As at 31 March  | Notes | Group<br>2025<br>Rs. '000 | 2024<br>Rs. '000 | Company<br>2025<br>Rs. '000 | 2024<br>Rs. '000 |
|---|-------|---------------------------|------------------|-----------------------------|------------------|
| Balance at the beginning of the year                  |       | 285,543                   | 201,701          | 26,394                      | 7,719            |
| Acquisition of subsidiary                             |       | -                         | -                | -                           | -                |
| Transfer in and/out                                   |       | 748                       |                  |                             |                  |
| Less: Disposal of subsidiary                          |       | -                         | -                | -                           | -                |
| Expense recognized in the statement of profit or loss | 28.1  | 79,589                    | 67,824           | 15,588                      | 4,777            |
| Benefits paid during the year                         |       | (14,272)                  | (38,717)         | (1,144)                     | (934)            |
| Actuarial loss/(gain)                                 | 28.2  | (29,318)                  | 54,735           | (812)                       | 14,831           |
| Balance at the end of the year                        |       | 322,290                   | 285,543          | 40,025                      | 26,393           |

| As at 31 March  | Notes | Group<br>2025<br>Rs. '000 | 2024<br>Rs. '000 | Company<br>2025<br>Rs. '000 | 2024<br>Rs. '000 |
|---|-------|---------------------------|------------------|-----------------------------|------------------|
| <b>28.1 Expense recognized in the statement of profit or loss</b>     |       |                           |                  |                             |                  |
| Net interest cost   |       | 32,512                    | 40,499           | 4,162                       | 818              |
| Current service cost  |       | 47,078                    | 27,325           | 11,427                      | 3,959            |
|   |       | 79,589                    | 67,824           | 15,588                      | 4,777            |
| <b>28.2 Recognized in the statement of other comprehensive income</b> |       |                           |                  |                             |                  |
| Actuarial loss / (gain) recognized for the year                       |       | (29,318)                  | 54,735           | (812)                       | 14,831           |
|   |       | (29,318)                  | 54,735           | (812)                       | 14,831           |



# NOTES TO THE FINANCIAL STATEMENTS

## 28.3 Actuarial assumptions made

The gratuity liability of the Group was computed in accordance with LKAS 19.

| As at 31 March        | Group       |             | Company  |          |
|-----------------------|-------------|-------------|----------|----------|
|                       | 2025        | 2024        | 2025     | 2024     |
| Discount rate         | 10% - 18.5% | 10% - 18.5% | 12.50%   | 12.5%    |
| Salary increment      | 10% - 18%   | 10% - 18%   | 10.00%   | 10.0%    |
| Staff turnover factor | 10% - 26%   | 10% - 26%   | 15.00%   | 15%      |
| Retirement age        | 60 Years    | 60 Years    | 60 Years | 60 Years |

### Sensitivity analysis of the assumptions used

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the defined benefit obligation measurement.

| As at 31 March                      | 2025                 |                      | 2024                 |                      |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                     | Increase<br>Rs. '000 | Decrease<br>Rs. '000 | Increase<br>Rs. '000 | Decrease<br>Rs. '000 |
| <b>Group</b>                        | (16,525)             | 18,145               | (13,585)             | 14,736               |
| Discount rate (1% movement)         | 19,107               | (17,687)             | 15,320               | (14,276)             |
| Salary increment rate (1% movement) |                      |                      |                      |                      |
| <b>Company</b>                      | (2,455)              | 2,732                | (1,110)              | 1,172                |
| Discount rate (1% movement)         | 2,922                | (2,663)              | 1,188                | (1,145)              |
| Salary increment rate (1% movement) |                      |                      |                      |                      |

## 29 Interest bearing loans and borrowings

| As at 31 March  | Notes | Group            |                  | Company          |                  |
|---|-------|------------------|------------------|------------------|------------------|
|   |       | 2025<br>Rs. '000 | 2024<br>Rs. '000 | 2025<br>Rs. '000 | 2024<br>Rs. '000 |
| Term loans  | 29.2  | 17,179,122       | 11,915,564       | 7,912,927        | 9,133,926        |
| Borrowings on corporate debt securities                           |       | 8,768,332        | 8,957,186        | 6,734,645        | 8,188,228        |
| Other short term borrowings                                       |       | 3,637,982        | 2,649,542        | -                | -                |
|   |       | 29,585,436       | 23,522,292       | 14,647,572       | 17,322,154       |
| <b>29.1 Interest bearing borrowings - Current and non-current</b> |       |                  |                  |                  |                  |
| Current portion   |       | 24,070,224       | 18,072,256       | 13,544,455       | 14,345,204       |
| Non-current portion   |       | 5,515,212        | 5,450,036        | 1,103,117        | 2,976,950        |
|   |       | 29,585,435       | 23,522,292       | 14,647,572       | 17,322,154       |



| As at 31 March                       | Balance as at<br>01.04.2024<br>Rs. '000 | Facility<br>obtained<br>Rs. '000 | Settlement<br>Rs. '000 | Accrued<br>interest<br>payable<br>Rs. '000 | Amortized<br>cost as at 31<br>March 2025<br>Rs. '000 | Tenure of loan | Security offered  |
|--------------------------------------|---|----------------------------------|------------------------|--|--|----------------|---|
| <b>29.2 Institutional borrowings</b> |   |                                  |                        |  |  |                |   |
| <b>Company</b>                       |   |                                  |                        |  |  |                |   |
| <b>Term Loans</b>                    |   |                                  |                        |  |  |                |   |
| Commercial Bank of Ceylon PLC        | 404,926                                 | -                                | 113,328                | 2,607                                      | 294,205  | 03 Years       | Quoted shares   |
| Commercial Bank of Ceylon PLC        | -                                       | 1,000,000                        | -                      | -  | 1,000,000  | 03 Years       | Quoted shares   |
| Seylan Bank PLC                      | 1,475,000                               | -                                | (1,025,000)            | -  | 450,000  | 03 Years       | Quoted shares & Joint & Several<br>guarantee of two directors |
| Seylan Bank PLC                      | 250,000                                 | -                                | -                      | -  | 250,000  | Revolving      | Quoted shares & Joint & Several<br>guarantee of two directors |
| Bank of Ceylon                       | 500,000                                 | 500,000                          | (300,000)              | -  | 700,000  | 02 Years       | Land located at Wattala                                       |
| Bank of Ceylon                       | 43,569                                  | -                                | (32,655)               | -  | 10,914   | Revolving      | Land located at Wattala                                       |
| Bank of Ceylon                       | -                                       | 1,000,000                        | -                      | -  | 1,000,000  | Revolving      | Land located at Wattala                                       |
| People's Bank                        | 260,000                                 | -                                | (259,994)              | -  | 6  | 05 Years       | Joint & several guarantee of two<br>directors                 |
| Cargills Bank PLC                    | 304,804                                 | -                                | (128,730)              | -  | 176,075  | 05 Years       | Joint & several guarantee of two<br>directors                 |
| Cargills Bank PLC                    | 33,838                                  | -                                | (33,426)               | -  | 412  | 5 years        | Joint & several guarantee of two<br>directors                 |
| Cargills Bank PLC                    | 403,057                                 | -                                | (403,057)              | -  | -  | -              | Joint & several guarantee of two<br>directors                 |
| National Development Bank PLC        | 1,219,199                               | -                                | (784,199)              | -  | 435,000  | 05 Years       | Quoted shares & Joint & Several<br>guarantee of two directors |
| National Development Bank PLC        | -                                       | 350,000                          | -                      | -  | 350,000  | 05 Years       | Quoted shares   |
| DFCC Bank PLC                        | 89,870                                  | -                                | 89,870                 | -  | -  | 03 years       | Quoted shares   |
| Hatton National Bank                 | -                                       | 3,000,000                        | (600,000)              | -  | 2,400,000  | 03 years       | Quoted shares & Joint & Several<br>guarantee of two directors |
| Pan Asia Bank PLC                    | 208,779                                 | -                                | (62,465)               | -  | 146,314  | 05 years       | Quoted shares & Joint & Several<br>guarantee of two directors |
| Pan Asia Bank PLC                    | -                                       | 500,000                          | -                      | -  | 500,000  | 05 years       | Quoted shares & Joint & Several<br>guarantee of two directors |
| Nations Trust Bank                   | 300,000                                 | -                                | (100,000)              | -  | 200,000  | 05 Years       | Quoted shares / Personal<br>guarantees of Directors           |
| First Capital Limited                | 3,640,883                               | -                                | (3,640,883)            | -  | -  | Revolving      | -   |
| <b>Sub Total</b>                     | <b>9,133,925</b>                        | <b>6,350,000</b>                 | <b>7,573,606</b>       | <b>2,607</b>                               | <b>7,912,926</b>                                     |                |   |

# NOTES TO THE FINANCIAL STATEMENTS

| As at 31 March                                       | Balance as at<br>01.04.2024<br>Rs. '000 | Facility<br>obtained<br>Rs. '000 | Settlement<br>Rs. '000 | Accrued<br>interest<br>payable<br>Rs. '000 | Amortized<br>cost as at 31<br>March 2025<br>Rs. '000 | Tenure of loan | Security offered  |
|--|---|----------------------------------|------------------------|--|--|----------------|---|
| <b>Group</b>   |   |                                  |                        |  |  |                |   |
| Janashakthi Limited (post inter-company elimination) | 5,493,031                               | 6,350,000                        | (3,932,723)            | 2,607                                      | 7,912,926  |                |   |
| <b>Janashakthi Finance PLC</b>                       |   |                                  |                        |  |  |                |   |
| <b>Term Loans</b>                                    |   |                                  |                        |  |  |                |   |
| Union Bank PLC                                       | 216,003                                 | 700,000                          | (614,961)              | 283  | 301,325  | 48 Months      | Lease/HP Portfolio  |
| Sampath Bank PLC                                     | 208,692                                 | 1,100,000                        | (675,492)              | 1,048                                      | 634,248  | 48 Months      | Lease/HP Portfolio  |
| Hatton National Bank PLC                             | 273,298                                 | 500,000                          | (359,298)              | 487  | 414,487  | 60 Months      | Lease/HP Portfolio  |
| Bank of Ceylon                                       | 634,029                                 | -                                | (77,224)               | 2,682                                      | 559,487  | 36 Months      | Lease/HP Portfolio  |
| Cargills Bank PLC                                    | 6,958                                   | 300,000                          | (63,208)               | 301  | 244,051  | 48 Months      | Lease/HP Portfolio  |
| National Development Bank PLC                        | 300,113                                 | 800,000                          | (575,153)              | 164  | 525,124  | 48 Months      | Lease/HP Portfolio  |
| Sanasa Development Bank                              |   | 500,000                          | (55,556)               | 527  | 444,972  | 36 Months      | Lease/HP Portfolio  |
| NDB Trust 01 (Capital One)                           |   | 930,700                          | (100,000)              | 83,796                                     | 914,496  | 24 Months      | Lease/HP Portfolio  |
| Pan Asia Bank  |   | 350,000                          | -                      | 2,364                                      | 352,364  | 48 Months      | Lease/HP Portfolio  |
| Sub Debt Type A - 13% p.a.                           |   | 147,000                          | -                      | 2,951                                      | 149,951  | 60 Months      | Lease/HP Portfolio  |
| Sub Debt Type B - 12.28%<br>(payable monthly)        |   | 119,000                          | -                      | 54   | 119,054  | 60 Months      | Lease/HP Portfolio  |
| Sub Debt Type C - T.Bill WAYR + 4.5%                 |   | 734,000                          | -                      | 7,425                                      | 741,425  | 60 Months      | Lease/HP Portfolio  |
| <b>Short-term loans - Revolving</b>                  |   |                                  |                        |  |  |                |   |
| Sampath Bank PLC                                     | 100,219                                 | 100,000                          | (100,219)              | 151  | 100,151  | Revolving      | Lease/HP Portfolio  |
| Union Bank PLC                                       | 200,546                                 | 400,000                          | (200,546)              | 253  | 400,253  | Revolving      | Lease/HP Portfolio  |
| Pan Asia Bank PLC                                    | 175,264                                 |                                  | (175,264)              |  |  | Revolving      | Lease/HP Portfolio  |
| <b>Sub Total</b>                                     | <b>2,115,120</b>                        | <b>6,680,700</b>                 | <b>(2,996,919)</b>     | <b>102,487</b>                             | <b>5,901,388</b>                                     |                |   |
| <b>Janashakthi Insurance PLC</b>                     |   |                                  |                        |  |  |                |   |
| Seylan Bank PLC                                      | 2,705,411                               | -                                | (851,175)              | 309,330                                    | 2,163,566  | 05 Years       | Shares of the Associate Company<br>(First Capital Holdings PLC) |
| <b>Sub Total</b>                                     | <b>2,705,411</b>                        | <b>-</b>                         | <b>(851,175)</b>       | <b>309,330</b>                             | <b>2,163,566</b>                                     |                |   |
| <b>First Capital Holdings PLC</b>                    |   |                                  |                        |  |  |                |   |
| Hatton National Bank PLC                             | 700,577                                 | -                                | (200,000)              | 385  | 500,385  | 05 Years       | Corporate Guarantee of<br>Janashakthi Limited                   |
| Seylan Bank PLC                                      | 901,424                                 | -                                | (200,000)              | 856  | 700,856  | 05 Years       | Corporate Guarantee of<br>Janashakthi Limited                   |
| <b>Sub Total</b>                                     | <b>1,602,001</b>                        | <b>-</b>                         | <b>(400,000)</b>       | <b>1,241</b>                               | <b>1,201,241</b>                                     |                |   |
| <b>Total</b>   | <b>11,915,564</b>                       | <b>13,030,700</b>                | <b>(8,180,817)</b>     | <b>415,665</b>                             | <b>17,179,122</b>                                    |                |   |



### 30 Deposits from customers

| As at 31 March                                | Note | Group            |                  | Company          |                  |
|---|------|------------------|------------------|------------------|------------------|
|   |      | 2025<br>Rs. '000 | 2024<br>Rs. '000 | 2025<br>Rs. '000 | 2024<br>Rs. '000 |
| Public deposits at amortized cost             | 30.1 | 15,839,034       | 13,496,641       | -                | -                |
| Savings deposit                               |      | 64,778           | 59,790           | -                | -                |
|   |      | 15,903,812       | 13,556,431       | -                | -                |
| <b>30.1 Public deposits at amortized cost</b> |      |                  |                  |                  |                  |
| Public deposits                               |      | 15,284,712       | 12,874,144       | -                | -                |
| Interest accrued                              |      | 554,322          | 622,497          | -                | -                |
| Public deposits at amortized cost             |      | 15,839,034       | 13,496,641       | -                | -                |

**30.2** 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.

### 31 Insurance liability - Life

| As at 31 March  | Group            |                  | Company          |                  |
|---|------------------|------------------|------------------|------------------|
|   | 2025<br>Rs. '000 | 2024<br>Rs. '000 | 2025<br>Rs. '000 | 2024<br>Rs. '000 |
| Insurance fund - Life   | 16,031,420       | 14,544,804       |                  | -                |
| The movement of the insurance fund - Life                         |                  |                  |                  |                  |
| Balance as at beginning of the year                               | 14,696,263       | 12,193,639       | -                | -                |
| Increase in life fund before surplus distribution to shareholders | 3,170,640        | 5,083,016        | -                | -                |
| Actuarial gains   | (418)            | (4,207)          | -                | -                |
| Surplus distributed (from)/to shareholders                        | (1,793,727)      | (2,576,185)      | -                | -                |
| Balance as at end of the year                                     | 16,072,758       | 14,696,263       | -                | -                |
| Available For Sale Reserve - Life Policy Holders                  |                  |                  |                  |                  |
| Balance as at 1 January   | (151,459)        | (530,727)        | -                | -                |
| Changes in Fair value of available for sale assets                | 110,121          | 379,268          | -                | -                |
| Balance as at 31 December   | (41,338)         | (151,459)        | -                | -                |
| Insurance Fund balance as at period end including AFS Reserve     | 16,031,420       | 14,544,804       | -                | -                |



# NOTES TO THE FINANCIAL STATEMENTS

## 31.1 Insurance liability - Life

Long duration contracts included in the Life Insurance Fund result primarily from traditional participating and non-participating Life Insurance products. Short duration contract liabilities are primarily accident and health insurance products. The insurance provision has been established based on the following criteria.

- Interest rates which vary by product and year of assurance.
- Mortality rates based on published mortality tables adjusted for actual experience by geographic area and modified to allow the variations in policy form.
- Surrender rates based upon actual experience by geographic area and modified to allow for variation in policy form.

The amount of policyholder bonus to be paid is determined annually by the Group on the recommendation of the Actuary. The bonus includes Life policyholders' share of net income that is required to be allocated by the Insurance Contract or by Insurance Regulations.

### Janashakthi Insurance PLC - Insurance Liability - Life

The valuation of the Insurance Liability of Life Insurance Business as at 31 December 2024 was done by M/S K. A. Pandit Consultants & Actuaries, India, for and on behalf of Janashakthi Insurance PLC. In accordance with the Consultant Actuary's report, the total liabilities of the Life Insurance business of the Company as at 31 December, 2024 was LKR14,696 million after taking credit for reinsurance. In the opinion of the Consultant Actuary, the provision is adequate to cover the liabilities pertaining to Life Insurance business.

As recommended by the Consultant Actuary, the Board of Directors have resolved that a sum of Rs.1,794 million has been transferred to the Life Shareholders' Fund from Life Insurance Fund (Non-participating) as for the year 2024.

### Fully Owned Subsidiary of Janashakthi Insurance PLC – Insurance Liability - Life

(former National Insurance Corporation Ltd)

The valuation of the Insurance Liability of Life Insurance Business as at 31 December 2024 was done by M/S K. A. Pandit Consultants & Actuaries, India, for and on behalf of former National Insurance Corporation Ltd. In accordance with the Consultant Actuary's report, the total liabilities of the Life Insurance business of the Company as at 31 December, 2024 was Rs.13 million.

- 31.2** An internal assessment has been carried out to assess the Adequacy of the provision of Life Insurance Liabilities in keeping with SLFRS 4 requirement and has determined that existing provision levels are adequate as at 31 December, 2024. Accordingly, no further provision or adjustment was deemed as being necessary to be effected.

**32 Reinsurance creditors**

| As at 31 March        | Group    |          | Company  |          |
|-----------------------|----------|----------|----------|----------|
|                       | 2025     | 2024     | 2025     | 2024     |
|                       | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 |
| Reinsurance creditors | 70,983   | 276      | -        | -        |
|                       | 70,983   | 276      | -        | -        |

**33 Amounts due to related parties**

| As at 31 March                        | Group     |          | Company   |          |
|---------------------------------------|-----------|----------|-----------|----------|
|                                       | 2025      | 2024     | 2025      | 2024     |
|                                       | Rs. '000  | Rs. '000 | Rs. '000  | Rs. '000 |
| Janashakthi Ltd                       | (6,470)   | -        | -         | -        |
| Nextventures Ltd                      | 1,222,780 | -        | 1,222,780 | -        |
| Janashakthi Insurance PLC             | -         | 46       | 46        | 46       |
| Janashakthi Business Services Pvt Ltd | -         | 284      | -         | -        |
| Netxone (Pvt) Ltd                     | -         | 1,173    | -         | -        |
| Espalier Futures (Pvt) Ltd            | 7,368     | -        | 7,368     | -        |
| Payable to Directors                  | 1,667     | -        | 1,667     | -        |
| Schaffters (Pvt) Ltd                  | 44,516    | 6,660    | 44,516    | 6,662    |
|                                       | 1,269,861 | 8,163    | 1,276,377 | 6,708    |

**34 Trade and other payables**

| As at 31 March                             | Notes | Group     |            | Company  |          |
|--|-------|-----------|------------|----------|----------|
|  |       | 2025      | 2024       | 2025     | 2024     |
|  |       | Rs. '000  | Rs. '000   | Rs. '000 | Rs. '000 |
| Trade payables                             |       | 401,203   | 408,156    | -        | -        |
| Advance received                           | 34.1  | 303,700   | 276,271    | 11,000   | -        |
| Agency commission payable                  |       | 7,897     | 15,580     | -        | -        |
| Retention and project payable              |       | -         | -          | -        | -        |
| Lease liabilities                          | 34.2  | 737,688   | 801,863    | 235,406  | 132,170  |
| Other creditors including accrued expenses |       | 3,821,307 | 3,926,590  | 58,176   | 6,122    |
| Dividend payable                           |       | 333,878   | 1,064,602  | 121,164  | 205,217  |
| Provision for statutory liabilities        |       | 2,013,912 | 4,129,351  | 14,786   | 7,878    |
| Outstanding claims - Life insurance        |       | 589,640   | 473,904    | -        | -        |
| Other payables                             |       | 432,898   | 461,273    | 60,183   | 33,937   |
|  |       | 8,642,123 | 11,557,590 | 500,715  | 385,324  |

# NOTES TO THE FINANCIAL STATEMENTS

| As at 31 March                                    | Group            |                  | Company          |                  |
|---|------------------|------------------|------------------|------------------|
|   | 2025<br>Rs. '000 | 2024<br>Rs. '000 | 2025<br>Rs. '000 | 2024<br>Rs. '000 |
| <b>34.1 Advance received</b>                      |                  |                  |                  |                  |
| Policy holder Advance payables                    | 188,521          | 167,624          | -                | -                |
| Real estates advances                             | 34,899           | 28,428           | -                | -                |
| Advances against non-current assets held for sale | 80,218           | 80,218           | -                | -                |
| Other Advances                                    | 62               | -                | -                | -                |
|   | 303,700          | 276,270          | -                | -                |
| <b>34.2 Lease liabilities</b>                     |                  |                  |                  |                  |
| Balance as at 1st April                           | 801,864          | 440,374          | 132,170          | 9,747            |
| Less: Disposal of subsidiary                      | (258,158)        | -                | -                | -                |
| Derecognition of lease liability                  | -                | (10,380)         | -                | (10,380)         |
| Addition to the lease creditor during the year    | 400,875          | 427,894          | 126,161          | 142,460          |
| Lease liability recognized during the year        | -                | 139,445          | -                | -                |
| Transfers (SLFRS 16 - modifications)              | (13,260)         | (13,260)         | -                | -                |
| Interest charge on lease liabilities              | 130,639          | 93,745           | 10,838           | 2,379            |
| Exchange gain / (loss)                            | (926)            | (7,844)          | (926)            | (7,844)          |
| Lease payments made during the period             | (323,346)        | (268,113)        | (32,836)         | (4,192)          |
| Balance as at 31st March                          | 737,688          | 801,861          | 235,407          | 132,170          |

| For the year ended 31st March,                   | Group            |                  | Company          |                  |
|--|------------------|------------------|------------------|------------------|
|  | 2025<br>Rs. '000 | 2024<br>Rs. '000 | 2025<br>Rs. '000 | 2024<br>Rs. '000 |
| Amount recognized in statement of profit or loss |                  |                  |                  |                  |
| Leases under SLFRS 16                            |                  |                  |                  |                  |
| Interest on lease liabilities                    | (130,639)        | (93,745)         | (10,838)         | (2,379)          |
| Depreciation on right of use assets              | (191,363)        | (196,232)        | (26,769)         | (9,738)          |
|  | (322,002)        | (289,977)        | (37,607)         | (12,117)         |
| Amount recognized in statement of cash flow      |                  |                  |                  |                  |
| Total cash outflow for leases                    | 323,346          | (268,113)        | (32,836)         | (4,192)          |



### 35 Derivative financial instruments

| As at 31 March            | Group            |                  | Company          |                  |
|---------------------------|------------------|------------------|------------------|------------------|
|                           | 2025<br>Rs. '000 | 2024<br>Rs. '000 | 2025<br>Rs. '000 | 2024<br>Rs. '000 |
| Forward purchase contacts | 768              | 202              | -                | -                |
| Forward sale contacts     | -                | 71,540           | -                | -                |
|                           | 768              | 71,742           | -                | -                |

### 36 Securities sold under repurchase agreements

| As at 31 March                    | Group            |                  | Company          |                  |
|-----------------------------------|------------------|------------------|------------------|------------------|
|                                   | 2025<br>Rs. '000 | 2024<br>Rs. '000 | 2025<br>Rs. '000 | 2024<br>Rs. '000 |
| Against government securities     | 71,475,370       | 47,674,033       | -                | -                |
| Against corporate debt securities | 1,633,764        | 1,969,306        | -                | -                |
|                                   | 73,109,134       | 49,643,339       | -                | -                |

### 37 Stated capital

| As at 31 March                         | Group            |                  | Company          |                  |
|--|------------------|------------------|------------------|------------------|
|  | 2025<br>Rs. '000 | 2024<br>Rs. '000 | 2025<br>Rs. '000 | 2024<br>Rs. '000 |
| Opening balance                        | 4,300,000        | 4,300,000        | 4,300,000        | 4,300,000        |
| Ordinary share issue (633,551,428 nos) | 4,300,000        | 4,300,000        | 4,300,000        | 4,300,000        |



# NOTES TO THE FINANCIAL STATEMENTS

**37.1** All shares rank equally with regard to the Company's residual assets.

**37.2** The holders of ordinary shares are entitled to receive dividends declared from time to time and are entitled to one vote per share at General Meetings of the Company. Dividend declared for the Financial Year 2024/25 was LKR 3.06 per share.

