MAHINDRA IDEAL FINANCE LIMITED
COLOMBO 02

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2026

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF MAHINDRA IDEAL FINANCE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of Mahindra Ideal Finance Limited (the "Company"), which comprise the statement of financial position as at 31st March 2026 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the Financial Statements including a summary of material accounting policy information as set out on pages 05 to 56.

In our opinion, the accompanying Financial Statements give a true and fair view of the financial position of the Company as at 31st March 2026 and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report. The Annual Report is expected to be made available to us after the date of this Auditor's Report.

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

In connection with our audit of the Financial Statements, our responsibility is to read the other information identified above, when it becomes available, and in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or whether it appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and will communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats, or safeguards applied.

Report on Other Legal and Regulatory Requirements

As required by Section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit, and as far as it appears from our examination, proper accounting records have been kept by the Company.

BDO Partners

CHARTERED ACCOUNTANTS

Colombo 02

17th April 2026

CW/dm

MAHINDRA IDEAL FINANCE LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH 2026

	Note	2026 LKR '000	2025 LKR '000
Income	3	4,261,863	2,740,870
Interest Income	4.1	3,878,129	2,444,566
Interest Expenses	4.2	(1,725,739)	(1,109,246)
Net Interest Income		2,152,390	1,335,320
Fees and Commission Income	5	35,432	16,498
Net Fee and Commission Income		35,432	16,498
Other Operating Income	6	348,302	279,806
Total Operating Income		2,536,124	1,631,623
Impairment Charges for Loans and other Losses	7	(162,978)	(73,914)
Net Operating Income		2,373,146	1,557,710
Operating Expenses			
Personnel Expenses	8	(656,101)	(560,529)
Depreciation of Property, Plant and Equipment	22.2	(161,661)	(140,151)
Amortisation of Intangible Assets	23	(8,525)	(8,791)
Other Operating Expenses	9	(453,869)	(414,783)
Operating Profit before VAT on Financial Services and Social Security Contribution Levy		1,092,990	433,456
Value Added Tax on Financial Services	10	(239,838)	(135,364)
Social Security Contribution Levy	10	(34,555)	(18,801)
Profit before Taxation		818,597	279,291
Income Tax Expenses	11.1	(340,366)	(133,405)
Profit/(Loss) for the period		478,231	145,886
Basic and Diluted Earning per Share	12.2	3.28	1.00
Profit/(Loss) for the period		478,231	145,886
Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods			
Actuarial Gain/(Loss) on Defined Benefit Obligation	29.3	(421)	7,033
Deferred Tax (Charge)/Reversal on Other Comprehensive Income	29	126	(2,110)
Other Comprehensive Income for the period, Net of Tax		(295)	4,923
Total Comprehensive Income for the period, Net of Tax		477,936	150,809

Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 07 to 56 form an integral part of these Financial Statements.

Colombo
17th April 2026

BDO PARTNERS Chartered Accountants

MAHINDRA IDEAL FINANCE LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH 2026

	Note	2026 LKR '000	2025 LKR '000
ASSETS			
Cash and Bank Balances	**13**	423,093	178,134
Investment in Government Securities at Amortised cost	**14**	2,294,257	1,248,944
Placements with Banks and Other Financial Institutions	**15**	401,207	151,076
Gold Advances	**16**	9,184,231	6,422,978
Lease Rental Receivable	**17**	2,480,946	2,656,513
Loans and Advances	**18**	15,281,083	5,723,480
Other Financial Assets	**19**	29,826	21,012
Other Non-Financial Assets	**20**	139,783	73,410
Financial Investments-Measured at Fair Value through OCI	**21**	458	458
Property, Plant and Equipment	**22.3**	654,923	584,938
Intangible Assets	**23**	29,517	34,498
Deferred Tax Assets	**30**	60,430	35,978
TOTAL ASSETS		30,979,754	17,131,418
LIABILITIES			
Interest Bearing Borrowings	**24**	17,176,069	6,949,677
Due to the Customers	**25**	7,530,175	6,254,214
Subordinate Liabilities	**26**	1,000,626	-
Other Financial Liabilities	**27**	1,374,610	669,737
Other Non-Financial Liabilities	**28**	81,005	74,280
Post Employment Benefit Liability	**29**	47,021	37,738
Current Tax Liabilities		209,263	62,722
TOTAL LIABILITIES		27,418,769	14,048,367
EQUITY			
Stated Capital	**31**	1,908,247	1,908,247
Retained Earnings		1,568,243	1,114,205
Reserves	**32**	84,495	60,599
TOTAL EQUITY		3,560,985	3,083,051
TOTAL LIABILITIES AND EQUITY		30,979,754	17,131,418

Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 07 to 56 form an integral part of these Financial Statements.