## 38 Risk reserve

| As at 31 March                              | Group            |                  | Company          |                  |
|---|------------------|------------------|------------------|------------------|
|   | 2025<br>Rs. '000 | 2024<br>Rs. '000 | 2025<br>Rs. '000 | 2024<br>Rs. '000 |
| Opening balance                             | 1,066,516        | 402,474          | 1,066,516        | 402,474          |
| Transfers made during the year              | 208,169          | 818,356          | 208,169          | 818,356          |
| Adjustment due to change in share ownership | -                | (154,314)        | -                | (154,314)        |
| Closing balance                             | 1,274,685        | 1,066,516        | 1,274,685        | 1,066,516        |

**38.1** A sum equivalent to 10% of the profit after tax of First Capital Treasuries PLC (sub-sidiary company) has been transferred to the risk reserve in accordance with the Directions issued by the Central Bank of Sri Lanka.

## 39 Statutory reserves

| As at 31 March               | Group            |                  | Company          |                  |
|------------------------------|------------------|------------------|------------------|------------------|
|                              | 2025<br>Rs. '000 | 2024<br>Rs. '000 | 2025<br>Rs. '000 | 2024<br>Rs. '000 |
| <b>39.1 Reserve fund</b>     |                  |                  |                  |                  |
| At the beginning of the year | 202,891          | 186,564          | 202,891          | 186,564          |
| Transferred during the year  | 17,370           | 16,327           | 17,370           | 16,327           |
| At the end of the year       | 220,261          | 202,891          | 220,261          | 202,891          |

### Janashakthi Finance PLC

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.



| As at 31 March  | Group            |                  | Company          |                  |
|---|------------------|------------------|------------------|------------------|
|   | 2025<br>Rs. '000 | 2024<br>Rs. '000 | 2025<br>Rs. '000 | 2024<br>Rs. '000 |
| <b>39.2 Restricted regulatory reserve</b>                       |                  |                  |                  |                  |
| Janashakthi Insurance PLC                                       |                  |                  |                  |                  |
| Change in contract liability due to transfer of one-off surplus |                  |                  |                  |                  |
| Parent  | 1,336,414        | 1,336,414        | 1,336,414        | 1,336,414        |
| NCI   | 459,415          | 459,415          | 459,415          | 459,415          |
|   | 1,795,829        | 1,795,829        | 1,795,829        | 1,795,829        |

**39.2.1** The one-off surplus is defined as the excess of total policy liabilities under the NPV regime as at 31 December 2015 over the total policy liabilities under the RBC regime as at 01.01.2016 where, the total policy liabilities under NPV regime is computed as per the solvency basis, which is the same as minimum regulatory basis. The total policy liabilities under RBC regime is computed as per distribution basis. Under the distribution basis, we have used the risk free rate for discounting of liabilities, zeroised liabilities at a product level and valued the Universal life portfolio and the Optional Rider portfolio using GPV methodology. Further, we have reported Total Benefits Liability for the Participating portfolio under the distribution basis. The distribution basis is more prudent compared to the solvency basis (defined in the Solvency Margin Risk Based Capital Rules 2015 RBC guide lines).

**39.2.2 Composition of investments supporting the Restricted Regulatory Reserve**

Subsequent to the transfer of one-off surplus from Policyholder Fund other than Participating business to Shareholder Fund the Company will maintain investments in “Government Debt Securities” and “Deposits with Banks & Financial Institutions” to fully support the amount of One-off Surplus at any given time on a market value basis. The composition of those investments are represented below.

| As at 31 December,<br>Security Category      | 2025<br>Market Value*<br>Rs. '000 | 2024<br>Rs. '000 |
|--|-----------------------------------|------------------|
|  |                                   |                  |
| Government debt securities                   | 1,795,829                         | 1,625,829        |
| Deposits with banks & financial institutions | -                                 | 170,000          |
|  | 1,795,829                         | 1,795,829        |

\*From Janashakthi Insurance PLC's perspective

# NOTES TO THE FINANCIAL STATEMENTS



| As at 31 March   | Group            |                  | Company          |                  |
|--|------------------|------------------|------------------|------------------|
|  | 2025<br>Rs. '000 | 2024<br>Rs. '000 | 2025<br>Rs. '000 | 2024<br>Rs. '000 |
| <b>39.3 Fair value reserve</b>   |                  |                  |                  |                  |
| Balance at the beginning of the year   | 186,654          | (465,733)        | 186,654          | (465,733)        |
| Change in fair value   | 143,497          | 481,271          | 143,498          | 481,271          |
| Adjustment due to change in ownership  | -                | 171,116          | -                | 171,116          |
| At the end of the year   | 43,157           | 186,654          | 43,157           | 186,654          |
| <b>39.4 Revaluation reserve</b>  |                  |                  |                  |                  |
| Balance at the beginning of the year   | 26,004           | 26,004           | 26,004           | 26,004           |
| Revaluation charge for the year  | 26,800           | -                | 26,800           | -                |
|  | 52,804           | 26,004           | 52,804           | 26,004           |
| <b>39.4.1</b> Revaluation reserve is a capital reserve which contains gains/losses from valuation of Land and buildings. |                  |                  |                  |                  |
| <b>39.5 Regulatory Loss Allowance reserve</b>  |                  |                  |                  |                  |
| Transfer made during the year  | 181,236          | -                | 181,236          | -                |
|  | 181,236          | -                | 181,236          | -                |

## 40 Revenue

| For the year ended 31 March               | Group            |                  | Company          |                  |
|---|------------------|------------------|------------------|------------------|
|   | 2025<br>Rs. '000 | 2024<br>Rs. '000 | 2025<br>Rs. '000 | 2024<br>Rs. '000 |
| <b>Business Segment Analysis</b>          |                  |                  |                  |                  |
| Life Insurance                            | 6,562,912        | 4,558,722        | -                | -                |
| Financial services                        | 17,796,193       | 33,098,209       | -                | -                |
| Property development                      | -                | -                | -                | -                |
| Secretarial services                      | 6,561            | 4,859            | -                | -                |
| Investment holding                        | 182,779          | 43,045           | 506              | 337              |
| Fitness Service                           | 213,804          | 216,503          | -                | -                |
|   | 24,762,249       | 37,921,338       | 506              | 337              |
| <b>40.1 Timing of revenue recognition</b> |                  |                  |                  |                  |
| Revenue generated at the point in time    | 10,944,244       | 20,914,908       | 506              | 337              |
| Revenue generated over the period         | 13,818,005       | 17,006,430       | -                | -                |
|   | 24,762,249       | 37,921,338       | 506              | 337              |


**41 Insurance claims and benefits (net)**

| For the year ended 31 March                       | Group       |             | Company  |          |
|---|-------------|-------------|----------|----------|
|   | 2025        | 2024        | 2025     | 2024     |
|   | Rs. '000    | Rs. '000    | Rs. '000 | Rs. '000 |
| Gross benefits and claims paid                    |             |             |          |          |
| Life insurance contracts                          | (4,209,150) | (3,437,015) | -        | -        |
| Claims ceded to reinsures                         |             |             |          |          |
| Life insurance contracts                          | 162,130     | 378,481     | -        | -        |
| Gross change in claims liabilities                |             |             |          |          |
| Change in life insurance contract liabilities     | 115,864     | (72,528)    | -        | -        |
| Change in contract liabilities ceded to reinsures |             |             |          |          |
| Change in life insurance contract liabilities     | (7,193)     | (273,971)   | -        | -        |
| Net benefits and claims                           | (3,938,349) | (3,405,033) | -        | -        |

**42 Underwriting and net acquisition costs**

| For the year ended 31 March                 | Group       |             | Company  |          |
|---|-------------|-------------|----------|----------|
|   | 2025        | 2024        | 2025     | 2024     |
|   | Rs. '000    | Rs. '000    | Rs. '000 | Rs. '000 |
| Life insurance                              |             |             |          |          |
| Commission expenses for insurance contracts | (1,017,900) | (572,578)   | -        | -        |
| Staff cost - Marketing                      | (644,827)   | (590,014)   | -        | -        |
|   | (1,662,727) | (1,162,592) | -        | -        |



## NOTES TO THE FINANCIAL STATEMENTS

### 43 Other operating income

| For the year ended 31 March                                       |        | Group            |                  | Company          |                  |
|---|--------|------------------|------------------|------------------|------------------|
|   |        | 2025<br>Rs. '000 | 2024<br>Rs. '000 | 2025<br>Rs. '000 | 2024<br>Rs. '000 |
|   | Note   |                  |                  |                  |                  |
| Fee and commission income   |        | 182,928          | 194,092          | 13,721           | 18,778           |
| Net realized gains/(losses)                                       | 43.1   | 2,090,856        | (514,090)        | (1,374)          | (102,729)        |
| Collections from written off contracts                            | 43.2   | 43,225           | 20,995           | -                | -                |
| Rental income   |        | 99,136           | 26,969           | -                | 6,152            |
| Late fee recovery   |        | 3,600            | 1,951            | -                | -                |
| Claims & commissions  |        | 14,739           | -                | 14,739           | -                |
| Fair value Loss on biological assets                              |        | -                | (498,900)        | -                | (498,900)        |
| Fair value gains on investment properties                         |        | 34,490           | 42,355           | (500)            | -                |
| Sundry income   |        | 313,255          | 146,375          | 53,023           | 467              |
|   |        | 2,782,229        | (580,253)        | 79,609           | (576,232)        |
| <b>43.1 Net realized gains/(losses)</b>                           |        |                  |                  |                  |                  |
| Gain on disposal of subsidiary shares                             |        | -                | -                | -                | 294,532          |
| Gain on disposal of property, plant and equipment                 |        | 2,233            | 339              | -                | -                |
| Gain on disposal of leasehold property                            |        | -                | 2,817            | -                | 2,817            |
| Capital gain/(loss) on disposal of financial assets               | 43.1.1 | 2,072,193        | (117,130)        | -                | -                |
| Gain on disposal of quoted shares                                 |        | 17,806           |                  |                  |                  |
| Exchange gain/(loss)  |        | (1,376)          | 1,384            | (1,374)          | 1,421            |
| Fair Value Changes-IP and related companies                       |        | -                | (401,500)        | -                | (401,500)        |
|   |        | 2,090,856        | (514,090)        | (1,374)          | (102,730)        |
| <b>43.1.1 Capital gain/(loss) on disposal of financial assets</b> |        |                  |                  |                  |                  |
| Government securities   |        | 1,286,084        | 90,584           | -                | -                |
| Equity securities   |        | 786,109          | (207,714)        | -                | -                |
|   |        | 2,072,193        | (117,130)        | -                | -                |

**43.2** Collections from written off contracts relates to Janashakthi Finance PLC amounting to Rs. 43.23 Mn (2023/24 - Rs. 20.99 Mn).



| For the year ended 31 March  | Group            |                  | Company        |              |
|--|------------------|------------------|----------------|--------------|
|  | 2025             | 2024             | 2025           | 2024         |
|  | Rs. '000         | Rs. '000         | Rs. '000       | Rs. '000     |
| <b>43.3 Change in fair value of financial assets - Fair value through profit or loss</b> |                  |                  |                |              |
| Government securities  | 593,346          | (330,272)        | 22,495         | 28,295       |
| Listed debentures  | 113,694          | 228,247          | -              | -            |
| Listed equity securities   | 3,168,674        | 5,069,149        | (45,693)       | (22,847)     |
| Unit trusts  | 41,170           | 299,718          | 15,724         | 1,094        |
| Derivative financial instruments - Government securities                                 | 21,862           | 82,583           | -              | -            |
|  | <b>3,938,746</b> | <b>5,349,425</b> | <b>(7,474)</b> | <b>6,542</b> |

Changes in fair valuation of financial investments has been accounted for in accordance with the SLFRS 9.

#### 44 Administrative & other operating expenses

| For the year ended 31 March             | Group            |                  | Company        |                  |
|---|------------------|------------------|----------------|------------------|
|   | 2025             | 2024             | 2025           | 2024             |
|   | Rs. '000         | Rs. '000         | Rs. '000       | Rs. '000         |
| Staff expenses                          | 3,464,861        | 4,601,435        | 283,417        | 212,127          |
| Administration & establishment expenses | 1,639,041        | 749,221          | 164,738        | 106,722          |
| Government levies                       | 579,266          | 764,963          | -              | -                |
| Depreciation & amortisation             | 518,590          | 339,688          | 33,456         | 7,169            |
| Others                                  | 427,409          | 985,421          | 23,513         | 681,435          |
|   | <b>6,629,167</b> | <b>7,440,728</b> | <b>505,124</b> | <b>1,007,453</b> |

#### 45 Impairment charges/ (reversals) of loans and receivables from customers and Investment in financial assets at amortized cost

| For the year ended 31 March              | Note | Group         |               | Company          |                |
|--|------|---------------|---------------|------------------|----------------|
|  |      | 2025          | 2024          | 2025             | 2024           |
|  |      | Rs. '000      | Rs. '000      | Rs. '000         | Rs. '000       |
| Finance lease receivables                | 45.1 | 76,986        | 181,329       | -                | -              |
| Hire purchase receivables                | 45.2 | 2,569         | 3,533         | -                | -              |
| Other loans receivable                   | 45.3 | (2,435)       | (35,425)      | -                | -              |
| Factoring receivable                     | 45.4 | -             | (17,886)      | -                | -              |
| Gold loan receivables                    | 45.5 | (2,600)       | 3,698         | -                | -              |
| Alternative finance and other receivable | 45.6 | (12,060)      | 4,930         | (295,003)        | 273,330        |
| Financial instruments                    | 45.7 | (45,375)      | (120,679)     | -                | -              |
|  |      | <b>17,085</b> | <b>19,500</b> | <b>(295,003)</b> | <b>273,330</b> |

# NOTES TO THE FINANCIAL STATEMENTS

| For the year ended 31 March |                                 | Group    |           | Company   |          |
|-----------------------------|---------------------------------|----------|-----------|-----------|----------|
|                             |                                 | 2025     | 2024      | 2025      | 2024     |
|                             |                                 | Rs. '000 | Rs. '000  | Rs. '000  | Rs. '000 |
| <b>45.1</b>                 | <b>Finance lease receivable</b> |          |           |           |          |
|                             | Stage 01                        | (957)    | (46,697)  | -         | -        |
|                             | Stage 02                        | (73,021) | 4,624     | -         | -        |
|                             | Stage 03                        | 150,964  | 223,402   | -         | -        |
|                             |                                 | 76,986   | 181,329   | -         | -        |
| <b>45.2</b>                 | <b>Hire purchase receivable</b> |          |           |           |          |
|                             | Stage 01                        | -        | -         | -         | -        |
|                             | Stage 02                        | -        | -         | -         | -        |
|                             | Stage 03                        | 2,569    | 3,533     | -         | -        |
|                             |                                 | 2,569    | 3,533     | -         | -        |
| <b>45.3</b>                 | <b>Other loans receivable</b>   |          |           |           |          |
|                             | Stage 01                        | 589      | (2,269)   | -         | -        |
|                             | Stage 02                        | (911)    | (11,137)  | -         | -        |
|                             | Stage 03                        | (935)    | (22,020)  | -         | -        |
|                             |                                 | (2,435)  | (35,426)  | -         | -        |
| <b>45.4</b>                 | <b>Factoring receivable</b>     |          |           |           |          |
|                             | Stage 01                        | -        | -         | -         | -        |
|                             | Stage 02                        | -        | (1,903)   | -         | -        |
|                             | Stage 03                        | -        | (15,982)  | -         | -        |
|                             |                                 | -        | (17,885)  | -         | -        |
| <b>45.5</b>                 | <b>Gold loan receivables</b>    |          |           |           |          |
|                             | Stage 01                        | 2,766    | (932)     | -         | -        |
|                             | Stage 02                        | (332)    | (1)       | -         | -        |
|                             | Stage 03                        | (5,034)  | 4,631     | -         | -        |
|                             |                                 | (2,600)  | 3,698     | -         | -        |
| <b>45.6</b>                 | <b>Alternative Finance</b>      |          |           |           |          |
|                             | Stage 01                        | (17,770) | 3,786     | (295,003) | 273,330  |
|                             | Stage 02                        | 1,218    | 1,897     | -         | -        |
|                             | Stage 03                        | 4,492    | (754)     | -         | -        |
|                             |                                 | (12,060) | 4,929     | (295,003) | 273,330  |
| <b>45.7</b>                 | <b>Financial instruments</b>    |          |           |           |          |
|                             | Stage 01                        | (45,375) | (120,679) | -         | -        |
|                             |                                 | (45,375) | (120,679) | -         | -        |


**46 Profit/(loss) from operating activities stated after charging / (crediting) :**

| For the year ended 31 March,                               | Group     |           | Company  |          |
|--|-----------|-----------|----------|----------|
|  | 2025      | 2024      | 2025     | 2024     |
|  | Rs. '000  | Rs. '000  | Rs. '000 | Rs. '000 |
| Depreciation and amortization                              | 518,590   | 339,688   | 33,456   | 7,169    |
| Auditors' remuneration - Audit                             | 11,079    | 7,094     | 2,427    | 1,700    |
| - Non Audit  | 7,263     | 3,191     | -        | -        |
| Personnel costs includes :                                 |           |           |          |          |
| Defined benefit plan costs - Gratuity                      | 80,953    | 36,487    | 15,588   | 4,777    |
| Salaries and defined contribution plan costs - EPF and ETF | 2,949,701 | 1,174,377 | 267,829  | 197,906  |
| Directors, fees and emoluments                             | 396,826   | 240,033   | 22,575   | 9,443    |

**47 Finance income**

| For the year ended 31 March,     | Group     |           | Company  |          |
|----------------------------------|-----------|-----------|----------|----------|
|                                  | 2025      | 2024      | 2025     | 2024     |
|                                  | Rs. '000  | Rs. '000  | Rs. '000 | Rs. '000 |
| Interest income from investments | 3,343,594 | 3,872,030 | 157,748  | 110,101  |
|                                  | 3,343,594 | 3,872,030 | 157,748  | 110,101  |

**48 Finance cost**

| For the year ended 31 March,               | Group     |           | Company   |           |
|--|-----------|-----------|-----------|-----------|
|  | 2025      | 2024      | 2025      | 2024      |
|  | Rs. '000  | Rs. '000  | Rs. '000  | Rs. '000  |
| Interest on bank facilities                | 15,902    | 36,654    | 1,103     | 19,529    |
| Interest on loans and borrowings           | 1,789,472 | 3,297,268 | 2,155,969 | 4,692,115 |
| Interest on debentures                     | 304,612   | 126,524   | 304,612   | 126,524   |
| Interest on unwinding of lease liabilities | 109,701   | 86,924    | 10,838    | 2,379     |
| Placement fees and corporate guarantees    | 28,382    | 40,335    | 28,382    | 40,335    |
| Bank charges                               | 5         | 6         | -         | -         |
|  | 2,248,074 | 3,587,711 | 2,500,904 | 4,880,882 |



# NOTES TO THE FINANCIAL STATEMENTS

## 49 Income tax expense

| For the year ended 31 March,  | Note | Group            |                   | Company          |                    |
|---|------|------------------|-------------------|------------------|--------------------|
|   |      | 2025<br>Rs. '000 | 2024<br>Rs. '000  | 2025<br>Rs. '000 | 2024<br>Rs. '000   |
| Current tax provision   | 49.1 | 2,737,095        | 6,127,043         | -                | -                  |
| Over provision for the prior year                                     |      | 326,942          | (66,510)          | -                | -                  |
| Deferred taxation charge  | 13   | (362,215)        | (2,174)           | -                | -                  |
| Withholding tax on dividend declared from subsidiary companies        |      | 730,793          | 1,360,307         | (516,256)        | (146,668)          |
| <b>Income tax expenses for the year</b>                               |      | <b>3,432,615</b> | <b>7,418,666</b>  | <b>(516,256)</b> | <b>(146,668)</b>   |
| Recognized in other comprehensive income                              |      |                  |                   |                  |                    |
| Deferred tax assets (reversals)/origination during the year           |      | (3,620)          | (3,621)           | -                | -                  |
|   |      | <b>3,428,995</b> | <b>7,415,045</b>  | <b>(516,256)</b> | <b>(146,668)</b>   |
| <b>49.1 Reconciliation of accounting profit to income tax expense</b> |      |                  |                   |                  |                    |
| Profit / (Loss) before taxation                                       |      | -                | 15,379,686        | -                | 4,290,988          |
| Less : Income from other sources                                      |      | -                | (116,253)         | -                | (116,253)          |
| Less : Exempted income  |      | -                | 145,358           | -                | (11,225,105)       |
| Add : Disallowable expenses   |      | -                | 6,869,481         | -                | 1,638,944          |
| Less : Allowable expenses   |      | -                | (6,354,406)       | -                | (258,019)          |
| <b>Adjusted Profit/(Loss) for the year</b>                            |      | <b>-</b>         | <b>15,923,866</b> | <b>-</b>         | <b>(5,669,445)</b> |
| Add : Income from other sources                                       |      | -                | 116,253           | -                | 116,253            |
| Add : Biological Assets Sales proceed                                 |      | -                | 429,500           | -                | 429,500            |
| Add : Adjusted Business Profit/(Loss)                                 |      | -                | 5,883,324         | -                | -                  |
| <b>Total statutory income</b>   |      | <b>-</b>         | <b>22,352,943</b> | <b>-</b>         | <b>(5,123,692)</b> |
| Tax loss claimed during the year                                      |      | -                | (560,307)         | -                | (116,253)          |
| Utilization of qualifying payments                                    |      | -                | -                 | -                | -                  |
| <b>Taxable income</b>   |      | <b>-</b>         | <b>21,792,636</b> | <b>-</b>         | <b>(5,239,945)</b> |
| <b>Income tax expense</b>   |      |                  |                   |                  |                    |
| Tax at 10% on Gain on realisation of Investment Assets                |      | -                | -                 | -                | -                  |
| Tax at 14% on Dividend Income   |      | -                | -                 | -                | -                  |
| Tax at 15%  |      | -                | -                 | -                | -                  |
| Tax at 24% on balance taxable Income                                  |      | -                | -                 | -                | -                  |
| Tax at 30%  |      | -                | 6,127,043         | -                | -                  |
|   |      | -                | 6,127,043         | -                | -                  |

**50 Basic (loss) /earnings per share**

Basic earnings/(loss) per ordinary share is calculated by dividing net profit/(loss) after taxation for the year attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

| For the year ended 31 March,  | Group            |                  | Company          |                  |
|---|------------------|------------------|------------------|------------------|
|   | 2025<br>Rs. '000 | 2024<br>Rs. '000 | 2025<br>Rs. '000 | 2024<br>Rs. '000 |
| Net profit/(loss) attributable to ordinary shareholders (Rs. "000") | 3,453,896        | 4,317,269        | 2,465,505        | 4,144,320        |
| Weighted average number of ordinary shares (Nos. '000)              | 633,551          | 633,551          | 633,551          | 633,551          |
| Basic profit/(loss) per share (Rs.)                                 | 5.45             | 6.81             | 3.89             | 6.54             |

**51 Involvement with unconsolidated structured entities**

The table below describes the type of structured entities that the Group does not consolidate but in which it holds an interest.

| Name of the Fund                | Nature of Business   | Date of Incorporation | Managing Company                       | Investment made by First Capital Limited and First Capital Asset Management Limited (Rs' 000) | Management fee received by First Capital Asset Management Limited (Rs' 000) |
|---------------------------------|--|-----------------------|--|---|---|
| First Capital Wealth Fund       | The Unit Trust engages in investment in medium term fixed income securities (i.e. Government Securities and Corporate Debt Securities) on behalf of its clients.                                     | 18 August 2010        | First Capital Asset Management Limited | -   | 2,959   |
| First Capital Money Market Fund | The Unit Trust engages in investment in Short Term Fixed Income Securities on behalf of its clients.   | 16 September 2014     | First Capital Asset Management Limited | 140,882   | 302,383   |
| First Capital Gilt -Edged Fund  | The Unit Trust engages in investment in Government securities on behalf of its clients.  | 16 September 2014     | First Capital Asset Management Limited | -   | 1,078   |
| First Capital Fixed Income Fund | The Unit Trust engages in investment in fixed income securities (i.e. Government Securities and Corporate Debt Securities) on behalf of its clients.   | 25 April 2014         | First Capital Asset Management Limited | -   | 5,770   |
| First Capital Equity Fund       | The Unit Trust engages in investment in equity shares on behalf of its clients.  | 30 July 2015          | First Capital Asset Management Limited | 37,975  | 9,109   |
| First Capital Money Market Fund | The Unit Trust engages in investment in corporate debt and government securities with maturities of less than one year, while offering customers the flexibility to access their funds through ATMs. | 12 January 2024       | First Capital Asset Management Limited | -   | 525   |

Summarised financial performance of the above unit trusts are as follows.