These Financial Statements are in compliance with the requirements of the Companies Act No.07 of 2007.

Rohit Agarwalla

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Rohit Kumar Agarwalla
Chief Financial Officer

The Board of Directors is responsible for these Financial Statements, signed for and on behalf of the Board.

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Thilan Wijesinghe
Chairman

....
Mufaddal Choonia
Managing Director and CEO

Colombo
17th April 2026
CW/dm

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MAHINDRA IDEAL FINANCE LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST MARCH 2026

Description	Stated Capital LKR '000	Retained Earnings LKR '000	Statutory Reserve Fund LKR '000	Total LKR '000
Balance As at 01st April 2024	1,908,247	970,936	53,059	2,932,242
Total Income/(Loss) for the Period	-	145,887	-	145,887
Other Comprehensive Income (Net of Tax)	-	4,921	-	4,921
Transfer to Statutory Reserve Fund	-	(7,540)	7,540	-
Balance as at 31st March 2025	1,908,247	1,114,204	60,598	3,083,050
Balance as at 01st April 2025	1,908,247	1,114,204	60,598	3,083,049
Total Income/(Loss) for the Period	-	478,231	-	478,231
Other Comprehensive Income (Net of Tax)	-	(295)	-	(295)
Transfer to Statutory Reserve Fund	-	(23,897)	23,897	-
Balance as at 31st March 2026	1,908,247	1,568,243	84,495	3,560,985

Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 07 to 56 form an integral part of these Financial Statements.

Colombo
17th April 2026

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MAHINDRA IDEAL FINANCE LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST MARCH 2026

	Note	2026 LKR '000	2025 LKR '000
Cash Flows From / (Used in) Operating Activities			
Profit before Income Tax Expense		818,597	279,291
Adjustment for Other Non-Cash Items Included in Profit Before Tax			
Depreciation of Property, Plant and Equipment and ROU Assets	22.3	161,661	140,151
Amortisation of Intangible Assets	23	8,525	8,791
Provision for Impairment	7	162,978	73,914
Interest expenses on Borrowings	4.2	1,005,247	403,685
Defined Benefit Obligation	8	12,133	14,271
Dividend Income	6	(476)	-
Disposal (Gain)/Loss on Fixed Assets		(6,133)	(21,772)
Operating Profit before Working Capital Changes		2,162,532	898,331
(Increase)/Decrease in Lease Rental Receivable		191,760	214,289
(Increase)/Decrease in Loans and Advances		(9,717,319)	(4,610,148)
(Increase)/Decrease in Gold Advance		(2,780,708)	(1,938,102)
(Increase)/Decrease in Other Financial Assets		(8,813)	8,483
(Increase)/Decrease in Other Non-Financial Assets		(90,699)	91,756
Increase/(Decrease) in Amounts Due to Customers		1,275,961	1,049,990
Increase/(Decrease) in Other Financial Liabilities		791,963	171,098
Increase/(Decrease) in Other Non-Financial Liabilities		6,725	36,860
Increase/(Decrease) in Current Tax liabilities		24,326	13,971
Cash Generated from Operations		(8,144,272)	(4,063,472)
Retirement Benefit Liabilities Paid	28.2	(3,272)	(18,537)
Income Tax Paid		(218,151)	(90,596)
Net Cash Flows from/(Used in) Operating Activities		(8,365,695)	(4,172,605)
Cash Flows from / (Used in) Investing Activities			
Purchase of Property, Plant and Equipment	22.1	(142,633)	(117,080)
Purchase of Right-of-Use Assets	22.1	(94,998)	(81,360)
Purchase of Intangible Assets	23	(3,545)	(195)
Disposal of Property, Plant and Equipment		12,117	38,843
Dividend Received	6	476	-
Investment in Treasury Bills	14	97,870	424,192
Investment in Fixed Deposits	15	49,869	104,772
Net Cash Flows from/(Used in) Investment Activities		(80,844)	369,172
Cash Flows from / (Used in) Financing Activities			
Proceeds from Bank Borrowings		22,605,000	10,559,108
Repayment of Bank Borrowings		(13,357,974)	(7,979,560)
Rental Paid for Lease Obligation		(87,090)	(78,687)
Proceeds from Subordinate Liabilities		1,000,626	-
Net Cash Flows from/(Used in) Financing Activities		10,160,562	2,500,861
Net Increase/(Decrease) in Cash and Cash Equivalents		1,714,023	(1,302,572)
Cash and Cash Equivalents at the Beginning of the Year		10,172	1,312,744
Cash and Cash Equivalents at the End of the Year	32	1,724,195	10,172

Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 07 to 56 form an integral part of these Financial Statements.

Colombo
17th April 2026

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Chartered Accountants

1. CORPORATE INFORMATION

1.1 General

Ideal Investment Limited is a limited liability company, incorporated on 24th January 2012 under companies Act No.7 of 2007 and then changed the name to Ideal Finance Limited on 12th March 2012 and is domiciled in Sri Lanka. The registered office of the Company is situated at No.299, Dr. Colvin R De. Silva Mawatha (Union Place), Colombo 02. On 28th January 2022, the Company changed its name to Mahindra Ideal Finance Limited.

Mahindra Ideal Finance Limited is licensed by the Monetary Board of the Central Bank of Sri Lanka under the Finance Business Act No. 42 of 2011 and is also registered under the Finance Leasing Act No.56 of 2000.

1.2 Principal Activities and Nature of Operations

During the year, the principal activities of the Company were Acceptance of Deposits, Granting Lease, Loan Facilities and Gold Advances.

1.3 Parent Entity and Ultimate Parent Entity

Mahindra and Mahindra Financial Services Limited, India is the parent of Mahindra Ideal Finance Limited. The liability of the parent entity is limited to either its equity or fund-based commitment to Mahindra Ideal Finance Limited. Further the Company does not have any investments in the form of subsidiary, joint venture or associate.

1.4 Date of Authorization for Issue

The Financial Statements of Mahindra Ideal Finance Limited for the period ended 31st March 2026 were authorised for issue in accordance with a resolution of the Board of Directors on 17th April 2026.

2. ACCOUNTING POLICIES

2.1 Basis of Preparation

2.1.1 Statement of Compliance

The Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows, together with Accounting Policies and Notes, ('Financial Statements'),as at 31 March 2026 and for the period then ended, have been prepared in accordance with Sri Lanka Accounting Standards (hereafter referred to as "SLFRS"), laid down by the Institute of Chartered Accountants of Sri Lanka and are in compliance with the requirements of the Companies Act No. 07 of 2007 and amendments thereto.

2.1.2 Responsibility for Financial Statements

The Board of Directors of the Company is responsible for these Financial Statements of the Company as per Sri Lanka Accounting Standards (SLFRSs and LKASs) and the provisions of the Companies Act No. 07 of 2007.

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2.1.3 Basis of measurement

The financial statements have been prepared on a historical cost basis except retirement benefits obligation, which was ascertained by an actuarial valuation.

2.1.4 Presentation of Financial Statements

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

The Company presents its Statements of Financial Position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 36.

2.1.5 Functional and presentation currency

The financial statements are presented in Sri Lankan Rupees, except when otherwise is indicated. No adjustments have been made for inflationary factors.

2.1.6 Materiality, Aggregation Offsetting and Rounding Off

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

Financial Assets and Financial Liabilities are offset and the net amount reported in the Statement of Financial Position only when legally there is 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 liability simultaneously. Income and expenses are not offset in the Statement of Profit or Loss unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies.

The amounts in the financial statements have been rounded off to the nearest Sri Lankan Rupee, except where otherwise indicated as permitted by the Sri Lanka Accounting Standard (LKAS 1) – 'Presentation of Financial Statements'.

2.1.7 Comparative Information

The accounting policies have been consistently applied by the Company, and are consistent with those used in the previous financial year. Further comparative information is reclassified whenever necessary to comply with the current presentation in the Financial Statements. However, the Company has not restated comparative information for 2025.

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2.1.8 Statement of Cash Flow

The cash flow statement has been prepared by using the indirect method in accordance with the Sri Lanka Accounting Standard - LKAS 7 (Statement of Cash Flows), whereby operating, investing and financial activities have been separately recognised. Cash and cash equivalents comprise of 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.

Cash and cash equivalents include cash in hand, balances with banks, placements with banks (less than 3 months), net of unfavourable bank balances and securities purchased under repurchase agreements (less than three months).

2.1.9 Events After the Reporting Date

Events after the Reporting Date are those events, favourable and unfavourable, that occur between the reporting date and the date when the Financial Statements are authorised for issue. In this regard, all material and important events that occurred after the reporting period have been considered and appropriate disclosures are made in Note 38 to the Financial Statements.