Year ended 31 March 2025

| Name of the Fund                | Income<br>Rs. '000 | Profit/ (loss)<br>after tax for<br>the year<br>Rs. '000 | Total Equity<br>Rs. '000 | Net Asset per<br>Unit<br>Rs. |
|---------------------------------|--------------------|---|--------------------------|------------------------------|
| First Capital Wealth Fund       | 40,373             | 39,375  | 352,889                  | 2,115                        |
| First Capital Money Market Fund | 6,477,154          | 5,863,397   | 70,398,160               | 3,364                        |
| First Capital Gilt-Edged Fund   | 20,470             | 18,265  | 216,295                  | 2,522                        |
| First Capital Fixed Income Fund | 388,025            | 149,267   | 1,580,862                | 4,024                        |
| First Capital Equity Fund       | 241,409            | 211,964   | 712,243                  | 3,268                        |
| First Capital Money Plus Fund   | 10,459             | 9,721   | 235,322                  | 1,086                        |

Year ended 31 March 2024

| Name of the Fund                | Income<br>Rs. '000 | Profit/ (loss)<br>after tax for<br>the year<br>Rs. '000 | Total Equity<br>Rs. '000 | Net Asset per<br>Unit<br>Rs. |
|---------------------------------|--------------------|---|--------------------------|------------------------------|
| First Capital Wealth Fund       | 33,588             | 52,950  | 169,081                  | 1,826                        |
| First Capital Money Market Fund | 4,063,909          | 4,181,433   | 48,588,563               | 3,057                        |
| First Capital Gilt-Edged Fund   | 118,594            | 109,305   | 229,290                  | 2,317                        |
| First Capital Fixed Income Fund | 183,092            | 477,841   | 1,105,708                | 3,537                        |
| First Capital Equity Fund       | 16,083             | 35,825  | 295,454                  | 2,402                        |

Group had not provided financial or other support to an unconsolidate Structured Entity.



## 52 Related party disclosures

### 52.1 Directorships in other companies

The Directors of Janashakthi Limited are also Directors of the following companies.

| Name of the company  | Relationship              | Mr. Prakash Anand Schaffter           | Mrs. Manjula Mathews   | Mr. Ramesh Schaffter                            | Mr. Piranavan Sivagananathan             | Mr. Chandana Lal de Silva                                 | Rohan Saliya Abeysinghe Weera Wickramasuriya | Vishnuvarthana Vijayathithan Balachandran | Ms. Minette Perera                       |
|--|---------------------------|---------------------------------------|--|---|--|---|--|---|--|
| Janashakthi Limited  | Subsidiary                | NI Ex Director/<br>Deputy<br>Chairman | Non-Independent<br>Non Executive<br>Director                 | Managing<br>Director/Group<br>CEO               | Independent<br>Non Executive<br>Director | Chairman /<br>Independent<br>Non Executive<br>Director    | Independent<br>Non Executive<br>Director     | Independent<br>Non Executive<br>Director  | Independent<br>Non Executive<br>Director |
| Janashakthi Insurance PLC  | Subsidiary                | Executive<br>Deputy<br>Chairman       |  | Non<br>Independent<br>Non Executive<br>Director |  |   |  |   |  |
| Financial Investment Management & Support Services (Pvt)           | Subsidiary                |                                       |  |   | Director                                 |   |  |   |  |
| First Capital Asset Management Limited                             | Sub-subsidiary            |                                       |  |   |  |   |  |   | Non In NEx<br>Director                   |
| First Capital Holdings PLC   | Sub-sidiary               |                                       | Deputy<br>Chairperson  | Non<br>Independent<br>Non-Executive<br>Director |  |   |  |   |  |
| First Capital Limited  | Sub-subsidiary            |                                       | Deputy<br>Chairperson  | Director  |  |   |  |   |  |
| First Capital Markets Limited                                      | Sub-subsidiary            |                                       | Director   |   |  |   |  |   |  |
| First Capital Treasuries PLC                                       | Sub-subsidiary            |                                       | Non-Independent<br>Non-Executive<br>Director/<br>Chairperson | Non<br>Independent<br>Non Executive<br>Director |  |   |  |   | Non In NEx<br>Director                   |
| First Capital Trustee Services (Pvt) Ltd                           | Sub-subsidiary            |                                       | Director   |   |  |   |  |   |  |
| Janashakthi Finanace PLC<br>(formally known as Orient Finance PLC) | Subsidiary                | Director                              |  |   |  |   |  |   |  |
| Janashakthi Business Services (Private) Limited                    | Subsidiary                | Director                              |  | Director  |  |   |  |   |  |
| Janashakthi Capital Limited  | Subsidiary                | Director                              |  | Director  |  |   |  |   |  |
| Janashakthi Corporate Services Limited                             | Subsidiary                |                                       |  | Director  |  |   |  |   |  |
| Janashakthi Foundation (Guarantee) Limited                         | Related party through KMP | Director                              |  | Director  |  |   |  |   |  |
| 24/7 Techies (Pvt) Ltd   | Related party through KMP |                                       |  |   |  | Director  |  |   |  |
| Asia Siyaka Commodities PLC  | Related party through KMP |                                       |  |   |  | Chairman - Non<br>Independent<br>Non Executie<br>Director |  |   |  |





| Name of the company                       | Relationship              | Mr. Prakash Anand Schaffter | Mrs. Manjula Mathews | Mr. Ramesh Schaffter | Mr. Piranavan Sivagananathan | Mr. Chandana Lal de Silva | Rohan Saliya Abeysinghe Weera Wickramasuriya | Vishnuvarthana Vijayathithan Balachandran | Ms. Minette Perera                     |
|---|---------------------------|-----------------------------|----------------------|----------------------|------------------------------|---------------------------|--|---|--|
| Acland Insurance Services Limited         | Related party through KMP | Director                    |                      | Director             |                              |                           |  |   |  |
| B S Consultants (Pvt) Ltd                 | Related party through KMP |                             |                      |                      |                              |                           |  | Director                                  |  |
| Beckett Capital (Pvt) Ltd                 | Subsidiary                | Director                    |                      | Director             |                              |                           |  |   |  |
| Brand Finance Lanka (Pvt) Ltd             | Related party through KMP |                             |                      |                      |                              |                           |  |   |  |
| Colours of Courage Trust (Guarantee) Ltd  | Related party through KMP |                             |                      |                      | Director                     |                           |  |   |  |
| Dilmah Ceylon Tea Company PLC             | Related party through KMP |                             |                      |                      |                              |                           |  |   | Non Exec Director                      |
| El Shaddai Trust                          | Related party through KMP |                             |                      | Chairman             |                              |                           |  |   |  |
| Elpitiya Plantations PLC                  | Related party through KMP |                             |                      |                      |                              |                           |  |   | NEx Director                           |
| Espalier Futures Limited                  | Related party through KMP | Director                    |                      | Director             |                              |                           |  |   |  |
| Eureka Technology Partners (Pvt) Ltd      | Related party through KMP |                             |                      |                      |                              | Director                  |  |   |  |
| Forbes & Walkers (Pvt) Ltd                | Related party through KMP |                             |                      |                      |                              |                           |  |   | Non Exec Director                      |
| Garnet Capital (Pvt) Ltd                  | Related party through KMP |                             | Director             |                      |                              |                           |  |   |  |
| Habitat for humanity Sri Lanka            | Related party through KMP |                             | Director             |                      |                              |                           |  |   |  |
| Habitat for Humanity International        | Related party through KMP |                             | Director             |                      |                              |                           |  |   |  |
| Heritors Holdings (Pvt) Ltd               | Related party through KMP |                             |                      |                      |                              |                           | Director                                     |   |  |
| K Sivagananathan Memorial Trust           | Related party through KMP |                             |                      |                      | Director                     |                           |  |   |  |
| Kahawatte Plantations PLC                 | Related party through KMP |                             |                      |                      |                              |                           |  |   | Non Independent Non Executive Director |
| Kelsey Heights Nugegoda (Private) Limited | Related party through KMP | Director                    |                      |                      |                              |                           |  |   |  |
| Lanka Energy Lubricants (Pvt) Ltd         | Related party through KMP |                             |                      |                      |                              |                           | Director                                     |   |  |
| Lanka Shipping and Logistics (Pvt) Ltd    | Related party through KMP |                             |                      |                      |                              |                           | Director                                     |   |  |
| Loland Holdings Limited                   | Related party through KMP | Director                    |                      |                      |                              |                           |  |   |  |
| Mahaweli Feed Mills (Private) Limited     | Related party through KMP |                             | Director             |                      |                              |                           |  |   |  |



| Name of the company                         | Relationship              | Mr. Prakash Anand Schaffter | Mrs. Manjula Mathews | Mr. Ramesh Schaffter                   | Mr. Piranavan Sivagananathan | Mr. Chandana Lal de Silva | Rohan Saliya Abeysinghe Weera Wickramasuriya | Vishnuvarthana Vijayathithan Balachandran | Ms. Minette Perera                          |
|---|---------------------------|-----------------------------|----------------------|--|------------------------------|---------------------------|--|---|---|
| Mahaweli Marketing (Private) Limited        | Related party through KMP |                             | Director             |  |                              |                           |  |   |   |
| Pan Nippon Development (Private) Limited    | Related party through KMP | Director                    |                      | Director                               |                              |                           |  |   |   |
| Reap Digital (Private) Limited              | Related party through KMP |                             |                      |  |                              | Director                  |  |   |   |
| Remediumone (Pvt) Ltd                       | Related party through KMP |                             |                      |  |                              |                           | Director                                     |   |   |
| Rock Foundation (Pvt) Ltd                   | Related party through KMP | Director                    | Director             | Director                               |                              |                           |  |   |   |
| Sarvodaya Development Finance PLC           | Related party through KMP |                             |                      | Non-Independent Non-Executive Director |                              |                           |  |   |   |
| Schaffters (Private) Limited                | Related party through KMP | Director                    |                      | Director                               |                              |                           |  |   |   |
| Sea-Change Partners Lanka (Pvt) Ltd         | Related party through KMP |                             |                      |  |                              | Director                  |  |   |   |
| Second Janashakthi Investment Trust Limited | Related party through KMP | Director                    |                      |  |                              |                           |  |   |   |
| Serendib Land PLC                           | Related party through KMP |                             |                      | Non-Independent Non-Executive Director |                              |                           |  |   |   |
| Tea Leaf Vision (Guarantee) Limited         | Related party through KMP |                             |                      | Director                               |                              |                           |  |   |   |
| Tea Trails (Pvt) Ltd                        | Related party through KMP |                             |                      |  |                              |                           |  |   | Alternate Director to Mr. Dilhan C Fernando |
| Thornton Estates Limited                    | Related party through KMP |                             | Director             |  |                              |                           |  |   |   |
| Turquoise Lanka (Pvt) Ltd                   | Related party through KMP | -                           | Director             |  | -                            | -                         | -  | -   |   |
| Dilmah Ceylon Cinnamon Company (Pvt) Ltd    |                           |                             |                      |  |                              |                           |  |   | Non Exec Director                           |
| Atman Group (Pvt) Ltd                       |                           |                             |                      | Director                               |                              |                           |  |   |   |
| Beach Prop 9 (Private) Limited              |                           |                             |                      | Director                               |                              |                           |  |   |   |
| Live Events (Pvt) Ltd                       |                           |                             |                      | Director                               |                              |                           |  |   |   |
| Taprobane Seafood Pvt Ltd                   |                           |                             |                      | Director                               |                              |                           |  |   |   |
| Alangkara Hotel Developments (Pvt) Ltd;     |                           |                             |                      | Director                               |                              |                           |  |   |   |
| Atman Power 1 Pvt Ltd                       |                           |                             |                      | Director                               |                              |                           |  |   |   |
| Atman Power 2 Pvt Ltd                       |                           |                             |                      | Director                               |                              |                           |  |   |   |
| Atman Power 3 pvt Ltd                       |                           |                             |                      | Director                               |                              |                           |  |   |   |
| Atman Power 4 Pvt Ltd                       |                           |                             |                      | Director                               |                              |                           |  |   |   |
| Atman Power 5 Pvt Ltd                       |                           |                             |                      | Director                               |                              |                           |  |   |   |

# NOTES TO THE FINANCIAL STATEMENTS

| Name of the company                        | Relationship | Mr. Prakash<br>Anand<br>Schaffter | Mrs. Manjula<br>Mathews | Mr. Ramesh<br>Schaffter | Mr. Piranavan<br>Sivagananathan | Mr. Chandana<br>Lal de Silva | Rohan Saliya<br>Abeysinghe<br>Weera<br>Wickramasuriya | Vishnuvarthana<br>Vijayathithan<br>Balachandran | Ms. Minette<br>Perera |
|--|--------------|-----------------------------------|-------------------------|-------------------------|---------------------------------|------------------------------|---|---|-----------------------|
| Atman Power Pvt Ltd                        |              |                                   |                         |                         | Director                        |                              |   |   |                       |
| Backbay Infrastructure (Pvt) Ltd.          |              |                                   |                         |                         | Director                        |                              |   |   |                       |
| Backbay Solar (Pvt) Ltd.                   |              |                                   |                         |                         | Director                        |                              |   |   |                       |
| Carbon Energy Pvt Ltd                      |              |                                   |                         |                         | Director                        |                              |   |   |                       |
| Celestialgen (Pvt) Ltd                     |              |                                   |                         |                         | Director                        |                              |   |   |                       |
| Cinderflame Pvt Ltd                        |              |                                   |                         |                         | Director                        |                              |   |   |                       |
| Cocohouse Pvt Ltd                          |              |                                   |                         |                         | Director                        |                              |   |   |                       |
| Corn Sapling (Pvt) Ltd                     |              |                                   |                         |                         | Director                        |                              |   |   |                       |
| Crowd Island Pvt Ltd                       |              |                                   |                         |                         | Director                        |                              |   |   |                       |
| Crystal Property Group (Pvt) Ltd           |              |                                   |                         |                         | Director                        |                              |   |   |                       |
| Daylight Solars Pvt Ltd                    |              |                                   |                         |                         | Director                        |                              |   |   |                       |
| Daylight Sparks (Pvt) Ltd                  |              |                                   |                         |                         | Director                        |                              |   |   |                       |
| Dickwella Hotel Developments Pvt Ltd       |              |                                   |                         |                         | Director                        |                              |   |   |                       |
| Dickwella Resort Developments Pvt Ltd      |              |                                   |                         |                         | Director                        |                              |   |   |                       |
| Dudu International Pvt Ltd                 |              |                                   |                         |                         | Director                        |                              |   |   |                       |
| Dynamo Solars Pvt Ltd                      |              |                                   |                         |                         | Director                        |                              |   |   |                       |
| Earthbound Pvt Ltd                         |              |                                   |                         |                         | Director                        |                              |   |   |                       |
| Everrenew Pvt Ltd                          |              |                                   |                         |                         | Director                        |                              |   |   |                       |
| Galle West Hotel Developments (Pvt)<br>Ltd |              |                                   |                         |                         | Director                        |                              |   |   |                       |
| Gointegrate Pvt Ltd                        |              |                                   |                         |                         | Director                        |                              |   |   |                       |
| Gold Shimmer (Pvt) Ltd                     |              |                                   |                         |                         | Director                        |                              |   |   |                       |
| Golden Rock Pvt Ltd                        |              |                                   |                         |                         | Director                        |                              |   |   |                       |
| Golden Sun Pvt Ltd                         |              |                                   |                         |                         | Director                        |                              |   |   |                       |
| Green Agriculture Ventures Pvt Ltd         |              |                                   |                         |                         | Director                        |                              |   |   |                       |
| Green Forestry Ventures Pvt Ltd            |              |                                   |                         |                         | Director                        |                              |   |   |                       |
| Green Vanilla Ventures Pvt Ltd             |              |                                   |                         |                         | Director                        |                              |   |   |                       |
| Hatch Pvt Ltd                              |              |                                   |                         |                         | Director                        |                              |   |   |                       |
| Her Capital Pvt Ltd                        |              |                                   |                         |                         | Director                        |                              |   |   |                       |
| Jewel Energy Pvt Ltd                       |              |                                   |                         |                         | Director                        |                              |   |   |                       |
| Kimin Power Pvt Ltd                        |              |                                   |                         |                         | Director                        |                              |   |   |                       |
| Knight Energy Pvt Ltd                      |              |                                   |                         |                         | Director                        |                              |   |   |                       |
| Lantern Solar Pvt Ltd                      |              |                                   |                         |                         | Director                        |                              |   |   |                       |
| Light Speed Pvt Ltd                        |              |                                   |                         |                         | Director                        |                              |   |   |                       |
| Lightray Energy Pvt Ltd                    |              |                                   |                         |                         | Director                        |                              |   |   |                       |
| Lightsparkred (Pvt) Ltd                    |              |                                   |                         |                         | Director                        |                              |   |   |                       |
| Marblestone Pvt Ltd                        |              |                                   |                         |                         | Director                        |                              |   |   |                       |
| Nidhanya International Pvt Ltd             |              |                                   |                         |                         | Director                        |                              |   |   |                       |
| Nilaveli Resort Developments Pvt Ltd       |              |                                   |                         |                         | Director                        |                              |   |   |                       |
| Orbital Energy Lanka Pvt Ltd               |              |                                   |                         |                         | Director                        |                              |   |   |                       |
| Orion Solar (Pvt) Ltd                      |              |                                   |                         |                         | Director                        |                              |   |   |                       |
| Pinnacle Biz Pvt Ltd                       |              |                                   |                         |                         | Director                        |                              |   |   |                       |
| Prime Energy Pvt Ltd                       |              |                                   |                         |                         | Director                        |                              |   |   |                       |
| Proclime Lanka Pvt Ltd                     |              |                                   |                         |                         | Director                        |                              |   |   |                       |
| Prop One (Private) Limited                 |              |                                   |                         |                         | Director                        |                              |   |   |                       |
| Refract Solar Pvt Ltd                      |              |                                   |                         |                         | Director                        |                              |   |   |                       |
| Saffron Leisure (Pvt) Ltd                  |              |                                   |                         |                         | Director                        |                              |   |   |                       |
| Shimmerleaf (Pvt) Ltd                      |              |                                   |                         |                         | Director                        |                              |   |   |                       |



| Name of the company                         | Relationship | Mr. Prakash<br>Anand<br>Schaffter | Mrs. Manjula<br>Mathews | Mr. Ramesh<br>Schaffter | Mr. Piranavan<br>Sivagananathan | Mr. Chandana<br>Lal de Silva | Rohan Saliya<br>Abeyasinghe<br>Weera<br>Wickramasuriya | Vishnuvarthana<br>Vijayathithan<br>Balachandran | Ms. Minette<br>Perera |
|---|--------------|-----------------------------------|-------------------------|-------------------------|---------------------------------|------------------------------|--|---|-----------------------|
| Sino Lanka Power Gen Pvt Ltd                |              |                                   |                         |                         | Director                        |                              |  |   |                       |
| Sol Empires Pvt Ltd                         |              |                                   |                         |                         | Director                        |                              |  |   |                       |
| Solar Forge Pvt Ltd                         |              |                                   |                         |                         | Director                        |                              |  |   |                       |
| Solar Forge Batticaloa Pvt Ltd              |              |                                   |                         |                         | Director                        |                              |  |   |                       |
| Solar Forge Mannar Pvt Ltd                  |              |                                   |                         |                         | Director                        |                              |  |   |                       |
| Solar Forge Moneragala Pvt Ltd              |              |                                   |                         |                         | Director                        |                              |  |   |                       |
| Solar Forge Pooneryn Pvt Ltd                |              |                                   |                         |                         | Director                        |                              |  |   |                       |
| Solar Forge Siyambalanduwa (Pvt) Ltd        |              |                                   |                         |                         | Director                        |                              |  |   |                       |
| Solarsparked (Pvt) Ltd                      |              |                                   |                         |                         | Director                        |                              |  |   |                       |
| South Coast Hotel Developments (Pvt)<br>Ltd |              |                                   |                         |                         | Director                        |                              |  |   |                       |
| Sunflights (Pvt) Ltd                        |              |                                   |                         |                         | Director                        |                              |  |   |                       |
| Tannish International (Pvt) Ltd             |              |                                   |                         |                         | Director                        |                              |  |   |                       |
| Tanu International (Pvt) Ltd                |              |                                   |                         |                         | Director                        |                              |  |   |                       |
| Taprobane Aqua Services Pvt Ltd             |              |                                   |                         |                         | Director                        |                              |  |   |                       |
| Taprobane Frozen Foods Pvt Ltd              |              |                                   |                         |                         | Director                        |                              |  |   |                       |
| Terrarium Sun Pvt Ltd                       |              |                                   |                         |                         | Director                        |                              |  |   |                       |
| Titans United (Guarantee) Ltd               |              |                                   |                         |                         | Director                        |                              |  |   |                       |
| Wadduwa Hotel Developments (Pvt)<br>Ltd.    |              |                                   |                         |                         | Director                        |                              |  |   |                       |
| YMNJK Holdings (Pvt) Ltd                    |              |                                   |                         |                         | Director                        |                              |  |   |                       |
| Laugfs Holdings Pvt Ltd.                    |              |                                   |                         |                         | Director                        |                              |  |   |                       |

**KMP - Key Management Personnel**

- a. The Group carries out transactions with parties who are defined as related parties as per Sri Lanka Accounting Standard (LKAS 24), “Related Party Disclosure”, in the ordinary course of its business. The details of such transactions are reported below. The pricing applicable to such transactions is based on the assessment of risk and pricing model of the Company and is comparable with what is applied to transactions between the Group and its unrelated customers. Related party transactions were made on terms equivalent to those that prevail in arm’s length transactions.