2.2 Significant Accounting Judgments, Estimates and Assumptions

The preparation of Financial Statements of the Company in conformity with Sri Lanka Accounting Standards requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

i. Going Concern

The Board has assessed the Company's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Board is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of the Company. Further, the Directors have considered the potential downsides that the recent economic stress could bring to the business operations of the Company, in making this assessment. Therefore, the Financial Statements continue to be prepared on the going concern basis.

ii. Impairment losses on loans and receivables

The measurement of impairment losses under SLFRS 9 across all categories of financial assets requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which, can result in different levels of allowances.

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The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgments and estimates include:

- Number of days past due and the Guidelines issued by the Central Bank of Sri Lanka
- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

iii. Fair Value of Financial Instruments

The determination of fair values of financial assets and financial liabilities recorded in the Statement of Financial Position for which there is no observable market price is based on using a variety of valuation techniques that include the use of mathematical models. The valuation of financial instruments is described in Note 35 to the Financial Statements. The Company measures fair value using the fair value hierarchy that reflects the significance of input used in making measurements. The fair value hierarchy is given in Note 35 to the Financial Statements.

iv. Financial Assets and Financial Liabilities Classification

The Company's accounting policies provide scope for assets and liabilities to be classified, at inception in to different accounting categories. The classification of financial instruments is given in Note 34, "Analysis of Financial Instruments by Measurement Basis".

v. Defined Benefit Plan

The cost of the defined benefit pension plan is determined using an actuarial valuation. The actuarial valuation involves making assumptions about discount rates, future salary increases, and mortality rates. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Assumptions used are disclosed in Note 29.

vi. Useful Life-time of the Property, Plant, Equipment and Intangible Assets

The Company reviews the residual values, useful lives and methods of depreciation and amortization of property, plant, equipment and intangible assets at each reporting date. The judgement of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

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2.3 Summary of Significant Accounting Policies

The significant accounting policies applied by the Company in preparation of its Financial Statements are included in below.

2.3.1 SLFRS 09 Financial Instrument

SLFRS 9 – Financial Instruments replaces LKAS 39 for annual periods on or after 01 January 2018. The company has adopted SLFRS-09 Financial Instruments with an initial application date of 01st April 2018.

2.3.1.1 Classification & Measurement of Financial Assets and Liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised Cost,
- Fair Value through Other Comprehensive Income (FVOCI),
- Fair Value through Profit or Loss

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortised cost or at FVPL or the fair value designation is applied.

2.3.1.2 Financial Assets and liabilities

2.3.1.2.1 Lease rental receivable, Loans and Receivables to Other Customers, Financial Investments at Amortised Cost

The company measures Lease, Loans and advances to customers and other financial investments only at amortised cost if both of the following conditions are met.

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are Solely the Payments of Principal and Interest (SPPI) on the principal amount outstanding.

The classification of financial liabilities under SLFRS 9 does not follow the approach for the classification on financial assets. Financial liabilities are measured at amortised cost or fair value through profit or loss.

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The details of conditions of business model assessment and the SPPI test are outlined below.

(a) Business Model Assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model), and in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales are also important aspects of the Company's assessment

(b) The SPPI Test

As a second step of its classification process the Company assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

An entity has a business model to hold the financial asset to collect the contractual cash flows. The characteristics of the contractual cash flows are that of solely payments of the principal amount and interest (referred to as "SPPI").

Principal for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

2.3.1.2.2 Reclassification of Financial Assets and Liabilities

The company does not reclassify its financial assets or liability subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. The Company did not reclassify any of its financial assets or liabilities in the year 2024/25.

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2.3.1.3 De-recognition of Financial Instruments

2.3.1.3.1 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 financial asset have expired.

2.3.1.3.2 Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

2.3.1.4 Impairment of Financial Assets

Overview of the Expected Credit Loss (ECL) Principles

The Company's loan loss impairment method by using forward-looking Expected Credit Loss (ECL) approach. From 1 April 2018, the Company has been recording the allowance for expected credit losses for all loans and other debt financial assets not held at FVPL, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under SLFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset. The 12 months ECL is the portion of Life time ECLs that represents the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both Life time ECLs and 12 months ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Company groups its loans into Stage 1, Stage 2 and Stage 3.

Stage 1

When loans are first recognised, the Company recognises an allowance based on 12 months ECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2

When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the Life time ECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

Stage 3

These loans considered credit-impaired. The Company records an allowance for the Life time ECLs.

2.3.1.4.1 The Calculation of Expected Credit Loss (ECL)

The Company calculates ECLs under three staging approaches to measure the 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 calculations are outlined below and the key elements are as follows:

Definition of default

The Company considers a financial asset to be in "default" and therefore Stage 3 (credit impaired) for ECL calculations when the borrower account becomes 90 days past due on its contractual payments.