# NOTES TO THE FINANCIAL STATEMENTS

## 52.2 Transactions with subsidiaries

| Nature of transaction   | Group            |                  | Company          |                  |
|---|------------------|------------------|------------------|------------------|
|   | 2025<br>Rs. '000 | 2024<br>Rs. '000 | 2025<br>Rs. '000 | 2024<br>Rs. '000 |
| <b>Statement of profit or Loss and other comprehensive income</b> |                  |                  |                  |                  |
| Brokerage income (Stock broking)                                  | -                | -                | -                | 8,066            |
| Interest expense  | -                | -                | 679,384          | 1,613,258        |
| Reimbursement of expenses   | -                | -                | 3,991            | 13,572           |
| Insurance premium paid  | -                | -                | 858              | 818              |
| Insurance claim received  | -                | -                | 599              | 366              |
| Insurance Premium   | -                | -                | -                | -                |
| Fee income  | -                | -                | -                | 1,092            |
| Fee expenses  | -                | -                | 14,317           | 12,563           |
| Secretarial fees  | -                | -                | 2                | 620              |
| Dividends income  | -                | -                | 1,762,704        | 5,195,534        |
| Corporate Guarantee facility commission Income                    | -                | -                | 13,721           | 15,352           |
| Corporate Guarantee facility commission expenses                  | -                | -                | -                | 3,347            |
| <b>Statement of financial position</b>                            |                  |                  |                  |                  |
| Related party payable   | -                | -                | 46               | 46               |
| Related party receivable  | -                | -                | 1,020,915        | 699,980          |
| Short term lending  | -                | -                | -                | -                |
| Short term borrowings   | -                | -                | -                | 3,640,883        |
| Investment in commercial papers                                   | -                | -                | 1,854,884        | 1,688,332        |
| Investment in debentures  | -                | -                | -                | -                |
| Investment in corporate debt securities                           | -                | -                | -                | -                |
| Corporate guarantee provided                                      | -                | -                | 1,900,000        | 2,400,000        |
| Corporate guarantee Received                                      | -                | -                | -                | 838,006          |

## 52.3 Transactions with other related companies

| Nature of transaction   | Group            |                  | Company          |                  |
|---|------------------|------------------|------------------|------------------|
|   | 2025<br>Rs. '000 | 2024<br>Rs. '000 | 2025<br>Rs. '000 | 2024<br>Rs. '000 |
| <b>Statement of Profit or Loss and Other Comprehensive Income</b>             |                  |                  |                  |                  |
| Interest income   | 143,735          | 143,735          | 94,526           | 94,526           |
| Fee income  | 323              | 323              | -                | -                |
| Brokerage Income  | 8,286            | 8,286            |                  |                  |
| Benefit accrued from investment in Unit Trust                                 | 298,624          | 298,624          |                  |                  |
| Gain on redemption on Units   |                  | -                |                  |                  |
| Gain realised on sale of government securities                                | 671,940          | 671,940          | -                | -                |
| Allocation of personnel expenses  |                  | -                |                  |                  |
| Dividend income   |                  | -                |                  |                  |
| Gain realised on sale of corporate debt securities securities                 | -                | -                |                  |                  |
| Interest expense  | 1,469,899        | 1,469,899        | -                | -                |
| Administrative Charges  |                  | -                |                  |                  |
| Secretarial fees  | 1,660            | 1,660            | -                | -                |
| Other expenses  | 100,920          | 100,920          | -                | -                |
| Insurance premium paid  | -                | -                | -                | -                |
| Claim received  | -                | -                | -                | -                |
| Dividend paid   |                  |                  |                  |                  |
| <b>Statement of Financial Position</b>  |                  |                  |                  |                  |
| Investment in debentures  | -                | -                |                  |                  |
| Investment in securitized papers  | -                | -                | -                | -                |
| Investment in commercial papers   | 126,036          | 126,036          | 126,036          | 126,036          |
| Investment in unit trust  | 5,249,078        | 5,249,078        | -                | -                |
| Short term lending  | -                | -                | -                | -                |
| Borrowing on listed debentures  | 264,783          | 264,783          | -                | -                |
| Borrowing on Commercial Papers  |                  |                  |                  |                  |
| Securities purchased under re-sale agreements (against government securities) |                  |                  |                  |                  |
| Securities sold under re-purchase agreements (Against government securities)  | 44,081,038       | 44,081,038       | -                | -                |
| Management fee receivable (Portfolio management)                              | 1,975            | 1,975            | -                | -                |
| Management fee receivable (Unit Trust)  |                  |                  |                  |                  |
| Receivable from Unit Trust  |                  |                  |                  |                  |
| Current account receivable  | (1,411)          | 1,020,023        | (1,411)          | 1,020,023        |
| Current account payable   | 1,223,064        | 284              | 1,222,780        | -                |
| Benefit Accrued/ Earned in Unit Trust   |                  |                  |                  |                  |
| Funds under management (Portfolio Management)                                 | 27,288,399       | 27,288,399       | -                | -                |

Outstanding trading investments/borrowings other than investment under resale agreements/borrowings on repurchase agreements with related parties including current account balances at year end are not secured. There are no guarantees involved in investments under resale agreements/borrowings on repurchase agreements. The said transactions have been collateralised through trading securities. The settlement of all transactions occurs in cash. No expenses have been recognised in the current year or prior year for bad or doubtful debts in respect of amounts owed by related parties.



#### 52.4 Transactions with Key Management Personnel (KMP) and their Close Family Members (CFM)

According to Sri Lanka Accounting Standard LKAS 24 “Related Party disclosures”, Key Management Personnel, are those having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. Accordingly, the Board of directors and Chief Executive Officer have been classified as key management personnel of the Company/ Group.

Close Family Members of a Key Management Person are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the Entity. They may include;

- a. The individual's domestic partner and children;
- b. Children of the individual's domestic partner; and
- c. dependents of the Individual or the individual's domestic partner

Close Family Members are related parties to the Entity.

Transaction with Key Management Personnel and their close family members are disclosed below.

| Nature of transaction  | Group            |                  | Company          |                  |
|--|------------------|------------------|------------------|------------------|
|  | 2025<br>Rs. '000 | 2024<br>Rs. '000 | 2025<br>Rs. '000 | 2024<br>Rs. '000 |
| <b>Statement of Profit or Loss and Other Comprehensive Income</b>                |                  |                  |                  |                  |
| Interest income  | 49,209           | 49,209           | -                | -                |
| Claims Paid  |                  |                  |                  |                  |
| Brokerage income (Stock broking)   | 323              | 323              | -                | -                |
| Management fee income (Portfolio Management)                                     | 8,286            | 8,286            | -                | -                |
| Interest expense   | 1,655,981        | 1,655,981        | 186,082          | 186,082          |
| Emoluments paid  | 35,691           | 35,691           | 12,681           | 12,681           |
| Benefit accrued from investment in unit trust                                    | 298,624          | 298,624          | -                | -                |
| Gain on redemption on Units  | 65,837           | 65,837           |                  |                  |
| Gain realised on sale of government securities                                   | 671,940          | 671,940          |                  |                  |
| Allocation of personnel expenses   | 61,780           | 61,780           |                  |                  |
| Dividend income  | 34,714           | 34,714           |                  |                  |
| Administrative Charges   | 5,718            | 5,718            |                  |                  |
| Secretarial fees   | 1,660            | 1,660            |                  |                  |
| Management fee (Portfolio Management and Unit Trust)                             | 100,920          | 100,920          |                  |                  |
| <b>Statement of Changes in Equity</b>  | -                |                  |                  |                  |
| Dividend Paid/ Declared  | 506,009          | 506,009          | -                | -                |
| Management fee receivable (Portfolio Management)                                 | 1,975            | 1,975            | -                | -                |
| Management fee receivable (Unit Trust)   | 25,515           | 25,515           |                  |                  |
| Lendings   | -                | -                | -                | -                |
| Securities purchased under re-sale agreements (against government securities)    | 1,495,635        | 1,495,635        | -                | -                |
| Securities sold under re-purchase agreements (Against corporate debt securities) | 399,027          | 399,027          | -                | -                |
| Borrowing on listed debentures   | 264,783          | 264,783          |                  |                  |
| Borrowing on Commercial Papers   | 640,538          | 640,538          |                  |                  |
| Receivable from Unit Trust   | 898              | 898              |                  |                  |
| Current account payable  | 284              | 284              |                  |                  |
| Investment in debentures   | -                | -                | -                | -                |
| Investment in commercial papers  | 989,591          | 989,591          | 989,591          | 989,591          |
| Investments made in unit trust   | 5,249,078        | 5,249,078        | -                | -                |
| Benefit Accrued/ Earned in Unit Trust  | 554,937          | 554,937          |                  |                  |
| Funds under management (Portfolio Management)                                    | 27,288,399       | 27,288,399       | -                | -                |
| Fixed deposits obtained  | 45,963           | 45,963           | -                | -                |

**53 Fair value hierarchy**

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique;

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows an analysis of financial instruments recorded at fair value by table of fair value hierarchy.

| As at 31 March 2025<br>Group   | Total<br>Rs. '000 | Level 1<br>Rs. '000 | Level 2<br>Rs. '000 | Level 3<br>Rs. '000 |
|--|-------------------|---------------------|---------------------|---------------------|
| <b>Financial assets at fair value through profit or loss &amp; Derivatives</b> |                   |                     |                     |                     |
| Investment in quoted equity securities   | 11,400,565        | 11,400,565          | -                   | -                   |
| Investment in government securities  | 91,959,320        | 91,959,320          | -                   | -                   |
| Investment in unit trust   | 3,744,598         | -                   | 3,744,598           | -                   |
| Investment in debentures   | 1,666,521         | 1,425,891           | 240,630             | -                   |
| Forward Sale contracts   | 2,814             | -                   | -                   | -                   |
| Forward purchase contracts   | 6                 | 6                   | -                   | -                   |
|  | 108,773,823       | 104,785,782         | 3,985,228           | -                   |

| As at 31 March 2025  | Total<br>Rs. '000 | Level 1<br>Rs. '000 | Level 2<br>Rs. '000 | Level 3<br>Rs. '000 |
|--|-------------------|---------------------|---------------------|---------------------|
| <b>Financial assets at fair value through other comprehensive income</b> |                   |                     |                     |                     |
| Investment in quoted equity securities                                   | 848,432           | 848,201             | 231                 | -                   |
| Venture capital investments  | 12                | -                   | -                   | 12                  |
| Investment in government securities                                      | 1,144,033         | 1,144,033           | -                   | -                   |
| Corporate debt   | 1,493,673         | 1,493,673           | -                   | -                   |
|  | 3,486,150         | 3,485,907           | 231                 | 12                  |

| As at 31 March 2024<br>Group   | Total<br>Rs. '000 | Level 1<br>Rs. '000 | Level 2<br>Rs. '000 | Level 3<br>Rs. '000 |
|--|-------------------|---------------------|---------------------|---------------------|
| <b>Financial assets at fair value through profit or loss</b>             |                   |                     |                     |                     |
| Investment in quoted equity securities                                   | 1,502,953         | 1,502,953           | -                   | -                   |
| Investment in government securities                                      | 71,607,788        | 71,607,788          | -                   | -                   |
| Investment in unit trusts  | 4,815,058         | -                   | 4,815,058           | -                   |
| Investment in debentures   | 1,018,254         | 777,624             | 240,630             | -                   |
| Forward Sale contracts   | 1,944             | 1,944               | -                   | -                   |
| Forward purchase contracts   | 49,989            | 49,989              | -                   | -                   |
|  | 78,995,986        | 73,940,299          | 5,055,688           | -                   |
| <b>Financial assets at fair value through other comprehensive income</b> |                   |                     |                     |                     |
| Investment in quoted equity securities                                   | 2,516,818         | 2,516,587           | 231                 | -                   |
| Venture capital investments  | 12                | -                   | -                   | 12                  |
| Investment in government securities                                      | 932,761           | 932,761             | -                   | -                   |
| Corporate debt   | 1,555,979         | 1,555,979           | -                   | -                   |
|  | 5,005,570         | 5,005,327           | 231                 | 12                  |



| As at 31 March 2025  | Total           | Level 1         | Level 2         | Level 3         |
|--|-----------------|-----------------|-----------------|-----------------|
| Company  | Rs. '000        | Rs. '000        | Rs. '000        | Rs. '000        |
| <b>Financial assets at fair value through profit or loss</b>             |                 |                 |                 |                 |
| Investment in quoted equity securities                                   | 45,693          | 45,693          | -               | -               |
| Investment in unit trust   | 202,769         | -               | 202,769         | -               |
|  | 248,462         | 45,693          | 202,769         | -               |
| <b>Financial assets at fair value through other comprehensive income</b> |                 |                 |                 |                 |
| Investment in quoted equity securities                                   | -               | -               | -               | -               |
|  | -               | -               | -               | -               |
| <b>As at 31 March 2024</b>   | <b>Total</b>    | <b>Level 1</b>  | <b>Level 2</b>  | <b>Level 3</b>  |
| <b>Company</b>   | <b>Rs. '000</b> | <b>Rs. '000</b> | <b>Rs. '000</b> | <b>Rs. '000</b> |
| <b>Financial assets at fair value through profit or loss</b>             |                 |                 |                 |                 |
| Investment in quoted equity securities                                   | 91,387          | 91,387          | -               | -               |
|  | 29,389          |                 | 29,389          |                 |
|  | 120,776         | 91,387          | 29,389          | -               |
| <b>Financial assets at fair value through other comprehensive income</b> |                 |                 |                 |                 |
| Investment in quoted equity securities                                   | -               | -               | -               | -               |
|  | -               | -               | -               | -               |

## 54 Financial risk management disclosures

Risk management demonstrate the initiatives that are undertaken to reduce or mitigate the Group's exposure to losses. The Group as a whole is exposed to the following risk categories.

\* Insurance risk

\* Financial risk

Credit risk

Market risk

Operational risk

Liquidity risk

### Risk management framework

The primary objective of the Group's risk and financial management is to protect the Group's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Board of Directors of the Group recognizes the critical importance of having efficient and effective risk management system in place.

The risk management function is overlook by the Group's risk committee which comprises with Independent Directors and other expertise. The committee meets regularly and reviews Group's risk management policies which defines Group's risk identifications, its interpretation and risk levels and ensure whether the policies and

procedures in place are sufficient to cater the risk faced by the Group. Also it prepares an investment guideline which determine asset allocations, duration allocations, investment yields along with the monitoring of Group's Investment Portfolio, asset-liability mismatches and mitigating actions for any identified risk exposures.

**(A) Capital management objectives, policies and approach**

The Group has established the following capital management objectives, policies and approach to managing the risks that affect its capital position

- To maintain the required level of solvency in order to provide a degree of security to policyholders and customers.
- To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its shareholders.
- To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets.
- To align the profile of assets and liabilities taking account of risks inherent in the business.
- To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, customers, regulators and stakeholders.
- To maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximise shareholders' value.

The Group has complied with all these regulatory requirements throughout the financial period under review.

**(B) Approach to capital management**

The Group's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital levels on a regular bases and taking appropriate actions to influence the capital position of the Group in the light of changes in economic conditions and risk characteristics.

The primary source of capital used by the Group is equity shareholders' funds. The Group also utilises, where efficient to do so, sources of funds such as bank borrowings and securitisation in addition to more traditional sources of funding. Management and the Board of Directors forecast and review the capital requirements on periodic basis.

There were no significant changes to the equity capital of the Group during the financial year under review.

**(C) Regulatory framework**

The operations of the Group are subject to regulatory requirements.

*Insurance risk*

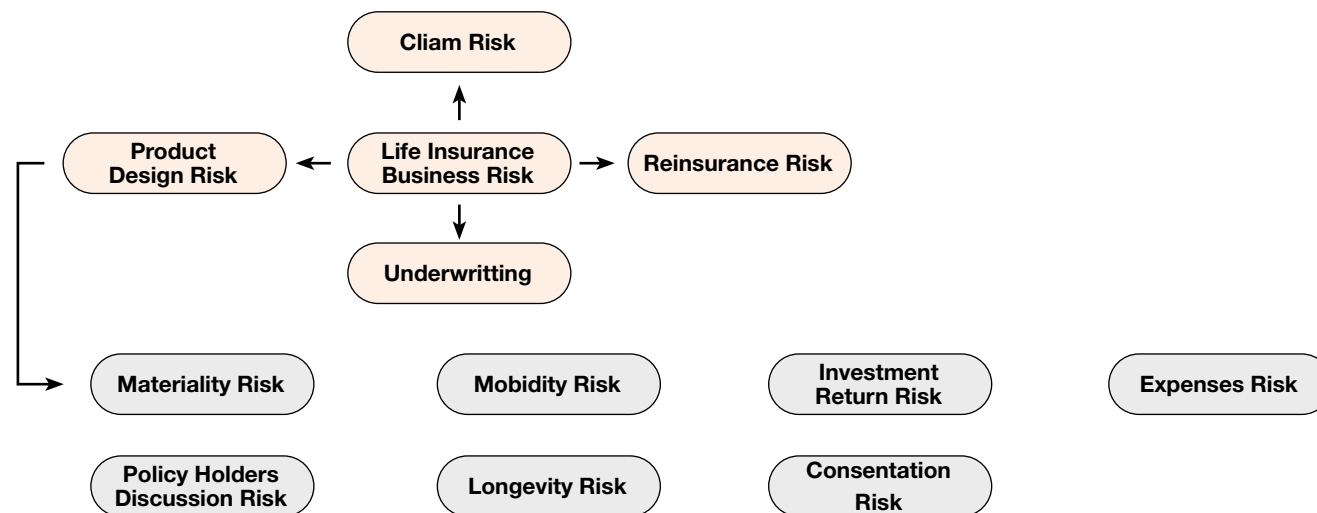
The primary risk to the Group under its insurance contracts is that the amount and timing of actual claims and benefit payments being different from expectations. This is influenced by the frequency and severity of claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities. The Group mitigates the above risk exposure by diversification across a large portfolio of insurance contracts, by careful selection and implementation of underwriting strategies and by use of reinsurance arrangement. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Group has reinsurance arrangement, it is not relieved of its direct obligations or its policyholders and thus as credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Group's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract.

*Life insurance business risk*

The principal insurance risk the Group faces under its insurance contract is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency and subsequent development of long term claims. Therefore, the objective of the Group is to ensure that sufficient financial and reinsurance protection is available to cover these liabilities. The Group mitigates the above risk exposure by diversification across a large portfolio of insurance contract, by careful selection and implementation of underwriting strategies and by use of reinsurance agreements.

The group has entered into long term reinsurance treaties with the world's leading reinsurers as part of its risk mitigation programme. The reinsurance programme is designed to mitigate the Group's net exposure to a single claim as well as to catastrophic losses.

Life insurance is a contractual agreement between a policyholder and a life insurance Company. Policyholders come to an agreement to make premium payments to the Company, and the Company agrees to pay beneficiaries if an insured event occurred. Traditional life insurance products comprise protection and annuity covers. Protection products convey product designing, underwriting, claims and reinsurance risk.



#### a. Product Design Risk

Life insurance contracts offered by the Company including whole life, term assurance, retirement plans, critical illness benefit, endowment plans, disability insurance, major surgery benefit and daily hospital cash. The fundamental assumptions used in product development are as below.

| Risk                       | Description   | Risk Response   |
|----------------------------|---|---|
| Mortality risk             | Risk of loss arising due to policyholders death experience being different from expected                    | Using standard mortality table with sensitivity to Company's mortality experience.  |
| Morbidity risk             | Risk of loss arising due to policyholders health experience being different from expected                   | Decisions made based on reinsurance tables and adjustments made when appropriate to reflect the Company's own risk experience.  |
| Investment return risk     | Risk of loss arising from actual returns being different from expected                                      | The weighted average rate of return is derived based on a model portfolio that is assumed to back liabilities, consistent with the long term asset allocation strategy. |
| Expense risk               | Risk of loss arising from the expense experience being different from expected                              | Expense assumptions reflect the projected costs of maintaining and servicing in policies and associated overhead expenses.  |
| Policyholder decision risk | Risk of loss arising due to policyholders experiences (lapses and surrenders) being different from expected | Lapse and surrender rates are projected according to the Company's past experience.   |
| Longevity risk             | Risk of loss arising due to the annuitant living longer than expected.                                      | Terms and conditions included in insurance applications have been designed to address nonstandard and unpredictable risks.  |
| Concentration risk         | Risk of losses due to not maintaining a balanced product portfolio  | Developing a proper product mix in line with company strategy.  |

Mainly Janashakthi Insurance PLC offer Traditional participating products, Non-participating products and Universal life products. Universal life product category's key risk is interest rate risk which means differences in duration and yield of assets and liabilities. Another main risk is investment credit risk. Company is matching of asset and liability cash flows and investing in investment grade assets to mitigate risks which arising from Universal life products.

#### Participating Fund vs. Non-Participating Fund

The following analysis depicts the concentration of Participating and Non- Participating fund position of the Company.

| For the year ended 31st December | 2024        |     | 2023        |     |
|----------------------------------|-------------|-----|-------------|-----|
|                                  | Rs. million | %   | Rs. million | %   |
| Participating Fund               | 1,695       | 11  | 1,377       | 10  |
| Non-Participating Fund           | 14,336      | 89  | 13,168      | 90  |
| Total                            | 16,031      | 100 | 14,545      | 100 |

#### b. Underwriting Risk

The Group's underwriting strategy is designed to ensure that risks are well diversified in terms of type of risk level of insured benefits. This is largely achieved through the use of medical screening in order to ensure that pricing takes account of current health conditions and family medical history, regular review of actual claims experience and product pricing. Underwriting limits are in place to enforce appropriate risk selection criteria.

The Group further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Group. For contracts for which death or disability is the insured risk, the significant factors that could increase the overall frequency of claims than expected. The Group limits exposure on any single life by way of retention limits agreed with the reinsurers.

#### Life Underwriting Risk Management

1. Separate life underwriting division headed by a well-qualified management along with a trained staff is in placed in order to closely monitor the life underwriting functions of the Group.
2. Pricing decisions of the products are reviewed and guided by a qualified actuary to facilitate the management to make accurate pricing decisions.
3. Reinsurers' advices are obtained before deciding on the terms and conditions of the products in order to assists the proper pricing strategies.
4. The Group carefully analyses the current health condition and the family medical history of the proposal holder before deciding on the premiums.

#### c. Reinsurance Risk

A new or continuing reinsurance contract could give rise to one or more of the following risks:

Notwithstanding the advantages reinsurance provides insurers, it can expose them, at varying degrees, to various risks inherent in its use.

1. Residual insurance risk may arise from discrepancies between reinsurance needs and the actual coverage provided for in the contract, resulting in the insurer retaining greater risk than anticipated. Similarly, an insurer may face a basic risk related to alternative risk transfer mechanisms where the amounts obtained by the insurers through the mechanisms do not match the losses incurred by the insurer.
2. Legal risk may arise when the terms of the contract do not accurately reflect the intent of the insurers or when the contract cannot be legally enforced.
3. Counterparty risk may result from the inability or potential refusal of the reinsurer, or a stakeholder in the case of an alternative risk transfer mechanism, to honour its obligations towards the ceding insurer.



4. Liquidity risk may arise from the possible lag time between the payment of a claim by the insurer to its insured and receipt of the reinsurance recoverable.
5. Operational risk may result from inadequate contractual arrangements or from insufficient technological or administrative capacity to manage and collect sums owed by reinsurers.