Probability of Default (PD)

The Probability of Default (PD) 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 recognised and is still in the portfolio.

However, for placements with Banks and other financial investments classified as amortised cost and fair value through other Comprehensive Income the Company relies on external credit rating in determining their respective PDs.

EAD

The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

LGD

The Loss Given Default (LGD) 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 lender would expect to receive.

2.3.1.4.2 The mechanics of the ECL method are summarized below:

Stage 1

The 12 months ECL is calculated as the portion of LTECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.

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Stage 2

When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3

For loans considered credit-impaired, the Company recognises the LTECL for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%. The Company recognises the interest income on loans classified under stage 3 at the effective interest rate on amortised cost.

Assessment of significant increase in credit risk

When determining whether the credit risk has increased significantly since initial recognition, the Company considers both quantitative and qualitative information and analysis based on the Company's historical experience, including forward-looking information. The Company considers reasonable and supportable information that is relevant and available without undue cost and effort. The Company's accounting policy is not to use the practical expedient that the financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result the Company monitors all financial assets and loan commitments that are subject to impairment for significant increase in credit risk.

As a part of the qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikeliness to pay. In such instances, the Company treats the customer with an increased credit risk level, following are such instances.

- Stage 1 and Stage 2 facilities of a Stage 3 customer are also classified as Stage 3.
- Stage 1 facilities of a Stage 2 customer are classified as Stage 2.
- Rescheduled facilities are categorized based on their aggregate days past due, ie, the aggregate of the present age of the facility and the age prior to reschedule.
- Originated credit impaired assets :-These are financial assets that are credit impaired on initial recognition.

They are recorded at fair value at initial recognition and interest income is subsequently recognized based on credit adjusted EIR. ECLs are recognized or released to the extent that there is subsequent change in expected credit losses.

Forward Looking Information

In its ECL models, the Company relies on a broad range of forward looking information as economic inputs, such as:

Quantitative	Qualitative
GDP Growth	Government Policies
Inflation	Status of the Industry Business
Unemployment	Regulatory Impact
Interest Rates	Global Economic Environment
Exchange Rates	

The inputs and models used for calculating ECLs may not always capture all the characteristics of the market at the date of the financial statements.

To reflect the uncertainties in the calculation of expected credit losses, the Company has not changed the weightages assigned for multiple economic scenarios during the year. Weightages assigned for each scenario is given below along with the weightages used in 2023/24.

	2025/26	2024/25
Base case	60%	55%
Best case	10%	10%
Worst case	30%	35%

The inputs and models used for calculating ECLs may not always capture all characteristics of the market as at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

To ensure completeness and accuracy, the company obtains necessary data primarily from publications of Central Bank of Sri Lanka.

2.3.1.5 Determination of Fair Value

The 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 -Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The disclosure of fair value of financial instruments is disclosed in Note 34 to the Financial Statements.

2.3.2 Lease

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

2.3.2.1 Finance Lease

Company as a lessor

Assets leased to customers which transfer substantially all the risks and rewards associated with ownership other than legal title, are classified as 'Finance Lease". Amounts receivable under finance lease are included under 'Lease Rental Receivables' in the Statement of Financial Position after deduction of unearned lease income and accumulated impairment losses. When assets are held subject to a finance lease, the present value of the lease payments, discounted at the rate of interest implicit in the lease, is recognized as a receivable. The difference between the total payments receivable under the lease and the present value of the receivable is recognized as unearned finance income, which is allocated to accounting periods reflect a constant periodic rate of return.

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2.3.2.2 SLFRS 16 – Leases

Company as a lessee

SLFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. lessee and lessor. SLFRS 16 supersedes Sri Lanka Accounting Standard - LKAS 17 (Leases) and related interpretations, SLFRS 16 introduces a single accounting model for the lessee, eliminating the present classification of leases in LKAS 17 as either operating leases or finance leases.

The Company has adopted SLFRS 16 using modified retrospective method from 01st April 2019, without restating comparatives for the 2018/19 reporting period, as permitted under the specific transitional provisions in the standard. At the date of adoption, right of use was recognised as the amount equal to the lease liability, adjusted by the amount of prepaid lease rentals.

Under this method, the standard is applied retrospectively and the cumulative effect, as at the initial date of application of the standard i.e 01st April 2019, has been duly adjusted. The company elected to use the transitional practical expedient to not reassess whether an existing contract forms a lease as at 01st April 2019, under the definitions provided in the standard. Instead, the company applied the standard only to contracts that were previously identified as leases applying LKAS 17 at the date of initial application.

The contracts which were previously classified as "operating leases" under the principles of LKAS 17 - Leases, have been recognize as "right of- use assets" with the adoption of SLFRS 16 -Leases.

2.3.3 Cash and cash equivalents

Cash and cash equivalents as referred to in the cash flow statement comprise cash in hand, and amounts due from banks on demand or with an original maturity of three months or less.

2.3.4 Property, Plant and Equipment

Property, plant and equipment is stated at cost excluding the costs of day–to–day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates.

Depreciation is calculated using the straight–line method to write down the cost of property and equipment to their residual values over their estimated useful lives. The estimated useful lives are as follows:

Category	Years
Furniture and Fittings	05
Office Equipment	05
Motor Vehicles	05
Computer Equipment	05

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The depreciation method and residual values of assets are reviewed at each financial year-end and, if there has been a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset, the method shall be changed to reflect the changed pattern.

Property plant & Equipment is derecognized on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the assets (calculated as the difference between the net disposal proceeds and carrying amount of the assets) is recognized in 'Other Operating Income' in the Statement of Comprehensive Income (Profit or Loss) in the year the asset is recognized.

2.3.5 Right-of-Use Assets

2.3.5.1 Basis of recognition

The Company applies Sri Lanka Accounting Standard SLFRS 16 "Leases" in accounting for all lease hold rights except for leases due to expire during the financial year and leases on which implications to the financial statements are not considered to be material. The company uses its judgment to determine whether an operating lease contract qualifies for recognition of right-of-use assets. The company applies judgements in evaluating the level of certainty whether the option of renewing the lease exits or otherwise. That is, it considers all relevant factors that create an economic benefit for it to exercise either the renewal or termination.

Basis of measurement

The company recognises right-of-use assets at the date of commencement of the lease, which is the present value of lease payments to be made over the lease term. Right-of-Use assets are measured at cost less any accumulated amortization and impairment losses and adjusted for any re-measurement of lease liabilities. The cost of the right-of-use assets includes the amount of lease liabilities recognised, initial direct cost incurred, and lease payments made at or before the commencement date less any lease incentives received. Right of use assets are amortised on the straight line basis over the lease term.

When measuring lease liabilities for leases that were classified previously as operating leases, the company discounted future lease payments due as of 01st April 2019 using the incremental borrowing rate as at 01st April 2019. The rate applicable was 14%.

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.3.6 Intangible assets

The company's other intangible assets include the value of computer software. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the company. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

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The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial yearend.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and they are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is presented as a separate line item in the statement of comprehensive income.

Computer System software is amortised over the licensed period. And where the license is perpetual, it is amortised over 3 years.

2.3.7 Other Assets

All other assets are stated at amortised cost less accumulated impairment losses.

2.3.8 Inventories

Inventories include stationery and this is valued at the lower of cost and net realizable value.

2.3.9 Impairment of non–financial assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use. Where the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income.

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2.3.10 Employee Retirement Benefit

Defined Contribution Plan Costs

Defined contribution plan is a post- employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to a defined contribution plan are recognized as a Personnel Expenses in the Statement of comprehensive income in the periods during which services are rendered by employees. Employees are eligible for employees' Provident Fund and Employees Trust Fund Contributions in line with the respective Statutes and regulations. Accordingly, the company contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employee Trust Fund respectively and is recognized as an expense under "Personnel Expenses".

Defined Benefit Plan Costs

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 defined benefit plan is the present value of the defined benefit obligation at the reporting date. The defined benefit obligation is calculated using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates that are denominated in the currency in which the benefit will be paid, and that have terms of maturity approximating to the terms of the liability.

Provision has been made in the Financial Statements for retiring gratuities from the first year of service for all employees, in conformity with LKAS 19-"Employee Benefits".

However, according to the payment of Gratuity Act No.12of 1983, the liability for payment to an employee arises only after the completion of 5 years continued services. The liability is not externally funded.

2.3.11 Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

2.3.12 Other Liabilities

Other liabilities are recorded at the cash value to be realized when settled.

2.3.13 Foreign currency translation

Transactions in foreign currencies are initially recorded at the functional currency rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange at the statement of financial position date. All differences arising on non–trading activities are taken to 'Other operating income' in the income statement.

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2.3.14 Recognition of income and expenses

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

i) Interest income and interest expense

For all financial instruments measured at amortised cost, interest bearing financial assets classified as available- for-sale and financial instruments designated at fair value through profit or loss, interest income or expense is recorded using the Effective Interest Rate. Effective Interest Rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the Effective Interest Rate, but not future credit losses.