*Some of the specific actions by the Group to mitigate Reinsurance Risks are shown below.*

- Outstanding reinsurance receivables are viewed on a monthly basis to ensure that all dues are collected or set off against payables on time.
- A very close and professional relationship is maintained with all reinsurers.
- No cover is issued without a confirmed reinsurance in place.
- Only a globally trusted and stable portfolio of reinsurance companies which are rated highly by A.M Best is used.

|                                  | 2024    | 2023    |
|----------------------------------|---------|---------|
| For the year ended 31st December | Rs.'000 | Rs.'000 |
| Gross Written Premium            | 6,596   | 4,584   |
| Reinsurance                      | (249)   | (220)   |
| Net Written Premium              | 6,347   | 4,364   |

#### *Reinsurance Credit Ratings*

The following table shows the credit ratings of reinsurance Companies with whom the Group has entered into reinsurance arrangements as of 31 December 2024.

|                                    | Financial Strength | Rating Credit | Rating Agency |
|------------------------------------|--------------------|---------------|---------------|
| For the year ended 31st December   |                    |               |               |
| Partner Reinsurance ASIA Pte Ltd   | A+                 | AA-           | A.M Best      |
| Hannover Rueck SE-Malaysian Branch | A+                 | AA            | A.M Best      |
| SCOR SE Singapore Branch           | A                  | A+            | A.M Best      |
| Munich Re India Branch             | A+                 | AA            | A.M Best      |

#### *d. Claims Risk*

The possibility of adverse variance in claim pattern of the product which is not expected at the product development stage. Some of specific actions taken by the Group to mitigate the claims risks are as below.

- Strict claim review policies to assess all new and ongoing claims.
- Regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims.
- Obtaining adequate reinsurance cover.
- A qualified actuary is employed within the Group in order to assist the management to review the life insurance business.
- Life fund valuation is carried out by a qualified independent actuarial valuer on a regular basis.
- Claims are reserved immediately at the intimation or on the availability of information of the death or injury of an insured.
- The purpose of these underwriting, claims and reinsurance strategies was to limit risk exposure based on the Group's risk appetite as decided by management. The Board decided to increase or decrease the maximum tolerances based on market conditions and other factors.

*Financial Risk*

The Group is exposed to financial risk primarily through financial assets, financial liabilities and insurance liabilities. The key financial risk categories that the Group is exposed to is :

Credit risk

Liquidity risk

Market risk

Operational risk

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The Group credit risk exposure is depicted in the below table using carrying values as at the statement of financial position date.

Financial investments in debt securities

Loans and receivables from customers

Loans to life policyholders and others

Premium receivables

Reinsurance receivables

Cash and cash equivalent

Other financial receivables

Investment in quoted debentures

Short term and long term lendings

Placement with banks and financial institutions

| For the year ended 31st March                         | 2025        |       | 2024        |       |
|---|-------------|-------|-------------|-------|
|   | Rs. million | %     | Rs. million | %     |
| Government securities & Reverse Repurchase Agreements | 98,262,861  | 67.1% | 76,680,245  | 71.3% |
| Financial investments in debt securities              | 2,440,672   | 1.7%  | 3,331,448   | 3.1%  |
| Unit Trust  | 3,744,598   | 2.6%  | 4,815,058   | 4.5%  |
| Investment in shares                                  | 11,400,564  | 7.8%  | 1,502,953   | 1.4%  |
| Fixed deposits  | 672,411     | 0.5%  | 455,752     | 0.4%  |
| Investment in quoted debentures                       | 1,666,521   | 1.1%  | 1,018,254   | 0.9%  |
| Short term and long term lendings                     | 1,208,554   | 0.8%  | 130,557     | 0.1%  |
| Placement with banks and financial institutions       | -           | 0.0%  | 236,667     | 0.2%  |
| Staff Loans   | 53,956      | 0.0%  | 62,953      | 0.1%  |
| Reinsurance receivables                               | 19,620      | 0.0%  | 26,814      | 0.0%  |
| Premium receivables                                   | 320,075     | 0.2%  | 268,203     | 0.2%  |
| Loans and receivables from customers                  | 22,054,759  | 15.1% | 15,658,738  | 14.6% |
| Loans to life policyholders and others                | 275,426     | 0.2%  | 268,736     | 0.3%  |
| Cash and cash equivalents                             | 4,229,353   | 2.9%  | 1,983,030   | 1.8%  |
| Amount due from related parties                       | 16,993      | 0.0%  | 1,050,045   | 1.0%  |
| Gross financial assets                                | 146,366,363 |       | 107,489,453 |       |

*Management of credit risk includes the following components*

- Formulating credit policies IN consultation WITH business units covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures and compliance WITH regulatory and statutory requirements
- Establishing the authorisation structure for the approval and renewal of credit facilities.
- Limiting concentration of exposures to counter parties
- Reviewing compliance through regular audits by internal audit.

*Market risk*

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in Market prices. The group's market risk policy setting out the assessment and determination of what constitutes market risk for the Group.

*(i) Interest rate risk*

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Group policy is to continuously monitor positions on a daily basis and periodic interest rate re-pricing strategies are used to ensure positions are maintained on a prudential basis.

The interest rate profile of the Group interest-bearing financial instruments as reported to the management of the Group as follows:

| As at 31 March                   | 2025        |           | 2024       |           |
|----------------------------------|-------------|-----------|------------|-----------|
|                                  | Group       | Company   | Group      | Company   |
| <b>Fixed rate instruments</b>    |             |           |            |           |
| Investment in financial assets   | 119,962,337 | 379,773   | 91,571,321 | 204,497   |
| Amounts due from related parties | 16,993      | 991,246   | 1,050,045  | 1,446,673 |
| Amounts due to related parties   | 1,276,331   | 1,276,379 | 8,163      | 6,708     |
| Financial Liabilities            | 17,694,161  | 9,074,765 | 15,801,602 | 9,700,996 |
| <b>Variable rate instruments</b> |             |           |            |           |
| Investment in financial assets   | 3,486,150   | -         | 5,005,570  | -         |
| Financial liabilities            | 11,891,274  | 5,572,807 | 5,509,014  | 7,184,263 |

*Fair value sensitivity analysis for fixed rate instruments*

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Group.

*Cash flow sensitivity analysis for variable rate instruments*

A reasonably possible 1% change interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular foreign currency exchange rates remain constant.

| As at 31 March              | Profit or loss |             | Equity, net of tax |             |
|-----------------------------|----------------|-------------|--------------------|-------------|
|                             | 1% Increase    | 1% decrease | 1% Increase        | 1% decrease |
| <b>2025</b>                 |                |             |                    |             |
| Variable rate instruments   |                |             |                    |             |
| Cash flow sensitivity (net) | (84,051)       | 84,051      | (84,051)           | 84,051      |
| <b>2024</b>                 |                |             |                    |             |
| Variable rate instruments   |                |             |                    |             |
| Cash flow sensitivity (net) | (116,678)      | 116,678     | (116,678)          | 116,678     |
| Operational Risks           |                |             |                    |             |

#### Operational Risks

Operational risks is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group'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 Group objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

Compliance with Group 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, with summaries submitted to the audit committee and senior management of the Group.

#### Foreign exchange (FOREX) and country risk

Foreign exchange (FOREX) risk is the risk that Group may suffer loss as a result of advance exchange rate movements. The impact from FOREX is not substantial on the Group to conduct in-depth analysis. However, there is a slight impact when budgeting for this cost. The above risks are triggered by the treasury operations.

A reasonably possible 1% change exchange rates (USD to LKR) at the reporting date would have increased or decreased equity and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular foreign currency exchange rates remain constant.

#### Maturity Analysis - Group

| As at 31 March 2025   | Less than 1<br>Year<br>Rs.'000 | 1 to 3 Years<br>Rs.'000 | 3 to 5 Years<br>Rs.'000 | Over 5 Years<br>Rs.'000 | No Maturity<br>Date<br>Rs.'000 | Total<br>Rs.'000   |
|---|--------------------------------|-------------------------|-------------------------|-------------------------|--------------------------------|--------------------|
| <b>Assets</b>   |                                |                         |                         |                         |                                |                    |
| Financial assets at fair value through profit or loss             | 17,391,095                     | 36,595,668              | 49,977,038              | 4,807,202               | -                              | 108,771,003        |
| Fair value at Amotised Cost                                       | 7,093,129                      | 858,396                 | 2,078,967               | 1,160,841               | -                              | 11,191,334         |
| Financial assets at fair value through Other comprehensive income | 2,179,667                      | 377,876                 | 486,973                 | 441,634                 | -                              | 3,486,150          |
| Loans and receivable from customers                               | 12,946,453                     | 5,803,893               | 2,796,878               | 507,535                 | -                              | 22,054,759         |
| Premium Receivables   | 320,075                        | -                       | -                       | -                       | -                              | 320,075            |
| Reinsurance receivable  | 19,620                         | -                       | -                       | -                       | -                              | 19,620             |
| Trade, other receivables and advances                             | 3,396,989                      | 204,595                 | 117,511                 | 215,001                 | -                              | 3,934,096          |
| Amounts due from related parties                                  | 16,993                         | -                       | -                       | -                       | -                              | 16,993             |
| Derivative financial instruments                                  | 2,820                          | -                       | -                       | -                       | -                              | 2,820              |
| Cash and cash equivalents   | 4,229,353                      | -                       | -                       | -                       | -                              | 4,229,353          |
| <b>Total as at 31 March 2025</b>                                  | <b>47,596,194</b>              | <b>43,840,429</b>       | <b>55,457,367</b>       | <b>7,132,214</b>        | <b>-</b>                       | <b>154,026,202</b> |



|   | Less than 1<br>Year<br>Rs.'000 | 1 to 3 Years<br>Rs.'000 | 3 to 5 Years<br>Rs.'000 | Over 5 Years<br>Rs.'000 | No Maturity<br>Date<br>Rs.'000 | Total<br>Rs.'000   |
|---|--------------------------------|-------------------------|-------------------------|-------------------------|--------------------------------|--------------------|
| As at 31 March 2025                         |                                |                         |                         |                         |                                |                    |
| <b>Liabilities</b>                          |                                |                         |                         |                         |                                |                    |
| Debentures                                  | 2,851,443                      | 108,000                 | 949,000                 | -                       | -                              | 3,908,443          |
| Interest bearing loans & borrowings         | 18,950,583                     | 6,164,792               | 4,470,060               | -                       | -                              | 29,585,436         |
| Deposits from customers                     | 12,569,286                     | 2,785,267               | 549,259                 | -                       | -                              | 15,903,812         |
| Reinsurance creditors                       | 70,983                         | -                       | -                       | -                       | -                              | 70,983             |
| Securities sold under repurchase agreements | 73,015,525                     | 93,609                  | -                       | -                       | -                              | 73,109,134         |
| Trade and other payable                     | 7,865,824                      | 38,478                  | 133                     | -                       | -                              | 7,904,435          |
| Lease Liability                             | 737,688                        |                         |                         |                         |                                | 737,688            |
| Amount due to related parties               | 1,276,331                      | -                       | -                       | -                       | -                              | 1,276,331          |
| Derivative financial instruments            | 768                            | -                       | -                       | -                       | -                              | 768                |
| Bank overdrafts                             | 1,391,740                      | -                       | -                       | -                       | -                              | 1,391,740          |
| <b>Total as at 31 March 2025</b>            | <b>118,730,171</b>             | <b>9,190,146</b>        | <b>5,968,452</b>        | <b>-</b>                | <b>-</b>                       | <b>133,888,770</b> |
| As at 31 March 2024                         | 92,494,580                     | 9,275,069               | 2,246,558               | -                       | -                              | 104,016,207        |

**Maturity Profile**

The following table summarises the Maturity Analysis (excluding interest) of the Company's financial investments.

**Maturity Analysis- Company**

|   | Less than 1<br>Year<br>Rs.'000 | 1 to 3 Years<br>Rs.'000 | 3 to 5 Years<br>Rs.'000 | Over 5 Years<br>Rs.'000 | No Maturity<br>Date<br>Rs.'000 | Total<br>Rs.'000 |
|---|--------------------------------|-------------------------|-------------------------|-------------------------|--------------------------------|------------------|
| <b>Assets</b>   |                                |                         |                         |                         |                                |                  |
| Investment Property                                   | -                              | 2,953,340               | -                       | -                       | -                              | 2,953,340        |
| Financial assets at fair value through profit or loss | 248,462                        | -                       | -                       | -                       | -                              | 248,462          |
| Fair value at Amotised Cost                           | 131,311                        | -                       | -                       | -                       | -                              | 131,311          |
| Amounts due from related parties                      | 991,246                        | -                       | -                       | -                       | -                              | 991,246          |
| Trade & Other Receivables                             | 239,249                        | -                       | -                       | -                       | -                              | 239,249          |
| Cash and cash equivalents                             | 1,245,100                      | -                       | -                       | -                       | -                              | 1,245,100        |
| <b>Total</b>  | <b>2,855,368</b>               | <b>2,953,340</b>        | <b>-</b>                | <b>-</b>                | <b>-</b>                       | <b>5,808,709</b> |
| As at 31 March 2023                                   | 2,692,433                      | 2,907,000               | -                       | -                       | -                              | 5,599,433        |

**55 Assets pledged**

The following assets have been pledged as securities against the long term and short term borrowings that have been disclosed under the note no 31.2 to the financial statements.

| Name of Company    | Funding Institution              | Nature of Asset                      | Nature of Liability | Group                           |                         | Company                         | Included Under                                |
|--------------------|----------------------------------|--------------------------------------|---------------------|---------------------------------|-------------------------|---------------------------------|---|
|                    |                                  |                                      |                     | Rs. '000<br>Balance Outstanding | Value of Assets Pledged | Rs. '000<br>Balance Outstanding |   |
| Orient Finance PLC | Bank Of Ceylon                   | Lease Receivable                     | Permanent Overdraft | 36,900,905                      | 66,500,000              | -                               | Future Capital Receivable                     |
| Orient Finance PLC | Commercial Bank of Ceylon PLC    | Lease Receivable                     | Permanent Overdraft | 308,085,721                     | 253,500,000             | -                               | Future Capital Receivable                     |
| Orient Finance PLC | DFCC Bank PLC                    | Lease Receivable                     | Permanent Overdraft | 223,047                         | 112,500,000             | -                               | Future Capital Receivable                     |
| Orient Finance PLC | Hatton National Bank PLC         | Lease Receivable                     | Permanent Overdraft | 157,632,135                     | 286,000,000             | -                               | Future Capital Receivable                     |
| Orient Finance PLC | National Development Bank PLC    | Lease Receivable                     | Permanent Overdraft | 21,605,290                      | 32,500,000              | -                               | Future Capital Receivable                     |
| Orient Finance PLC | Peoples Bank                     | Lease Receivable                     | Permanent Overdraft | 22,131,473                      | 93,750,000              | -                               | Future Capital Receivable                     |
| Orient Finance PLC | Sampath Bank PLC                 | Lease Receivable                     | Permanent Overdraft | 69,152,864                      | 112,500,000             | -                               | Future Capital Receivable                     |
| Orient Finance PLC | Seylan Bank PLC                  | Lease Receivable                     | Permanent Overdraft | 83,361,975                      | 127,500,000             | -                               | Future Capital Receivable                     |
| Orient Finance PLC | Union Bank PLC                   | Lease Receivable                     | Permanent Overdraft | -                               | 97,500,000              | -                               | Future Capital Receivable                     |
| Orient Finance PLC | Union Bank PLC                   | Lease Receivable                     | Term Loan           | 301,041,670                     | 391,354,171             | -                               | Future Capital Receivable                     |
| Orient Finance PLC | Sampath Bank PLC                 | Lease Receivable                     | Term Loan           | 633,200,000                     | 949,800,000             | -                               | Future Capital Receivable                     |
| Orient Finance PLC | Hatton National Bank PLC         | Lease Receivable / Property Mortgage | Term Loan           | 414,000,000                     | 496,532,000             | -                               | Future Capital Receivable / Property Mortgage |
| Orient Finance PLC | Bank of Ceylon                   | Lease Receivable                     | Term Loan           | 556,805,542                     | 740,551,371             | -                               | Future Capital Receivable                     |
| Orient Finance PLC | Cargills Bank PLC                | Lease Receivable                     | Term Loan           | 243,750,000                     | 365,625,000             | -                               | Future Capital Receivable                     |
| Orient Finance PLC | National Development Bank PLC    | Lease Receivable                     | Term Loan           | 524,960,009                     | 787,440,014             | -                               | Future Capital Receivable                     |
| Orient Finance PLC | Sanasa Developmment Bank         | Lease Receivable                     | Term Loan           | 444,444,444                     | 533,333,333             | -                               | Future Capital Receivable                     |
| Orient Finance PLC | Pan Asia Banking Corporation PLC | Lease Receivable                     | Term Loan           | 350,000,000                     | 455,000,000             | -                               | Future Capital Receivable                     |
| Orient Finance PLC | Sampath Bank PLC                 | Lease Receivable                     | Short-Term Loan     | 100,000,000                     | 150,000,000             | -                               | Future Capital Receivable                     |
| Orient Finance PLC | Union Bank PLC                   | Lease Receivable                     | Short-Term Loan     | 400,000,000                     | 520,000,000             | -                               | Future Capital Receivable                     |
| Orient Finance PLC | NDB Trust 01                     | Lease Receivable                     | Securitisation      | 830,700,000                     | 1,240,217,110           | -                               | Future Capital Receivable                     |
| Orient Finance PLC | Subordinated loan                | Unsecured                            | Term Loan           | 1,000,000,000                   | 1,300,000,000           | -                               | Unsecured                                     |

| Name of Company     | Funding Institution           | Nature of Asset                                    | Nature of Liability          | Group                           |                         | Company                         | Included Under              |
|---------------------|-------------------------------|--|------------------------------|---------------------------------|-------------------------|---------------------------------|-----------------------------|
|                     |                               |  |                              | Rs. '000<br>Balance Outstanding | Value of Assets Pledged | Rs. '000<br>Balance Outstanding |                             |
| Janashakthi Limited | National Development Bank PLC | Quoted shares                                      | Long term loans              | 861,000                         | 1,909,500               | 861,000                         | Interest bearing borrowings |
| Janashakthi Limited | National Development Bank PLC | Quoted shares                                      | Short term loans - Revolving | 350,000                         |                         | 350,000                         | Interest bearing borrowings |
| Janashakthi Limited | Seylan Bank PLC               | Quoted shares and personal guarantees of Directors | Long term loans              | -                               |                         | -                               | Interest bearing borrowings |
| Janashakthi Limited | Seylan Bank PLC               |  | Long term loans              | -                               |                         | -                               | Interest bearing borrowings |
| Janashakthi Limited | Seylan Bank PLC               |  | Short term loans - Revolving | 250,000                         | 6,766,528               | 250,000                         | Interest bearing borrowings |
| Janashakthi Limited | Seylan Bank PLC               |  | Short term loans - Revolving | -                               |                         | -                               | Interest bearing borrowings |
| Janashakthi Limited | Seylan Bank PLC               |  | Long term loans              | 1,475,000                       |                         | 1,475,000                       | Interest bearing borrowings |
| Janashakthi Limited | People's Bank                 | Personal guarantees of Directors                   | Long term loans              | 260,000                         | 1,300,000               | 260,000                         | Interest bearing borrowings |
| Janashakthi Limited | Bank of Ceylon                | Land located at wattala                            | Long term loans              | 500,000                         | 2,800,000               | 500,000                         | Interest bearing borrowings |
| Janashakthi Limited | Bank of Ceylon                | Land located at wattala                            | Long term loans              | 43,569                          |                         | 43,569                          | Interest bearing borrowings |
| Janashakthi Limited | Cargills bank                 | Personal guarantees of Directors                   | Long term loans              | 79,030                          | 250,000                 | 79,030                          | Interest bearing borrowings |
| Janashakthi Limited | Cargills bank                 | Personal guarantees of Directors                   | Long term loans              | 222,083                         | 325,000                 | 222,083                         | Interest bearing borrowings |
| Janashakthi Limited | Cargills bank                 | Personal guarantees of Directors                   | Long term loans              | 33,426                          |                         | 33,426                          | Interest bearing borrowings |
| Janashakthi Limited | Cargills bank                 | Personal guarantees of Directors                   | Long term loans              | 400,000                         |                         | 400,000                         | Interest bearing borrowings |
| Janashakthi Limited | DFCC bank                     | Corporate Gurantee                                 | Long term loans              | -                               | 400,000                 | -                               | Interest bearing borrowings |
| Janashakthi Limited | DFCC bank                     | Quoted shares                                      | Long term loans              | 89,870                          | 397,200                 | 89,870                          | Interest bearing borrowings |
| Janashakthi Limited | Commercial Bank of Ceylon PLC | Quoted shares                                      | Long term loans              | -                               | 3,933,210               | -                               | Interest bearing borrowings |
| Janashakthi Limited | Commercial Bank of Ceylon PLC | Quoted shares                                      | Long term loans              | -                               |                         | -                               | Interest bearing borrowings |

| Name of Company     | Funding Institution              | Nature of Asset                                  | Nature of Liability | Group                           |                         | Company                         | Included Under              |
|---------------------|----------------------------------|--|---------------------|---------------------------------|-------------------------|---------------------------------|-----------------------------|
|                     |                                  |  |                     | Rs. '000<br>Balance Outstanding | Value of Assets Pledged | Rs. '000<br>Balance Outstanding |                             |
| Janashakthi Limited | Commercial Bank of Ceylon PLC    | Quoted shares                                    | Long term loans     | 400,000                         |                         | 400,000                         | Interest bearing borrowings |
| Janashakthi Limited | Hatton National Bank PLC         | Quoted shares / Personal guarantees of Directors | Long term loans     | -                               | 3,167,908               | -                               | Interest bearing borrowings |
| Janashakthi Limited | Pan Asia Banking Corporation PLC | Quoted shares / Personal guarantees of Directors | Long term loans     | 208,779                         | 985,200                 | 208,779                         | Interest bearing borrowings |
| Janashakthi Limited | Nations Trust Bank PLC           | Quoted shares / Personal guarantees of Directors | Long term loans     | 300,000                         | 1,106,550               | 300,000                         | Interest bearing borrowings |

**55.1** In the ordinary course of the business, the Group entered into transactions that result in the transfer of financial assets to third parties. The information above sets out the extent of such transfers and retained interest in transferred assets.

**55.2** The Group has transferred future rental receivable of Leases 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 Group continues to recognize these assets within Lease Rental Receivable and Stock out on Hire.



**56 Fair values versus the Carrying amounts**

The fair values of financial assets and liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follow;

| Group   | 2025               |                    | 2024              |                   |
|---|--------------------|--------------------|-------------------|-------------------|
|   | Carrying Amount    | Fair Value         | Carrying Amount   | Fair Value        |
| <b>Financial assets measured at fair value</b>          |                    |                    |                   |                   |
| Financial assets at amortised cost                      | 11,191,334         | 11,191,334         | 12,627,268        | 12,627,268        |
| Loans and receivables from customers                    | 22,054,759         | 22,054,759         | 15,658,738        | 15,658,738        |
| Loans to life policyholders and others                  | 275,426            | 275,426            | 268,736           | 268,736           |
| Reinsurance receivables                                 | 19,620             | 19,620             | 26,815            | 26,815            |
| Amount due from related parties                         | 16,993             | 16,993             | 1,050,045         | 1,050,045         |
| Trade, other receivables and advances                   | 3,934,096          | 3,934,096          | 5,854,500         | 5,854,500         |
| Cash at banks and in hand                               | 4,229,353          | 4,229,353          | 1,983,030         | 1,983,030         |
| <b>Total financial assets</b>                           | <b>41,721,581</b>  | <b>41,721,581</b>  | <b>37,469,132</b> | <b>37,469,132</b> |
| <b>Financial liabilities not measured at fair value</b> |                    |                    |                   |                   |
| Deposits from customers                                 | 15,903,812         | 15,903,812         | 13,556,431        | 13,556,431        |
| Interest bearing loans and borrowings                   | 29,585,436         | 29,585,436         | 23,522,292        | 23,522,292        |
| Borrowings on debentures                                | 3,908,443          | 3,908,443          | 3,573,447         | 5,268,583         |
| Securities sold under re-purchase agreements            | 73,109,134         | 73,307,931         | 49,643,339        | 46,314,954        |
| Trade payable   | 401,203            | 401,203            | 408,156           | 408,156           |
| Amount due to related parties                           | 1,276,331          | 1,276,331          | 8,163             | 8,163             |
| Bank overdrafts   | 1,391,740          | 1,391,740          | 2,082,924         | 2,082,924         |
| <b>Total financial liabilities</b>                      | <b>125,576,099</b> | <b>125,774,896</b> | <b>92,794,752</b> | <b>91,161,503</b> |

| Company   | 2025              |                   | 2024              |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | Carrying Amount   | Fair Value        | Carrying Amount   | Fair Value        |
| <b>Financial assets not measured at fair value</b>      |                   |                   |                   |                   |
| Amount due from related parties                         | 991,246           | 991,246           | 1,446,673         | 1,446,673         |
| Financial assets at amortised cost                      | 131,311           | 131,311           | 83,721            | 83,721            |
| Cash at banks and in hand                               | 1,245,100         | 1,245,100         | 769,215           | 769,215           |
| <b>Total financial assets</b>                           | <b>2,367,658</b>  | <b>2,367,658</b>  | <b>2,299,609</b>  | <b>2,299,609</b>  |
| <b>Financial liabilities not measured at fair value</b> |                   |                   |                   |                   |
| Borrowings on debentures                                | 2,139,115         | 2,139,115         | 1,058,299         | 1,058,299         |
| Interest bearing loans and borrowings                   | 14,647,572        | 14,647,572        | 17,322,154        | 17,322,154        |
| Amount due to related parties                           | 1,276,379         | 1,276,379         | 6,708             | 6,708             |
| Bank overdrafts   | 422,960           | 422,960           | 112,432           | 112,432           |
| <b>Total financial liabilities</b>                      | <b>18,524,045</b> | <b>18,524,045</b> | <b>18,537,613</b> | <b>18,537,613</b> |

*Cash and cash equivalents*

The carrying amounts of cash and cash equivalents, approximate their fair value as those are short-term in nature and are receivable on demand.

*Investments with banks and other financial institutions*

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.

*Bank overdrafts*

The carrying amounts of bank overdrafts, approximate their fair value as those are short-term in nature.

*Interest bearing loans and borrowings*

Interest bearing borrowings include both the fixed rate and floating rate borrowings. Floating rate borrowings represent nearly 63% of the portfolio. Accordingly, carrying value of the floating rate borrowings approximate to their fair values as at the reporting date. Rest of the borrowings has a remaining contractual maturity of less than one year. Therefore, fair value of interest bearing borrowings approximate to the carrying value as at the reporting date.

**57 Commitments**

There were no material commitments as at the reporting date which require disclosure in the financial statements other than the following.

**57.1 Capital Commitments****a. First Capital Holdings Group**

First Capital Treasuries PLC entered into sale and purchase agreement to acquire a property (land and premises) for a consideration of Rs. 382Mn and an advance of Rs. 77.3Mn was paid. However, as a consequence of the seller failing to honour the terms of the agreement, legal proceedings were initiated against the seller and the District Court granted an interim order in favour of the Company, against the seller disposing and alienating the property to any third party. Further, respective appeals against the interim order are pending before the higher courts. The legal proceedings are in progress.

**57.2 Other Commitments***First Capital Holdings Group*

There value of forward purchase contracts (Government Securities) as at 31 March 2025 is Rs. 1,340Mn (31 March 2024 - Rs. 14,517Mn) and the value of forward sales contracts (Government Securities) as at 31 March 2025 is Rs. 11Mn (31 March 2024 - Rs. 7,093Mn).

**58 Contingent liabilities**

There were no material contingent liabilities as at the reporting date which require disclosure in the financial statements, other than disclosed below. for the following.

**58.1 Company**

- a.** The Department of Inland Revenue issued a assessment on income tax for year of assessment 2015/16, 2016/17 and 2017/18 totaling to Rs. 95.8 Mn (inclusive of penalties). The Company has appealed against the assessment.
- b.** The Department of Inland Revenue issued a assessment on NBT/VAT on financial services for year of assessment 2017/18 totaling to Rs. 49.7 Mn (inclusive of penalties). The Company has appealed against the assessment.

The related appeals against the said assessments have been duly submitted. Based on the tax consultant's opinion, the Board of Directors of the Company is of the view that no liability would arise on the above stated tax matters as they are outside the scope of chargeability of taxes.



- c. Company has provided corporate guarantees on account of banking facilities obtained by below subsidiaries

| Subsidiaries               | Beneficiary                   | Amount      |
|----------------------------|-------------------------------|-------------|
| Janashakthi Insurance PLC  | National Development Bank PLC | 450,000,000 |
| First Capital Holdings PLC | Nations Trust Bank PLC        | 300,000,000 |
| First Capital Holdings PLC | DFCC Bank PLC                 | 750,000,000 |
| First Capital Holdings PLC | Hatton National Bank PLC      | 500,000,000 |
| Janashakthi Finance PLC    | Pan Asia Bank PLC             | 200,000,000 |

## 58.2 First Capital Holdings- Group

- a. First Capital Holdings PLC has provided corporate guarantees on account of banking facilities obtained by First Capital Limited (sub-subsidiary) and First Capital Treasuries PLC (sub-subsidiary) amounting to LKR. 800 Mn and LKR. 1 Bn respectively.
- b. First Capital Holdings PLC's appeal against the assessment on VAT on financial services amounting to LKR 21 Mn (2016/17) is heard at the Tax Appeals Commission. The appeal against the assessment on VAT on financial services of LKR 233 Mn related to 2017/18 is contested at the Court of Appeal. Further, the Department of Inland Revenue (IRD) raised assessments on VAT on financial services for 2019/20 and 2020/21 amounting to Rs. 431Mn. The appeal proceedings have not been concluded yet.
- c. First Capital Limited's (sub-subsidiary) appeal against the assessment of VAT on financial services (2012/13) amounting to Rs. 9.3 Mn is heard at the Court of Appeal. The subsidiary's appeals against assessments on VAT on financial services (2013/14, 2014/15) amounting to Rs. 99.3 Mn were determined by the Tax Appeals Commission reducing the total value of assessments to Rs. 43 Mn (original assessment – Rs. 99.3 Mn) during year 2023/24. These have been referred to the Court of Appeal. The IRD also filed counter appeals against the determinations made by the Tax Appeals Commission. The hearing of appeals/counter appeals has not been concluded yet. Further, the IRD issued assessments on VAT on financial services for 2019/20 and 2020/21 amounting to Rs. 130 Mn to the subsidiary. The appeal proceedings are in progress.

Appeals against the above assessments (b and c) have been duly submitted. Based on the tax consultant's opinion, the Board of Directors of the Company is of the view that no liability would arise on the above stated tax matters as they are outside the scope of chargeability of taxes.

There were no material litigations or claims with respect to employee compensation. Further, the Company did not have any other material litigations or claims that could have a material impact on the financial position of the group, or which would lead to a disclosure in the financial statements for the year ended 31 March 2024.

## 58.3 Janashakthi Insurance PLC

### a. Outstanding Tax Assessment

The Department of Inland Revenue (IRD) has issued assessments in relation to the years 2003, 2004 & 2005 imposing VAT on reinsurance commissions and claim recoveries. The Group has filed cases in the Court of Appeal with the consultation of Tax Consultant and the Company's lawyers. As such no provisions are made in the Financial Statements for the taxes in dispute and penalties. The status of each case is provided in section e. below.

### b. Year of Assessment 2002/2003

An appeal to tax appeals commission (TAC) has been made against the determination made by the commissioner general of inland revenue (CGIR). Appeal is pending before the Court of Appeal. The impact on present value of contingent liability is LKR 32million. The case was stated for additional argumentation on January 22nd, 2024. However, on this specified date, the case was not addressed, prompting its rescheduling for mention on May 7th, 2024 and June 6, 2024. When the matter was called on this date case was fixed for the Written Submissions of Defendant on 29th August 2024. Further this matter was fixed for Written Submissions on 15th October 2024. The case was scheduled for arguments on 1st April 2025.

### c. Year of Assessment 2004/2005

The company made an appeal to Court of Appeals seeking its opinion which has been decided in IRD's favour previously. Then the Company appealed to Supreme Court against the Court of Appeals order. Judgement was delivered by Supreme Court in favour of Janashakthi Insurance PLC and the Court of Appeal (CA) judgement

was set aside. The matter was reverted to Court Appeals to rehear based on the SC judgement. Written submissions were scheduled for December 7th, 2023, with both parties submitting their arguments on that date. The case was scheduled for argument on November 5, 2024 and when the matter was called on this date, the case was scheduled for arguments on 8th May 2025. The impact on the present value of contingent liability has been assessed at LKR591 million.

- d. The Company has also received assessments relating to Income Taxes for the years of assessment of 2010/11, 2011/12, 2012/13, 2013/14, 2014/15, 2016/17, 2017/18, 2018/19, 2019/20 & 2020/21 where the Department of Inland Revenue has disallowed management expenses relating to the Life Insurance Business including capital allowance. The Company has appealed against the assessments. The appeals had been filed following due process. Further, these Income Tax Assessments have been common Assessments for all Life Insurance Companies in the insurance industry. It is the view of the industry and the Company's Tax Consultant that these assessments will not materialise. Therefore, no additional provisions has been made in the Financial Statements. This has been reinforced by a recent decision from the Court of Appeal (CA) in favour of another participant in the industry in their CA appeal no. CA/Tax/019/2019.

Further, the Tax Appeals Commission (TAC) also has determined in favour of the company for the year 2018/19. The TAC determined that the assessment for this period was inconsistent with section 92 of the Inland Revenue Act No. 10 of 2006. Being aggrieved by the decision of TAC, the Commissioner General of Inland Revenue (CGIR) has challenged this decision at Court of Appeal.

| Name of Company | Funding Institution  | Nature of Asset  | Nature of Liability  |
|-----------------|--|--|--|
| 2010/2011       | Following a determination by the TAC in favour of the Commissioner General of Inland Revenue, the Company has appealed to the Court of Appeal. | Loss Adjustment (Decrease in Brought Forward Tax Loss).                              | Loss Adjustment (Decrease in Brought Forward Tax Loss) Tax loss reduced by LKR 49 Mn   |
| 2011/2012       | Following a determination by the TAC in favour of the Commissioner General of Inland Revenue, the Company has appealed to the Court of Appeal. | Loss Adjustment (Decrease in Brought Forward Tax Loss) and Additional Tax Liability. | Loss Adjustment (Decrease in Brought Forward Tax Loss) Tax loss reduced by LKR 53 Mn.  |
| 2012/2013       | Following a determination by the TAC in favour of the Commissioner General of Inland Revenue, the Company has appealed to the Court of Appeal. | Loss Adjustment (Decrease in Brought Forward Tax Loss) and Additional Tax Liability. | Loss Adjustment (Decrease in Brought Forward Tax Loss) Tax loss reduced by LKR 89 Mn.  |
| 2013/2014       | Following a determination by the TAC in favour of the Commissioner General of Inland Revenue, the Company has appealed to the Court of Appeal. | Loss Adjustment (Decrease in Brought Forward Tax Loss) and Additional Tax Liability. | Loss Adjustment (Decrease in Brought Forward Tax Loss) Tax loss reduced by LKR 157 Mn. |
| 2014/2015       | Following a determination by the TAC in favour of the Commissioner General of Inland Revenue, the Company has appealed to the Court of Appeal. | Loss Adjustment (Decrease in Brought Forward Tax Loss) and Additional Tax Liability. | Loss Adjustment (Decrease in Brought Forward Tax Loss) Tax loss reduced by LKR 189 Mn. |
| 2016/2017       | Pending Decision from Tax Appeals Commission.  | Loss Adjustment (Decrease in Brought Forward Tax Loss).                              | Loss Adjustment (Decrease in Brought Forward Tax Loss) Tax loss reduced by LKR 97 Mn.  |
| 2017/2018       | Pending Decision from Tax Appeals Commission.  | Loss Adjustment (Decrease in Brought Forward Tax Loss).                              | Loss Adjustment (Decrease in Brought Forward Tax Loss) Tax loss reduced by LKR 51 Mn.  |
| 2018/2019       | Following a determination by the TAC in favour of the Company, Commissioner General of Inland Revenue has appealed to the Court of Appeal.     | Loss Adjustment (Decrease in Brought Forward Tax Loss).                              | Loss Adjustment (Decrease in Brought Forward Tax Loss) Tax loss reduced by LKR 36 Mn.  |
| 2019/2020       | Pending Decision from Tax Appeals Commission   | Loss Adjustment (Decrease in Brought Forward Tax Loss).                              | Loss Adjustment (Decrease in Brought Forward Tax Loss) Tax loss reduced by LKR 85 Mn.  |
| 2020/2021       | Pending Decision from Tax Appeals Commission   | Loss Adjustment (Decrease in Brought Forward Tax Loss) and Additional Tax Liability. | Loss Adjustment (Decrease in Brought Forward Tax Loss) Tax loss reduced by LKR 82 Mn.  |



**e. Status of Assessment - VAT on FS - JIPLC**

Value Added Tax (VAT) on Financial Services represent a broader concern impacting all life insurance companies within the insurance sector. The industry has recently obtained a favourable decision from the Court of Appeal (CA). As a result, no additional provisions have been recorded in the Financial Statements.

| Year of Assessment | Status of Assessment   |
|--------------------|--|
| 2016               | CGIR has confirmed the Assessment and issued its determination. Company being aggrieved by the determination has appealed to the TAC. The present value of the contingent liability is estimated to be LKR 20 million. |
| 2021/2022          | CGIR has issued the Assessment and company has appealed to that assessment. The present value of the contingent liability is estimated to be LKR 51 million.   |

**f. Status of Assessment - Income Tax - JGIL**

Janashakthi Insurance PLC has indemnified the purchaser with respect to pending tax matters of its subsidiary Janashakthi General Insurance Limited (JGIL). IRD has issued Tax Assessments for JGIL for the years 2015/16, 2016/17 & 2017/18. The amount cannot be quantified at this time due to pending finalization of tax credits.

**g. Status of Assessment - VAT & NBT - JGIL**

| Year of Assessment | Status of Assessment   |
|--------------------|--|
| 2016-Q1 - VAT      | Assessment issued by CGIR and Allianz has lodged an objection. The present value of the contingent liability is estimated to be LKR 23 million.  |
| 2016 - NBT         | Assessment issued by CGIR and Company has submitted an appeal. Administrative review to be initiated by the CGIR. The present value of the contingent liability is estimated to be LKR 0.2 million |

**h. Status of Assessment - Income Tax & PAYE – Former AIA GI**

| Year of Assessment | Status of Assessment   |
|--------------------|--|
| 2015/16 CIT        | IRD has issued a default notice. JIPLC filed an objection. The present value of the contingent liability is estimated to be LKR 12 million.  |
| 2015/16 PAYE       | IRD has issued a default notice. JIPLC filed an objection. The present value of the contingent liability is estimated to be LKR 0.7 million. |

Janashakthi Insurance PLC vs Allianz SE

1551/2023/ARB-Commercial High Court Colombo

The SIAC Arbitration Final Award, issued on 15th March 2023, favored JIPLC, with Allianz SE paying ordered costs in Singapore and Sri Lanka. JIPLC, acting on legal advice, sought to register the award as a judgment to publicize its exoneration from fraud allegations, overcoming arbitration confidentiality rules.

JIPLC filed a Commercial High Court case (Case No. 1551/2023/ARB) against Allianz SE, which was supported on 10th January 2024. The court directed Allianz SE to file objections by 4th March 2024, but multiple extensions were granted. On 13th May 2024, Allianz SE submitted objections, and written submissions were ordered. On 8th July 2024, Allianz SE indicated its intent to negotiate a settlement, delaying submissions further.

The case was rescheduled for 23rd September 2024, but proceedings were cancelled due to a public holiday. On 9th October 2024, the case was listed for submissions on 9th December 2024. JIPLC filed its written submission on that date, while Allianz SE failed to do so. The court directed Allianz SE to file its submission in the registry, and the case is now scheduled for an order on 12th March 2025.

**58.5 Janashakthi Finance PLC**

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.





## 59 Events after reporting period

### Company

- a. On 15 May 2025, the company completed a merger with its subsidiaries, Orient Capital Limited and Janashakthi Capital Limited. Following the merger, Janashakthi Limited remains as the sole surviving entity.

### Janashakthi Insurance PLC

### First Capital Holdings PLC

Dividend Declared in April for LKR

- b. In April 2025, First Capital Treasuries PLC (sub-subsidiary) issued Listed, Rated, Subordinated, Unsecured, Redeemable debentures of 30 Mn (par value of Rs. 100/- each) and raised funds amounting to Rs. 3 Bn (Tier II capital funds).

### Janashakthi Finance PLC

### 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.

## 60 Economic Outlook and the Business Impact

- a. We remain optimistic about the year ahead. Sri Lanka's economic outlook for 2025 reflects steady progress towards macroeconomic stabilisation. The ADB projects GDP growth at 3.9% for 2025, supported by reforms under the IMF programme, fiscal consolidation and improved investor sentiment. The CBSL's policy direction remains accommodative, aimed at anchoring inflation expectations and facilitating credit expansion to productive sectors. As external buffers improve and domestic confidence rebuilds, conditions are increasingly conducive for capital mobilisation and business expansion. Both globally and locally, investor sentiment remains fluid tempered by caution but underpinned by emerging confidence. Selective opportunities, particularly those requiring agility and arbitrage, continue to surface, even in lower-volatility settings
- b. The management has formed judgment that the Company, its subsidiaries, and affiliates have adequate resources to continue in operational existence for the foreseeable future driven by the continuous operationalization of risk mitigation initiatives and monitoring of business continuity and response plans at each business unit level along with the financial strength of the Group.
- c. As explained in note number 2.12, the Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future.
- d. As explained in note number 2.12, the Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future.

## 61 Number of Employees of the Group as at the year end

The number of employees as at 31 st March 2025 was 1,243. (31 March 2024 – 1,245)

## 62 Classification of Financial Assets and Liabilities

| Group  | Financial Assets<br>Measured at Fair Value<br>through Profit or Loss<br>(FVTPL)<br>Rs.'000 | Financial Assets at Fair<br>Value through other<br>Comprehensive Income<br>(FVTOCI)<br>Rs.'000 | Financial Assets at<br>Amortised Cost<br>(AC)<br>Rs.'000 | Total Carrying Amount<br>Rs.'000 |
|--|--|--|--|----------------------------------|
| Financial Assets   |  |  |  |                                  |
| As at 31 March 2025  |  |  |  |                                  |
| Financial assets - Fair value through profit or loss             | 108,771,003  | -  | -  | 108,771,003                      |
| Financial assets at amortised cost                               | -  | -  | 11,191,334   | 11,191,334                       |
| Financial assets - Fair value through other comprehensive income | -  | 3,486,150  | -  | 3,486,150                        |
| Loans and receivables from customers                             | -  | -  | 22,054,759   | 22,054,759                       |
| Loans to life policyholders and others                           | -  | -  | 275,426  | 275,426                          |
| Amount due from related parties                                  | -  | -  | 16,993   | 16,993                           |
| Reinsurance receivables  | -  | -  | 19,620   | 19,620                           |
| Trade, other receivables and advances                            | -  | -  | 3,934,096  | 3,934,096                        |
| Derivative financial instruments                                 | 2,820  | -  | -  | 2,820                            |
| Cash and cash equivalents  | -  | -  | 4,229,353  | 4,229,353                        |
| Total Financial Assets   | 108,773,823  | 3,486,150  | 41,721,581   | 153,981,554                      |
| Financial Liabilities  |  |  |  |                                  |
| As at 31 March 2025  |  |  |  |                                  |
| Deposits from Customers  | -  | -  | 15,903,812   | 15,903,812                       |
| Interest bearing loans and borrowings                            | -  | -  | 29,585,436   | 29,585,436                       |
| Bank Overdrafts  | -  | -  | 1,391,740  | 1,391,740                        |
| Debentures   | -  | -  | 3,908,443  | 3,908,443                        |
| Securities sold under re-purchase agreements                     | -  | -  | 73,109,134   | 73,109,134                       |
| Derivative Financial Instruments                                 | 768  | -  | -  | 768                              |
| Liabilities & accrued expenses                                   | -  | -  | 3,821,307  | 3,821,307                        |
| Amount due to related companies                                  | -  | -  | 1,276,331  | 1,276,331                        |
| Other payable  | -  | -  | 426,428  | 426,428                          |
| Total Financial Liabilities                                      | 768  | 768  | 129,422,631  | 129,423,399                      |

| Group  | Financial Assets Measured<br>at Fair Value through Profit<br>or Loss<br>(FVTPL)<br>Rs.'000 | Financial Assets at Fair<br>Value through other<br>Comprehensive Income<br>(FVTOCI)<br>Rs.'000 | Financial Assets at<br>Amortised Cost<br>(AC)<br>Rs.'000 | Total Carrying Amount<br>Rs.'000 |
|--|--|--|--|----------------------------------|
| <b>Financial Assets</b>  |  |  |  |                                  |
| As at 31 March 2024  |  |  |  |                                  |
| Financial assets - Fair value through profit or loss             | 78,944,053   | -  | -  | 78,944,053                       |
| Financial Assets at Amortised Cost                               | -  | -  | 12,627,268   | 12,627,268                       |
| Financial assets - Fair value through other comprehensive income | -  | 5,005,570  | -  | 5,005,570                        |
| Loans and Receivables from customers                             | -  | -  | 15,658,738   | 15,658,738                       |
| Loans to life policyholders and others                           | -  | -  | 268,736  | 268,736                          |
| Amount due from related parties                                  | -  | -  | 1,050,045  | 1,050,045                        |
| Trade, other receivables and advances                            | -  | -  | 26,815   | 26,815                           |
| Reinsurance receivables  | -  | -  | 5,854,500  | 5,854,500                        |
| Derivative Financial Instruments                                 | 51,933   | -  | -  | 51,933                           |
| Cash and Cash Equivalents  | -  | -  | 1,983,030  | 1,983,030                        |
| <b>Total Financial Assets</b>                                    | <b>78,995,986</b>  | <b>5,005,570</b>   | <b>37,469,132</b>  | <b>121,470,687</b>               |
|  |  |  |  |                                  |
|  |  | Financial Assets at Fair<br>Value through other<br>Comprehensive Income<br>(FVTOCI)<br>Rs.'000 | Financial Assets at<br>Amortised Cost<br>(AC)<br>Rs.'000 | Total Carrying Amount<br>Rs.'000 |
| <b>Financial Liabilities</b>                                     |  |  |  |                                  |
| As at 31 March 2024  |  |  |  |                                  |
| Deposits from Customers  |  | -  | 13,556,431   | 13,556,431                       |
| Interest bearing loans and borrowings                            |  | -  | 23,522,292   | 23,522,292                       |
| Bank Overdrafts  |  | -  | 2,082,924  | 2,082,924                        |
| Debentures   |  | -  | 3,573,447  | 3,573,447                        |
| Securities sold under re-purchase agreements                     |  | -  | 49,643,339   | 49,643,339                       |
| Derivative Financial Instruments                                 |  | 71,742   | -  | 71,742                           |
| Other creditors including accrues expenses                       |  | -  | 3,926,590  | 3,926,590                        |
| Amount due to related companies                                  |  | -  | 8,163  | 8,163                            |
| Other payable  |  | -  | 461,273  | 461,273                          |
| <b>Total Financial Liabilities</b>                               |  | <b>71,742</b>  | <b>96,774,459</b>  | <b>96,846,201</b>                |