The carrying amount of the financial asset or financial liability is adjusted if the company revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original Effective Interest Rate and the change in carrying amount is recorded as 'Interest Income' for financial assets and Interest Expense for financial liabilities. However, for a reclassified financial asset for which the company subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognised as an adjustment to the Effective Interest Rate from the date of the change in estimate.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

ii) Fee and commission income

The company earns fee and commission income from a diverse range of services it provides to its customers. Fee income can be divided into the following two categories:

- Fee income earned from services that are provided over a certain period of time
- Fees earned for the provision of services over a period of time accrued over that period
  These fees include commission income and service charges

Fee income from providing transaction services

Fees arising from negotiating or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognised after fulfilling the corresponding criteria.

iii) Dividend income

Dividend income is recognised when the company's right to receive the payment is established.

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iv) Expenditure Recognition

Expenses are recognized in profit or loss in the statement of 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 and equipment in a state of efficiency has been charged to the statement of Comprehensive Income (Profit or loss). For the purpose of presenting of the statement of comprehensive Income, the "function of expenses" method has been adopted, on the basis that it presents fairly the element of the company's performance.

2.3.15 Taxes

a) Current Tax

The provision for the income tax is based on the elements of the income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the Inland Revenue Act, No. 24 of 2017.

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

b) Deferred Tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credit and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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c) Value Added Tax on Financial Services and Social Security Contribution Levy

Value Added Tax on Financial Services is calculated at the rate of 18% in accordance with the provisions of the Value Added Tax Act No. 14 of 2002 and amendments thereto. The Social Security Contribution Levy is calculated at the rate of 2.5% on the turnover applicable for Value Added Tax on Financial Services with effect from 01st October 2022.

2.3.16 Regulatory provisions

a) Deposit Insurance and Liquidity Support Scheme

In terms of the Finance Companies Direction No.2 of 2010 "Insurance of Deposit Liabilities" issued on 27 September 2010 and subsequent amendments thereto, all Finance Companies are required to insure their deposit liabilities in the Deposit Insurance Scheme operated by the Monetary Board in terms of Sri Lanka Deposit Insurance Scheme Regulations No.01 of 2010 issued under Sections 32A to 32E of the Monetary Law Act with effect from 01st October 2010.The said Scheme was renamed as the "Sri Lanka Deposit Insurance and Liquidity Support Scheme" as per the Sri Lanka Deposit Insurance and Liquidity Support Scheme Regulation No. 01 of 2013.

The deposits to be insured shall include demand, time and savings deposit liabilities and exclude the following.

- Deposit liabilities to member institutions
- Deposit liabilities to the Government of Sri Lanka
- Deposit liabilities to shareholders, directors, key management personnel and other related parties as defined in Finance Companies Act (Corporate Governance) Direction No.3 of 2008 for Registered Finance Companies
- Deposit liabilities held as collateral against any accommodation granted
- Deposits falling within the meaning of abandoned property in terms of the Banking Act and dormant deposits in terms of the Finance Companies Act, funds of which have been transferred to the Central Bank of Sri Lanka in terms of the relevant Directions issued by the Monetary Board.

Registered Finance Companies are required to pay a premium of 0.15% on the total amount of eligible deposits as at end of the month within a period of 15 days from the end of the respective month.

b) Crop Insurance Levy (CIL)

As per the provisions of Section 14 of the Finance Act No.12 of 2013, the CIL was introduced with effect from 01st April 2013 and is payable to the National Insurance Trust Fund. Currently, the CIL is payable at 1% of the profit after tax.

2.3.17 Related Party Transactions

Disclosure has been made in respect of the transactions in which one party has the liability to control or exercise significant influence over the financial and operating policies/decisions of the other, irrespective of whether a price is being charged.

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2.3.18 Segment Reporting

The Company's segmental reporting is based on the following operating segments identified based on products and services;

- Finance Leases
- Term Loans
- Gold Loans
- Others

A segment is a distinguishable component of a company that is engaged in providing products and services. (Business segment, is subject to risks and rewards that are different from those of other segments).

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The accounting policies adopted for segment reporting are those accounting policies adopted for preparing the financial statements of the Company.

2.3.19 The following amendments are effective for the period beginning 01st January 2026

i) Amendments to SLFRS 9 (Financial Instruments) and SLFRS 7 (Financial Instruments: Disclosures). Amendments to Sri Lanka Accounting Standards SLFRS 9 – Financial Instruments and SLFRS 7 – Financial Instruments: Disclosures, will be effective for annual reporting periods beginning on or after 01st January 2026. Early application is permitted.