| Company   | Financial Assets Measured<br>at Fair Value through Profit<br>or Loss<br>(FVTPL) | Financial Assets at Fair<br>Value through other<br>Comprehensive Income<br>(FVTOCI) | Financial Assets at<br>Amortised Cost<br>(AC) | Total Carrying Amount |
|---|---|---|---|-----------------------|
| As at 31 March 2025   | Rs.'000   | Rs.'000   | Rs.'000                                       | Rs.'000               |
| Financial assets - Fair value through profit or loss                | 45,693  | -   | -   | 45,693                |
| Financial Assets at Amortised Cost                                  | -   | -   | 131,311                                       | 131,311               |
| Financial assets - Fair value through other<br>comprehensive income | -   | -   | -   | -                     |
| Trade, other receivables and advances                               | -   | -   | 239,249                                       | 239,249               |
| Amount due from related parties                                     | -   | -   | 991,248                                       | 991,248               |
| Cash and Cash Equivalents   | -   | -   | 1,245,100                                     | 1,245,100             |
| <b>Total Financial Assets</b>                                       | <b>45,693</b>   | <b>-</b>  | <b>2,606,908</b>                              | <b>2,652,602</b>      |

|                                    | Financial Assets at Fair<br>Value through other<br>Comprehensive Income<br>(FVTOCI) | Financial Assets at<br>Amortised Cost<br>(AC) | Total Carrying Amount |
|------------------------------------|---|---|-----------------------|
| As at 31 March 2025                | Rs.'000   | Rs.'000                                       | Rs.'000               |
| Debentures                         | -   | 2,139,115                                     | 2,139,115             |
| Long term borrowings               | -   | 1,103,117                                     | 1,103,117             |
| Short term borrowings              | -   | 13,544,455                                    | 13,544,455            |
| Amount due to related companies    | -   | 1,276,377                                     | 1,276,377             |
| Amount due to directors            | -   | 44,516  | 44,516                |
| Bank Overdrafts                    | -   | 422,961                                       | 422,961               |
| <b>Total Financial Liabilities</b> | <b>-</b>  | <b>18,530,542</b>                             | <b>18,530,540</b>     |



| Company   | Financial Assets Measured<br>at Fair Value through Profit<br>or Loss<br>(FVTPL)<br>Rs.'000 | Financial Assets at Fair<br>Value through other<br>Comprehensive Income<br>(FVTOCI)<br>Rs.'000 | Financial Assets at<br>Amortised Cost<br>(AC)<br>Rs.'000 | Total Carrying Amount<br>Rs.'000 |
|---|--|--|--|----------------------------------|
| <b>Financial Assets</b>   |  |  |  |                                  |
| As at 31 March 2024   |  |  |  |                                  |
| Financial assets - Fair value through profit or loss                | 114,233  | -  | -  | 114,233                          |
| Financial Assets at Amortised Cost                                  | -  | -  | 49,530   | 49,530                           |
| Financial assets - Fair value through other<br>comprehensive income | -  | -  | -  | -                                |
| Trade, other receivables and advances                               | -  | -  | 55,444   | 55,444                           |
| Amount due from related parties                                     | -  | -  | 7,824,274  | 7,824,274                        |
| Cash and Cash Equivalents   | -  | -  | 130,331  | 130,331                          |
| <b>Total Financial Assets</b>                                       | <b>114,233</b>   | <b>-</b>   | <b>8,059,579</b>   | <b>8,173,812</b>                 |
|   |  |  |  |                                  |
|   |  | Financial Assets at Fair<br>Value through other<br>Comprehensive Income<br>(FVTOCI)<br>Rs.'000 | Financial Assets at<br>Amortised Cost<br>(AC)<br>Rs.'000 | Total Carrying Amount<br>Rs.'000 |
| <b>Financial Liabilities</b>  |  |  |  |                                  |
| As at 31 March 2024   |  |  |  |                                  |
| Debentures  |  | -  | 1,778,373  | 1,778,373                        |
| Long term borrowings  |  | -  | 6,446,106  | 6,446,106                        |
| Short term borrowings   |  | -  | 17,846,886   | 17,846,886                       |
| Amount due to related companies                                     |  | -  | 40,409   | 40,409                           |
| Amount due to directors   |  | -  | -  | -                                |
| Bank Overdrafts   |  | -  | 103,942  | 103,942                          |
| <b>Total Financial Liabilities</b>                                  |  | <b>-</b>   | <b>26,215,716</b>  | <b>26,215,716</b>                |





# **SUPPLEMENTARY INFORMATION**

## GRI CONTENT INDEX

| GRI Standards                      | Disclosure  | Location                                | Page Number |
|------------------------------------|---|---|-------------|
| GRI 2_ General Disclosures 2021    | 2-1 Organizational details  | About Us                                |             |
|                                    | 2-3 Reporting period, frequency and contact point   | Our Integrated Report summarised        |             |
|                                    | 2-5 External assurance  | Financial Statements                    |             |
|                                    | 2-6 Activities, value chain and other business relationships  | About Us                                |             |
|                                    | 2-7 Employees   | Human Capital Report                    |             |
|                                    | 2-9 Governance structure and composition  | Corporate Governance                    |             |
|                                    | 2-10 Nomination and selection of the highest governance body  | Corporate Governance                    |             |
|                                    | 2-11 Chair of the highest governance body   | Corporate Governance                    |             |
|                                    | 2-12 Role of the highest governance body in overseeing the management of impacts                                    | Corporate Governance                    |             |
|                                    | 2-13 Delegation of responsibility for managing impacts  | Corporate Governance                    |             |
|                                    | 2-14 Role of the highest governance body in sustainability reporting  | Corporate Governance                    |             |
|                                    | 2-15 Conflicts of interest  | Corporate Governance                    |             |
|                                    | 2-16 Communication of critical concerns   | Corporate Governance                    |             |
|                                    | 2-17 Collective knowledge of the highest governance body  | Corporate Governance                    |             |
|                                    | 2-18 Evaluation of the performance of the highest governance body   | Corporate Governance                    |             |
|                                    | 2-19 Remuneration policies  | Corporate Governance                    |             |
|                                    | 2-20 Process to determine remuneration  | Corporate Governance                    |             |
|                                    | 2-21 Annual total compensation ratio  | Corporate Governance                    |             |
|                                    | 2-22 Statement on sustainable development strategy  | Deputy Chairman's Message, CEO's Review |             |
|                                    | 2-29 Approach to stakeholder engagement   | Stakeholder Analysis                    |             |
| GRI 3: Material Topics 2021        | 3-1 Process to determine material topics  | Materiality Analysis                    |             |
|                                    | 3-2 List of material topics   | Materiality Analysis                    |             |
|                                    | 3-3 Management of material topics   | Materiality Analysis                    |             |
| GRI 202: Market Presence 2016      | 202-2 Proportion of senior management hired from the local community  | Human Capital Report                    |             |
| GRI 203 :Indirect Economic Impacts | 203 -1- Infrastructure investments and services supported –Enhancing- Brand awareness                               | An Intellectual Capital Report          |             |
| GRI 204 : Procurement practices    | 204-1 –Proportion of spending's on local suppliers- Establishing Fair and Collaborative Partnerships with Suppliers | Social and Relationship Capital Report  |             |
| GRI 205 :Anti- corruption 2016     | Disclosure 205-1 Operations assessed for risks related to corruption  | An Intellectual Capital Report          |             |

# GRI CONTENT INDEX

| GRI Standards   | Disclosure   | Location                               | Page Number |
|---|--|--|-------------|
| GRI 301 :Materials  | 301- Minimizing Paper usage  | Natural Capital Report                 |             |
| GRI 302: Energy 2016  | 302-1 Energy consumption within the organization   | Natural Capital Report                 |             |
|   | 302-4 Reduction of energy consumption  | Natural Capital Report                 |             |
| GRI 303: Water and Effluents 2018                               | 303-5 Water consumption  | Natural Capital Report                 |             |
| GRI 304: Biodiversity 2016                                      | 304 Environmental Compliance, Bio-diversity Conservation   | Natural Capital Report                 |             |
| GRI 401: Employment 2016  | 401-1 New employee hires and employee turnover   | Human Capital Report                   |             |
| GRI 404: Training and Education 2016                            | 404-1 Average hours of training per year per employee  | Human Capital Report                   |             |
|   | 404-2 Programs for upgrading employee skills and transition assistance programs                    | Human Capital Report                   |             |
|   | 404-3 Percentage of employees receiving regular performance and career development reviews         | Human Capital Report                   |             |
| GRI 405: Diversity and Equal Opportunity 2016                   | GRI 405 - Occupational Helath and Safety   | Human Capital Report                   |             |
| GRI 406: Non - discrimination 2016                              | 406-1 Incidents of discrimination and corrective actions taken                                     | Human Capital Report                   |             |
| GRI 407 : Freedom of association and collective bargaining 2016 | 407-1 Marketing and Communication  | Human Capital Report                   |             |
| GRI 408: Child Labour 2016                                      |  |  |             |
|   | 408-1 Operations and suppliers at significant risk for incidents of child labour                   | Human Capital Report                   |             |
| GRI 413 :Local Communities 2016                                 |  |  |             |
|   | 413-1 Operations with local community engagement, impact assessments and development programs      | Social and Relationship Capital Report |             |
| GRI 414: Supplier Social Assessment 2016                        | 414-1 New suppliers that were screened using social criteria                                       | Social and Relationship Capital Report |             |
| GRI 417 : Marketing and Labelling                               | 417-2 Incidents of non-compliance concerning product and service information and labeling          | An Intellectual Capital Report         |             |
| GRI 418: Customer Privacy 2016                                  |  |  |             |
|   | 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data | Social and Relationship Capital Report |             |
| GRI 419 : Socioeconomic Compliance                              | 419-1 – Fines for socioeconomic non -compliance  | Social and Relationship Capital Report |             |

# STATEMENT OF FINANCIAL POSITION - GROUP

| For the year ended 31 March,                           | 2025               | 2024               | 2023               | 2022               | 2021              | 2020              | 2019              | 2,018             | 2,017             | 2,016             |
|--|--------------------|--------------------|--------------------|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|  | Rs. 000            | Rs. 000            | Rs. 000            | Rs. 000            | Rs. 000           | Rs. 000           | Rs. 000           | Rs. 000           | Rs. 000           | Rs. 000           |
| <b>Assets</b>  |                    |                    |                    |                    |                   |                   |                   |                   |                   |                   |
| Property, plant & equipment                            | 1,496,034          | 881,599            | 348,198            | 389,439            | 459,781           | 564,591           | 393,589           | 417,086           | 2,224,094         | 2,452,387         |
| Investment property                                    | 5,660,397          | 5,677,937          | 6,522,374          | 2,875,151          | 5,812,574         | 5,145,073         | 4,911,903         | 2,099,554         | 22,600            | 22,600            |
| Biological assets                                      |                    | -                  | 928,400            | 928,400            | 865,400           | 733,250           | 618,770           | 1,467,069         | 2,515,204         | 2,905,627         |
| Intangible assets                                      | 4,415,784          | 4,382,678          | 4,390,515          | 4,524,893          | 4,526,953         | 4,485,488         | 4,492,188         | 588,307           | 450,500           | 426,116           |
| Right of use of assets                                 | 724,731            | 916,232            | 663,817            | 664,677            | 452,473           | 522,531           | 76,695            | 81,831            | 86,967            | 92,103            |
| Deferred tax   | 861,132            | 497,471            | 686,838            | 1,238,839          | 1,437,458         | 1,908,882         | 2,603,731         | 288,537           | 305,015           | 441,922           |
| Investment in financial assets                         | 126,199,060        | 96,576,891         | 80,698,870         | 61,623,801         | 55,430,481        | 61,236,860        | 58,074,222        | 17,628,797        | 23,559,136        | 23,832,300        |
| Loans and receivables to customers                     | 22,054,759         | 15,658,738         | 12,941,011         | 14,125,813         | 11,447,030        | 12,207,538        | 13,858,760        | 14,504,334        | 16,416,103        | 13,839,302        |
| Other assets   | 4,805,407          | 7,575,113          | 10,739,337         | 13,826,203         | 8,893,774         | 6,456,943         | 4,075,145         | 1,385,029         | 8,080,352         | 5,877,068         |
| Cash and cash equivalents                              | 4,033,737          | 1,983,030          | 841,720            | 1,362,528          | 954,692           | 448,962           | 483,077           | 5,470,482         | 613,297           | 933,355           |
| <b>Total assets</b>                                    | <b>170,251,041</b> | <b>134,149,688</b> | <b>118,761,080</b> | <b>101,559,744</b> | <b>90,280,615</b> | <b>93,710,118</b> | <b>89,588,080</b> | <b>43,931,026</b> | <b>54,273,268</b> | <b>50,822,780</b> |
|  |                    |                    |                    |                    |                   |                   |                   |                   | -                 |                   |
| <b>Liabilities and equity</b>                          |                    |                    |                    |                    |                   |                   |                   |                   |                   |                   |
| <b>Liabilities</b>                                     |                    |                    |                    |                    |                   |                   |                   |                   |                   |                   |
| Debentures   | 4,168,443          | 3,573,447          | 3,731,194          | 5,737,966          | 5,306,652         | 2,800,224         | 5,533,089         | 1,955,136         | 1,942,591         | 2,133,788         |
| Interest bearing loans & borrowings                    | 32,058,526         | 23,522,293         | 28,304,374         | 28,498,277         | 25,050,954        | 22,217,341        | 18,415,277        | 12,078,524        | 13,396,193        | 11,322,843        |
| Deposits from customers                                | 15,903,812         | 13,556,431         | 10,759,499         | 9,204,263          | 8,692,941         | 9,020,632         | 10,479,531        | 11,852,625        | 9,565,560         | 9,249,313         |
| Insurance liability -life                              | 16,031,420         | 14,544,804         | 12,193,639         | 13,473,701         | 12,681,780        | 11,096,474        | 9,897,807         | 9,651,593         | 18,143,657        | 17,078,776        |
| Securities sold under repurchase agreements            | 73,109,134         | 49,643,339         | 46,330,589         | 23,799,838         | 20,223,286        | 33,294,367        | 29,204,828        | -                 | -                 | -                 |
| Other liabilities                                      | 11,834,528         | 14,006,237         | 6,965,717          | 8,483,008          | 5,571,011         | 5,197,423         | 4,084,485         | 1,645,469         | 5,120,586         | 4,980,356         |
| <b>Total liabilities</b>                               | <b>153,105,864</b> | <b>118,846,551</b> | <b>108,285,012</b> | <b>89,197,053</b>  | <b>77,526,624</b> | <b>83,626,461</b> | <b>77,615,017</b> | <b>37,183,347</b> | <b>48,168,587</b> | <b>44,765,076</b> |
|  |                    |                    |                    |                    |                   |                   |                   |                   | -                 |                   |
| <b>Equity</b>  |                    |                    |                    |                    |                   |                   |                   |                   |                   |                   |
| Stated capital   | 4,300,000          | 4,300,000          | 4,300,000          | 4,300,000          | 4,300,000         | 3,100,000         | 3,100,000         | 100,000           | 100,000           | 100,000           |
| Reserved fund  | 2,884,164          | 2,631,825          | 1,978,435          | 1,764,490          | 1,779,608         | 1,617,434         | 1,518,445         | 1,483,970         | 120,577           | 109,006           |
| Fair value reserve                                     | 43,155             | 186,655            | (465,734)          | (495,759)          | (597,916)         | 269,105           | 213,354           | (77,612)          | 115,782           | 115,782           |
| Available for sale reserve                             |                    | -                  | (494,481)          | (107,041)          | (43,486)          | (38,810)          | (28,452)          | -                 | (654,270)         | (322,565)         |
| Revenue Reserves                                       | 1,918,494          | 1,466,553          | (361,342)          | 2,048,617          | 2,630,991         | 762,938           | 2,794,879         | 1,457,794         | 4,434,709         | 4,255,240         |
| <b>Total equity attributable owners of the company</b> | <b>9,145,814</b>   | <b>8,585,033</b>   | <b>4,956,878</b>   | <b>7,510,307</b>   | <b>8,069,197</b>  | <b>5,710,666</b>  | <b>7,598,226</b>  | <b>2,964,152</b>  | <b>4,116,798</b>  | <b>4,257,463</b>  |
|  |                    |                    |                    |                    |                   |                   |                   |                   |                   |                   |
| Non - controlling interests                            | 7,282,424          | 6,718,104          | 5,519,190          | 4,852,384          | 4,684,794         | 4,372,991         | 4,374,838         | 3,783,527         | 1,987,883         | 1,800,241         |
| <b>Total equity</b>                                    | <b>16,428,237</b>  | <b>15,303,137</b>  | <b>10,476,068</b>  | <b>12,362,691</b>  | <b>12,753,991</b> | <b>10,083,657</b> | <b>11,973,064</b> | <b>6,747,679</b>  | <b>6,104,681</b>  | <b>6,057,704</b>  |
|  |                    |                    |                    |                    |                   |                   |                   |                   |                   |                   |
| <b>Total liabilities and equity</b>                    | <b>169,534,101</b> | <b>134,149,688</b> | <b>118,761,080</b> | <b>101,559,744</b> | <b>90,280,615</b> | <b>93,710,118</b> | <b>89,588,081</b> | <b>43,931,026</b> | <b>54,273,268</b> | <b>50,822,780</b> |

# STATEMENT OF FINANCIAL POSITION - COMPANY

| For the year ended 31 March,                           | 2025              | 2024              | 2023              | 2022              | 2021              | 2020              | 2019              | 2,018             | 2,017             | 2,016            |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------|
|  | Rs. 000           | Rs. 000           | Rs. 000           | Rs. 000           | Rs. 000           | Rs. 000           | Rs. 000           | Rs. 000           | Rs. 000           | Rs. 000          |
| <b>Assets</b>  |                   |                   |                   |                   |                   |                   |                   |                   |                   |                  |
| Property, plant & equipment                            | 127,133           | 115,736           | 7,408             | 5,999             | 3,153             | 2,927             | -                 | 1,468             | 5,292             | 10,474           |
| Investment property                                    | 2,953,340         | 2,907,000         | 3,649,967         | 429,082           | 3,200,000         | 2,513,500         | -                 | -                 | -                 | -                |
| Biological asset                                       |                   | -                 | 928,400           | 928,400           | 865,400           | 733,250           | 618,770           | 588,307           | 450,500           | 426,116          |
| Right of use of assets                                 | 228,240           | 131,148           | 728               | 929               | -                 | -                 | -                 | 140,888           | 149,730           | 158,572          |
| Investment in financial assets                         | 379,773           | 204,497           | 99,726            | 119,002           | 120,896           | 131,482           | 132,046           | 1,886,821         | 815,160           | 831,340          |
| Investment in Subsidiaries                             | 22,500,617        | 23,270,482        | 163,763           | 1,332,646         | 1,191,294         | 930,469           | 868,215           | 7,387,988         | 7,909,076         | 6,703,415        |
| Other assets   | 1,230,494         |                   | 26,483,568        | 24,937,237        | 21,751,186        | 18,336,071        | 12,156,706        | 577,254           | 607,907           | 941,860          |
| Cash and cash equivalents                              | 1,245,100         | 769,215           | 130,331           | 86,862            | 31,059            | 23,038            | 17,087            | 4,295,037         | 409,910           | 15,275           |
| <b>Total assets</b>                                    | <b>28,664,697</b> | <b>27,398,078</b> | <b>31,463,891</b> | <b>27,840,157</b> | <b>27,162,987</b> | <b>22,670,737</b> | <b>13,792,824</b> | <b>14,877,763</b> | <b>10,347,575</b> | <b>9,087,052</b> |
| <b>Liabilities and equity</b>                          |                   |                   |                   |                   |                   |                   |                   |                   |                   |                  |
| <b>Liabilities</b>                                     |                   |                   |                   |                   |                   |                   |                   |                   |                   |                  |
| Debentures   | 2,139,115         | 1,058,299         | 1,778,373         | 4,043,912         | 3,986,318         | 2,661,302         | 2,718,460         | 1,026,875         | 1,026,875         | 1,026,875        |
| Interest bearing loans & borrowings                    | 14,647,572        | 17,322,152        | 24,292,992        | 15,005,369        | 13,970,327        | 12,332,790        | 5,905,868         | 10,050,312        | 7,371,749         | 6,100,966        |
| Other liabilities                                      | 2,251,896         | 823,269           | 593,528           | 1,330,001         | 1,137,145         | 1,965,979         | 696,862           | 80,700            | 63,711            | 94,749           |
| <b>Total liabilities</b>                               | <b>19,038,583</b> | <b>19,203,720</b> | <b>26,664,893</b> | <b>20,379,282</b> | <b>19,093,790</b> | <b>16,960,071</b> | <b>9,321,190</b>  | <b>11,157,887</b> | <b>8,462,335</b>  | <b>7,222,590</b> |
| <b>Equity</b>  |                   |                   |                   |                   |                   |                   |                   |                   |                   |                  |
| Stated capital   | 4,300,000         | 4,300,000         | 4,300,000         | 4,300,000         | 4,300,000         | 3,100,000         | 3,100,000         | 100,000           | 100,000           | 100,000          |
| Restricted regulatory reserve                          | 3,065,400         | 2,631,825         | 1,978,435         | 1,764,490         | 1,779,608         | 1,617,434         | -                 | -                 | -                 | -                |
| Fair value reserve                                     | 43,155            | 186,655           | (465,734)         | (495,759)         | (597,916)         | 269,105           | 1,622,548         | 3,198,481         | 805,937           | -                |
| Fair value reserve fund of life policyholders          |                   | -                 | (494,481)         | (107,041)         | (43,486)          | (38,810)          | -                 | -                 | -                 | -                |
| Revenue Reserves                                       | 2,211,440         | 1,075,878         | (519,222)         | 1,999,185         | 2,630,991         | 762,938           | (250,914)         | 421,395           | 979,303           | 1,764,462        |
| <b>Total equity attributable owners of the company</b> | <b>9,619,995</b>  | <b>8,194,357</b>  | <b>4,798,998</b>  | <b>7,460,875</b>  | <b>8,069,197</b>  | <b>5,710,666</b>  | <b>4,471,634</b>  | <b>3,719,876</b>  | <b>1,885,240</b>  | <b>1,864,462</b> |
| <b>Non - controlling interests</b>                     | <b>-</b>          | <b>-</b>          | <b>-</b>          | <b>-</b>          | <b>-</b>          | <b>-</b>          | <b>-</b>          | <b>-</b>          | <b>-</b>          | <b>-</b>         |
| <b>Total equity</b>                                    | <b>9,619,995</b>  | <b>8,194,357</b>  | <b>4,798,998</b>  | <b>7,460,875</b>  | <b>8,069,197</b>  | <b>5,710,666</b>  | <b>4,471,634</b>  | <b>3,719,876</b>  | <b>1,885,240</b>  | <b>1,864,462</b> |
| <b>Total liabilities and equity</b>                    | <b>28,658,578</b> | <b>27,398,078</b> | <b>31,463,891</b> | <b>27,840,157</b> | <b>27,162,987</b> | <b>22,670,737</b> | <b>13,792,824</b> | <b>14,877,763</b> | <b>10,347,575</b> | <b>9,087,052</b> |



# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - GROUP

| For the year ended 31 March,  | 2025<br>Rs. 000 | 2024<br>Rs. 000 | 2023<br>Rs. 000 | 2022<br>Rs. 000 | 2021<br>Rs. 000 | 2020<br>Rs. 000 | 2019<br>Rs. 000 | 2,018<br>Rs. 000 | 2,017<br>Rs. 000 | 2,016<br>Rs. 000 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|------------------|
| Revenue from contracts with customers                                       | 18,242,137      | 33,319,571      | 17,326,176      | 4,848,228       | 8,883,456       | 8,281,662       | 4,296,018       | 3,153,041        | 3,015,012        | 2,486,922        |
| Revenue from Insurance contracts  | 6,596,001       | 4,558,722       | 4,832,510       | 5,429,819       | 3,791,643       | 3,483,445       | 2,873,121       | 2,801,283        | 11,518,680       | 8,977,226        |
| Shared Services   | -               | -               | -               | -               | -               | -               | -               | -                | -                | -                |
| Dividend Income   | 255,603         | 43,045          | 109,946         | 273,534         | 15,086          | 4,174           | 6,106           | -                | 77,135           | 109,467          |
| Revenue   | 25,093,741      | 37,921,339      | 22,268,632      | 10,551,581      | 12,690,185      | 11,769,281      | 7,175,245       | 5,954,324        | 14,610,827       | 11,573,615       |
| Cost of sales and direct expenses   | (10,126,523)    | (12,783,838)    | (12,670,482)    | (3,512,654)     | (4,099,463)     | (5,416,104)     | (3,111,562)     | (2,068,780)      | (1,836,496)      | (1,236,943)      |
| Gross profit  | 14,967,218      | 25,137,500      | 9,598,150       | 7,038,927       | 8,590,722       | 6,353,177       | 4,063,683       | 3,885,544        | 12,774,331       | 10,336,672       |
| Benefits and losses   | (6,989,881)     | (7,070,249)     | (3,149,466)     | (4,790,654)     | (4,204,030)     | (4,023,749)     | (2,695,726)     | (1,732,915)      | (9,452,760)      | (7,730,224)      |
| Other operating income  | 2,798,899       | (580,253)       | 1,698,139       | 1,437,076       | 1,742,845       | 946,710         | 634,164         | 7,756,150        | 1,207,368        | 746,606          |
| Change in fair value of financial assets- Fair value through profit or loss | 3,938,745       | 5,349,425       | (337,685)       | (434,569)       | 174,682         | 155,957         | 775,700         | (115,317)        | (7,799)          | 67,184           |
|   | 14,714,981      | 22,836,423      | 7,809,138       | 3,250,780       | 6,304,219       | 3,432,095       | 2,777,821       | 9,793,462        | 4,521,140        | 3,420,238        |
| Operating expenses  | (7,311,682)     | (7,540,837)     | (5,031,024)     | (3,517,928)     | (3,253,435)     | (3,857,730)     | (3,079,214)     | (2,203,788)      | (4,279,498)      | (3,577,236)      |
| Profit / (Loss) from operations   | 7,403,299       | 15,295,586      | 2,778,114       | (267,148)       | 3,050,785       | (425,634)       | (301,393)       | 7,589,674        | 241,642          | (156,998)        |
| Net finance (cost) / income   | 815,052         | 284,319         | (1,498,234)     | 226,368         | 342,186         | 48,721          | 812,636         | 305,592          | 1,063,766        | 893,021          |
| Operating profit / (loss) before taxation on financial services             | 8,218,351       | 15,579,905      | 1,279,880       | (40,780)        | 3,392,971       | (376,913)       | 511,243         | 7,895,266        | 1,305,408        | 736,023          |
| Value added taxation on financial services                                  |                 | (200,219)       | (570,044)       | (396,467)       | (69,417)        | (52,102)        | (63,093)        | (55,366)         | (76,751)         | (6,472)          |
| Profit / (Loss) before income tax   | 8,218,351       | 15,379,686      | 709,836         | (437,247)       | 3,323,554       | (429,015)       | 448,150         | 7,839,900        | 1,228,657        | 729,551          |
| Income tax expense  | (3,432,615)     | (7,418,666)     | (1,643,317)     | (187,364)       | (1,013,414)     | (780,369)       | 1,240,687       | (124,132)        | (343,166)        | 192,009          |
| Net loss for the year   | 4,785,736       | 7,961,020       | (933,481)       | (624,611)       | 2,310,140       | (1,209,384)     | 1,688,837       | 7,715,768        | 885,491          | 921,560          |

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - COMPANY

| For the year ended 31 March,  | 2025<br>Rs. 000 | 2024<br>Rs. 000 | 2023<br>Rs. 000 | 2022<br>Rs. 000 | 2021<br>Rs. 000 | 2020<br>Rs. 000 | 2019<br>Rs. 000 | 2,018<br>Rs. 000 | 2,017<br>Rs. 000 | 2,016<br>Rs. 000 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|------------------|
| Revenue   | 506             | 337             | 21,646          | 45,395          | 15,086          | 15,488          | 69,740          | 93,904           | 396,629          | 335,874          |
| Cost of sales and direct expenses   | -               | -               | -               | -               | -               | -               | -               | -                | -                | -                |
| Gross profit  | 506             | 337             | 21,646          | 45,395          | 15,086          | 15,488          | 69,740          | 93,904           | 396,629          | 335,874          |
| Other operating income  | 79,609          | 189,622         | 716,262         | 216,164         | 759,835         | 127,285         | 30,543          | 1,162,433        | 48,342           | 1,074,083        |
| Change in fair value of financial assets- Fair value through profit or loss | (7,474)         | 6,542           | 48,944          | 594,049         | 123,171         | (172,846)       | 33,049          | (22,213)         | 43,501           | (68,407)         |
|   | 72,641          | 196,501         | 786,852         | 855,608         | 883,006         | (45,561)        | 133,332         | 1,234,124        | 488,472          | 1,341,550        |
| Operating expenses  | (287,876)       | (1,087,060)     | (688,149)       | (242,448)       | (195,980)       | (140,965)       | (93,109)        | (72,104)         | (116,559)        | (86,156)         |
| Profit / (Loss) from operations   | (215,235)       | (890,559)       | 98,703          | 613,160         | 702,112         | (171,038)       | 40,223          | 1,162,020        | 371,913          | 1,255,394        |
| Net finance (cost) / income   | (2,343,156)     | (4,770,780)     | (4,500,021)     | (1,588,950)     | (1,586,236)     | (1,253,709)     | (704,204)       | (1,150,328)      | (876,271)        | (595,423)        |
| Share of profit/(loss) from equity accounted investee (net of tax)          | 6,573,158       | 10,952,867      | 2,401,219       | 313,417         | 2,555,207       | (48,044)        | -               | -                | -                | -                |
| Operating profit / (loss) before taxation on financial services             | 4,014,767       | 4,290,988       | (2,000,099)     | (662,373)       | 1,671,083       | (1,472,791)     | (663,981)       | 11,692           | (504,358)        | 659,971          |
| Income tax expense  | (516,256)       | (146,668)       | -               | -               | -               | (4,600)         | (8,328)         | (3,681)          | (5,801)          | (11,162)         |
| Net loss for the year   | 3,498,511       | 4,144,320       | (2,000,099)     | (662,373)       | 1,671,083       | (1,477,391)     | (672,309)       | 8,011            | (510,159)        | 648,809          |

# GLOSSARY

## Actuarial Gains and Losses

Gain or loss arising from the difference between estimates and actual experience in a company's pension plan.

## Additional Issue

The issuance of new shares for sale to public by a company that has already held its Initial Public Offering (IPO).

## Amortisation

The systematic allocation of the depreciable amount of an intangible asset over its useful life.

## Amortised Cost

Amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and minus any reduction for impairment or uncollectability.

## Annual Equivalent Rate (AER)

The interest rate on a financial product, loan or investment re-stated from its nominal interest rate to an interest rate with annual compound interest payable in arrears.

## Annual Equivalent basis

The methodology of using the Annual Equivalent Rate to depict the interest rate on a financial product.

## Assets Under Management (AUM)

The total market value of all the financial assets which a financial institution such as an asset manager of unit trusts, investment company, venture capital firm or private equity company manages on behalf of its clients and themselves.

## Associate

An associate is an entity, including an unincorporated entity such as a partnership, over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

## Available for Sale (AFS)

AFS are those non-derivative financial assets which are designated as available for sale or are not classified as loans and receivable, held-to-maturity investments or financial assets at fair value through profit or loss.

## Average Weighted Deposit Rate (AWDR)

Weighted average interest rates offered for interest bearing deposits by commercial banks.

## Beneficiary

A person or financial institution named by the policyholders as the recipient of the sum insured and other benefits due in the event of the policyholder's death.

## Biological Asset

A living animal or plant

## Bonus

Bonus is a method of distribution of surplus amongst the participating policyholders of a life insurance company. A bonus is an enhancement to the basic sum assured under a contract, and is declared as percentage of the sum assured.

## Broker

A sales and service representative who handles Insurance for clients, generally selling Insurance of various kinds and for several companies.

## Business Model

A representation for the operation of a business, identifying its revenue sources, customer base, products, services and financing sources. In this report we use the term business platform to refer to the core services or main businesses represented in the Company's business model. These core areas are Government Securities, Corporate Finance and Advisory, Asset Management and Stock Brokering.

## Capital Adequacy Ratio (CAR)

A measure of a Primary Dealer's capital and is a prudential requirement reflecting the dealer's level of stability.

Two categories of capital are measured by the CAR namely TIER 1 and TIER 2.

- **TIER 1** capital in view of local Primary Dealers consists of shareholders' equity, retained earnings or other surpluses and preference shares types as selectively set out by the Central Bank of Sri Lanka.
- **TIER 2** capital includes revaluation reserves, subordinated term debt, perpetual subordinated debt and cumulative preference shares as selectively set out by the Central Bank of Sri Lanka.

## Capital Employed

The sum of shareholders' equity and debt liabilities simplified as Total Assets less Current Liabilities denoting the total amount of capital used in the acquisition of profits.

## Capital Formation

The act of capital raising in debt and equity primary markets through initial issues of instruments to raise funds for a company.

## Capital Reserves

The profits of a company which (for various reasons) are not regarded as distributable to shareholders as

dividends. These include gains on the revaluation of capital assets.

## Cash Equivalents

Short-term, highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## Commercial Paper

A short term unsecured promissory note issued in the open market by quoted public companies representing an obligation of the issuing entity.

## Contingent Liabilities

Conditions or situations at the reporting date, the financial affects of which are to be determined by future events which may or may not occur.

## Core Businesses

Principal areas of business. In this report we refer to core businesses of the Company as Government Securities, Corporate Finance and Advisory, Asset Management and Stock Brokering.

- Corporate Finance and Advisory refers to a range of advisory services offered by the company including capital raising, capital market strategy, treasury/ liquidity management and project finance.
- Asset Management refers to the company's wealth and asset management activities which include unit trust investments, discretionary portfolio management and tailored financial advice and products such as lifestyle investment.

# GLOSSARY

- Government Securities refers to the range of fixed income based investment products and secondary market trading services in addition to primary dealing offered by the company.
- Stock Brokering refer to the stock brokering and margin trading services offered by the company in view of secondary market trading in equity products.

## Cost Method

Cost method is a method of accounting for an investment whereby the investment is recognised at cost. The investor recognises income from the investment only to the extent that the investor receives distributions from accumulated profits of the investee arising after the date of acquisition.

Distributions received in excess of such profits are regarded as a recovery of investment and are recognised as a reduction of the cost of the investment.

## Credit Rating

An evaluation of a corporate's ability to repay its obligations or likelihood of not defaulting, carried out by an independent rating agency.

## Credit Risk

The risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

## Current Ratio

Current assets divided by current liabilities. A measure of liquidity.

## Current Service Cost

Is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

## Deferred Tax

Sum set aside in the financial statements that may become payable/ receivable in a financial year other than the current financial year. It arises because of temporary differences between tax rules and accounting conventions.

## Deposit Premium

A premium paid on the inception of a contract of Insurance or re-insurance, which is subject to adjustment at a later date. A deposit premium may represent the minimum amount payable.

## Derivatives

A derivative is a financial instrument or other contract, the value of which changes in response to some underlying variable (e.g. an interest rate), that has an initial net investment smaller than would be required for other instruments that have a similar response to the variable, and that will be settled at a future date.

## Dividend Cover

Profit after tax divided by gross dividends. This measures the number of times the dividend is covered by distributable profits.

## Dividend Payout

It is the percentage of earnings paid to shareholders in dividends.

## 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.

## Dividend Yield

Dividend earned per share as a percentage of its market value.

## Earnings per Share (EPS)

Profit attributable to ordinary shareholders, divided by the weighted average number of ordinary shares in issue.

## Economic Value Added (EVA)

A measure of performance considering cost of total invested equity.

## Effective Interest Method (EIR)

A method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period.

## Effective Tax Rate

Income tax expense divided by profit before tax.

## Events Occurring after the

Reporting Period Significant events that occur between the reporting date and the date on which financial statements are authorised for issue.

## Equity

The value of an asset after all the liabilities or debts have been paid.

## Equity Instrument

Equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

## Equity Method

The equity method is a method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition changes in the investor's share of net assets of the investee. The profit or loss of the investor includes the investor's share of the profit or loss of the investee.

## Expected Credit Losses (ECL)

Expected credit losses are a probability – weighted estimate of credit losses over the expected life of the financial instrument.

- 12 Month Expected Credit Losses: The portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date.
- Lifetime Expected Credit Losses: The expected credit losses that result from all possible default events over the expected life of a financial instrument.

## Fair Value (FV)

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.

## 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 Assets Recognised Through Profit or Loss - Measured at Fair Value:

These financial assets are held within a business model with the objective to sell financial assets.



### Financial Assets at Amortised Cost

These financial assets are held within a business model with the objective to hold financial assets in order to collect contractual cash flows. These assets are tested for impairment.

### Financial Assets - Fair Value Through Other Comprehensive Income

These financial assets are held within a business model with the objective to both hold financial assets in order to collect contractual cash flows and sell financial assets.

Financial Asset or Financial Liability at Fair Value through Profit or Loss

Financial asset or financial liability that is held for trading or upon initial recognition designated by the entity as 'at fair value through profit or loss'.

### Financial Instrument

Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of 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

### Fixed Income Securities

Securities whose current income is fixed or based on some underlying index. These are also known as debt securities since they represent a fixed obligation of the company unlike equity, which pays dividends only when the company makes profits.

### Gearing

Proportion of total interest bearing borrowings to capital employed.

### Goodwill

An intangible asset that represents the excess of the purchase price of an acquired company over the value of the net assets acquired.

### Gross Dividends

The portion of profit inclusive of tax withheld is distributed to shareholders.

### Gross Written Premium - Life (GWP)

Premium to which the insurer is contractually entitled and received in the accounting period

### Group

A group is a parent and all its subsidiaries.

### Guarantee

A promise made for a fee by a third party (Guarantor), who is not a party to the contract between two others, that the guarantor will be liable if one of the parties fails to fulfill the contractual obligations.

### Held to Maturity Investment (HTM)

Non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity.

### Hire Purchase

A contract between hirer and financier where the hirer takes on hire a particular article from the financier, with the option to purchase the article at the conclusion of the agreed rental payments.

### Impairment

This occurs when recoverable amount of an asset is less than its carrying amount.

### Impairment Allowances

Impairment allowances are provisions held on the Statement of Financial Position as a result of the raising of a

charge against profit for the incurred loss. An impairment allowance may either be identified or unidentified and individual (specific) or collective respectively.

### Insurance

Insurance is a contract whereby one party the insurer, in return for a consideration i.e. the premium, undertakes to pay the other party – the insured, a sum of money or its equivalent in kind, upon the happening of a specified event that is contrary to the interest of the insured.

### Intangible Asset

An identifiable non-monetary asset without physical substance held for use in the production/ supply of goods/ services or for rental to others or for administrative purposes.

### Interest Rate Risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

### Interest Rate SWAP

An interest rate SWAP is a contract, whereby two parties agree to exchange a set of interest cash flows based on a notional principle on pre- arranged dates. Normally fixed rate is exchanged for a floating rate.

### Interest Cover

A ratio showing the number of times interest charges is covered by earnings before interest and tax.

### IPO or Initial Public Offering

The first sale of a company's shares to the public, leading to the listing of its shares on the stock market.

### Joint Control

Joint control is the contractually agreed sharing of the control over an economic activity and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

### Key Management Personnel (KMP)

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

### 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.

### Liabilities

Debt or obligations of a business.

### Liquidity Risk

The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

### Listed

A company or its financial securities which are admitted for trading on a stock exchange.

### Loans and Receivables

Non derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those intends to sell immediately or in the near term and designated as fair value through profit or loss or available for sale on initial recognition.

### Margin Trading

A credit facility given to investors who wish to expand their investment portfolio.



# GLOSSARY

## Market Value per Share

The price at which an ordinary share is transacted in the stock market.

## Market Capitalisation

The market value of a company at a given date obtained by multiplying the share price by the number of issued shares.

## Materiality

The relative significance of a transaction or an event, the omission or misstatement of which could influence the decisions of users of financial statements.

## Money Broker

Inter-bank money broker approved by the Central Bank of Sri Lanka.

## Mergers and Acquisitions (M&A)

Transactions in which the ownership of companies, other businesses or their operating units are transferred or combined. They are considered as capital market strategy or tactical management transactions that can allow companies to grow, decrease in size, change the nature of their business or enhance their competitive position.

## Net Earned Premium (NEP)

Gross Written premium adjusted for the re-insurance incurred and for the increase or decrease in unearned premium.

## Net Interest Margin

Is the difference between interest paid and interest received, adjusted for the total amount of interest-generating assets held. It is a measure of profitability of interest rate based businesses.

## Net Interest Rate Spread

See Spread

## Net Written Premium (NWP)

Gross written premium less re-insurance premium payable.

## Non-controlling Interest (NCI)

Portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the parent.

## Operational Risk

This refers to the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.

## Other comprehensive income (OCI)

An entry that is generally found in the shareholders' equity section of the balance sheet.

## Overnight

Deposit or swap transaction for settlement on transaction date to or against the next business day after transaction date.

## Parent

A parent is an entity that has one or more subsidiaries.

## Premium

The consideration payable by the insured for an Insurance contract.

## Policy Rates

The rates that are used by a Central Bank to implement or signal its monetary policy stance. The Central Bank of Sri Lanka uses the Standing Deposit Facility Rate and Standing Lending Facility Rate as policy rates.

## Portfolio

Income generating assets such as loans, finance leases, investment securities and bills discounted etc.

## Primary Market

A capital market where newly issued securities are offered to the public directly by the issuer. Initial Public Offerings and new issues where a company offers its shares or debentures directly to investors constitute the primary market.

## Primary Dealer

A dealer in government securities licensed by the Central Bank of Sri Lanka. Prime Lending Rate (PLR) The interest rate a commercial bank will offer to its best customers.

## Redemption

Refers to the liquidation of unit trust holdings; or in general, repayment of a fixed-income security before their maturity date.

## Related Parties

Parties are considered to be related if one\* party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

## Related Party Transactions (RPT)

A transfer of resources, services or obligations between related parties, regardless of whether a price is charged or not.

## Return on Capital employed

Profit before tax and net finance cost divided by average capital employed.

## Repricing

Means the opportunity to reassess or reassessment of the value of an investment when a change in market environment occurs.

## Return on Average Equity (ROE)

Net profit attributable to owners, expressed as percentage of average ordinary shareholders' equity.

## Revenue Reserves

Reserves which may be distributed to shareholders as dividends. Reverse

Re-purchase Agreement An agreement (Reverse Repo for short) is the simultaneous purchase and resale of a security on different settlement dates.

## Secondary Market

A capital market where investors purchase securities or assets from other investors, rather than from the issuing companies themselves. The Colombo Stock Exchange is a secondary market (Listed shares/ debentures).

## Segment

Constituent business units grouped in terms of nature and similarity of operations.

## Shareholder's Funds

Shareholders funds consist of issued and fully paid ordinary share capital plus capital and revenue reserves.

## Spread

In this report refers to, net interest rate spread or the difference between the average yield received from interest-accruing activities or assets and the average rate we pay on interest-accruing borrowings or liabilities.

## SoRP

Statement of Recommended Practice.

## Statutory Reserve Requirement (SRR)

The proportion of rupee deposit liabilities that commercial banks are required to maintain as a deposit with the Central Bank of Sri Lanka.

## Subsidiary

A subsidiary is an enterprise that is controlled by another enterprise (known as the parent company).



Control is the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities.

**Surcharge Tax**

Surcharge Tax has been calculated in accordance with the provisions of the Inland Revenue Act No. 24 of 2017, which exceeds Rs. 2.00 bn, for the year of assessment 2020/2021.

**Surrender**

Termination of an Insurance policy by the insured before the expiry of its term.

**Sustainability Reporting**

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

**Swap (currency)**

The simultaneous purchase and sale of identical amounts of a currency for different value dates.

**Term Repo**

A Repo with more than one day's duration. In this report we use it in relation to the Platinum Bond issued by the Company which is a Repo investment with medium to long term horizon. Also see Repurchase Agreement.

**Transaction Costs**

Incremental costs which are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability.

**Unit Trust**

An undertaking formed to invest in securities under the terms of a trust deed. May also be referred to as Fund or Mutual Fund.

**Unlisted**

A financial instrument that is not traded on a stock exchange. This also refers to a company that has not been admitted to the stock exchange or acquired 'listed' status.

**Value Added**

Value of wealth created by providing financial and other related services less the cost of providing such services.

**Working Capital**

Capital required to finance day- to-day operations, computed as the excess of current assets over current liabilities.

# CORPORATE INFORMATION

## NAME OF THE COMPANY

Janashakthi Limited

## NAME OF THE SUBSIDIARIES

Janashakthi Insurance PLC  
First Capital Holdings PLC  
Orient Finance PLC  
Janashakthi Capital Limited  
Orient Capital Limited  
Janashakthi Business  
Services (Pvt) Limited  
Beckett Capital (Pvt) Limited  
Janashakthi Corporate Services Ltd

## LEGAL FORM

Limited liability company incorporated in Sri Lanka on 09th May 1994 under the name Acland Finance Limited and subsequently changed its name to Janashakthi Finance Limited on 15th July 1994, Janashakthi Securities and Financial Services Limited on 06th September 2002, Janashakthi Limited on 09th September 2004, Janashakthi PLC on 29th January 2015 & Janashakthi Limited on 17th December 2020

## PRINCIPAL ACTIVITIES

Investment and Management of Subsidiaries

## COMPANY REGISTRATION NUMBER

PB613 PQ/PB

## FINANCIAL YEAR END

31st March

## WEBSITE

<https://www.jxg.lk/>

## REGISTERED OFFICE

No. 02, Deal Place, Colombo 03, Sri Lanka

## OFFICE ADDRESS

No. 324, 39 Floor, Mireka Tower, Havelock Road Colombo 05

## REGISTRARS

Please Delete as Not Applicable

## EXTERNAL AUDITORS

Messrs KPMG Chartered Accountants  
32 A, Sir Mohamad Macan Marker  
Mawatha P.O. Box 186 Colombo 03

## PRINCIPAL BANKERS

Commercial Bank of Ceylon PLC  
Seylan Bank PLC  
Hatton National Bank PLC  
Nations Trust Bank PLC  
People's Bank  
Bank of Ceylon  
National Development Bank  
Cargills Bank  
DFCC Bank

## BOARD OF DIRECTORS

**Chandana De Silva**  
Chairman  
**Prakash Schaffter**  
Deputy Chairman  
**Ramesh Schaffter**  
Managing Director/Group Chief Executive Officer  
**Saliya Wickramasuriya**  
Independent Non-Executive Director  
**Piranavan Sivagananathan**  
Independent Non-Executive Director  
**Manjula Mathews**  
Non Independent Non Executive Director  
**Minette Perera**  
Independent Non-Executive Director  
**Vishnu Balachandran**  
Independent Non-Executive Director

## AUDIT COMMITTEE

Minette Perera (Chairperson)  
Vishnu Balachandran  
Manjula Mathews

## REMUNERATION COMMITTEE

**Piranavan Sivagananathan**  
(Chairperson)  
**Chandana de Silva**  
**Saliya Wickramasuriya**  
**Eardley Perera**

## RELATED PARTY TRANSACTIONS REVIEW COMMITTEE (RPTRC)

Minette Perera (Chairperson)  
Vishnu Balachandran  
Manjula Mathews

## NOMINATION COMMITTEE

Piranavan Sivagananathan  
(Chairperson)  
Prakash Schaffter  
Chandana de Silva  
Eardley Perera

## TAXPAYER IDENTITY NUMBER (TIN)

134004983

## CREDIT RATING

The Company has been assigned "BBB-" (Positive outlook) by Lanka Rating Agency Limited