These amendments introduce important enhancements to the classification and measurement, derecognition, and disclosure requirements applicable to financial instruments. The amendments are aimed at strengthening transparency, improving consistency in financial reporting, and addressing emerging market developments, including sustainability-linked features and nature-dependent electricity contracts.

ii) SLFRS 17: Insurance Contracts - Effective for annual reporting periods beginning on or after 1st January 2026

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2.3.20 Sri Lanka Accounting Standards Not Yet Effective as at 31st March 2026

The Finance Company intends to adopt the new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Bank's Financial Statements, if applicable, when they become effective.

i) IFRS 18 Presentation and Disclosure in Financial Statements - The objective of this standard is to give investors more transparent and comparable information about companies' financial performance, thereby enabling better investment decisions. IFRS 18 introduces three sets of new requirements to improve companies reporting of financial performance and give investors a better basis for analysing and comparing companies.

1. Improved comparability in the statement of profit or loss (income statement)
2. Enhanced transparency of management-defined performance measures
3. More useful grouping of information in the Financial Statements

ii) IFRS 19 Subsidiaries without Public Accountability: Disclosures - The objective of this standard is to specify that the disclosure requirements the Group is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards. An eligible subsidiary that applies to IFRS 19 is required to apply the requirements in other IFRS Accounting Standards for recognition, measurement and presentation requirements. For disclosure requirements, IFRS 19 instead of the disclosure requirements in other IFRS Accounting Standards, except in specified circumstances. In accordance with IFRS 18 Presentation and Disclosure in Financial Statements, an entity applying IFRS 19 is not required to provide a specific disclosure required by IFRS 19 if the information resulting from that disclosure would not be material.

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	2026 LKR '000	2025 LKR '000

3. INCOME

	2026 LKR '000	2025 LKR '000
Interest Income (4.1)	3,878,129	2,444,566
Fee and Commission Income (5)	35,432	16,498
Other Operating Income (6)	348,302	279,806
Total Income	4,261,863	2,740,870

4. NET INTEREST INCOME

4.1 Interest Income

	2026 LKR '000	2025 LKR '000
From Placements with Banks and Other Financial Institutions	9,794	16,098
From Government Securities	54,161	82,319
From Lease Rental Receivable	574,547	646,765
From Loans and Advances	1,568,472	559,799
From Gold Advances	1,669,771	1,138,128
From Refundable Deposits	1,384	1,458
Total Interest Income	3,878,129	2,444,566

4.2 Interest Expense

	2026 LKR '000	2025 LKR '000
Due to Banks	1,005,247	403,685
Due to Customers	671,550	657,916
On Obligation to Make the Lease Payment for Right-of-Use Assets	48,942	47,645
Total Interest Expenses	1,725,739	1,109,246
Net Interest Income	2,152,390	1,335,320

5. FEE AND COMMISSION INCOME

	2026 LKR '000	2025 LKR '000
Commission Income	35,432	16,498
Fee and Commission	35,432	16,498

6. OTHER OPERATING INCOME

	2026 LKR '000	2025 LKR '000
Dividend Income	476	-
Service Charges	321,329	169,390
Fair Value Gain on Investments	9,361	66,720
Other Operating Income	17,136	43,695
Total Other Operating Income	348,302	279,806

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	2026 LKR '000	2025 LKR '000

7. IMPAIRMENT CHARGES FOR LOANS AND OTHER LOSSES

	2026 LKR '000	2025 LKR '000
Charge/(written back) to the Statement of Comprehensive Income		
– Impairment on Individually Significant Loans	33,155	3,529
– Impairment on Collective Loan Portfolio	138,400	59,922
– Net of recoveries written off	(8,577)	10,462
Total Impairment Charge	162,978	73,914
Lease Rental Receivable (Note 17.2.a)		
Stage 1	(6,553)	(8,914)
Stage 2	(2,701)	(7,501)
Stage 3	1,639	(698)
	(7,615)	(17,113)
Loans and Advances (Note 18.2.a)		
Stage 1	80,186	40,181
Stage 2	19,873	5,478
Stage 3	59,656	14,641
	159,715	60,300
Gold Advances		
Stage 1	9,320	15,136
Stage 2	10,607	5,600
Stage 3	(472)	(450)
	19,455	20,286

8. PERSONNEL EXPENSES

	2026 LKR '000	2025 LKR '000
Salaries	505,463	426,930
Employer's Contribution to Employees' Provident Fund	46,017	40,726
Employer's Contribution to Employees' Trust Fund	11,504	10,181
Gratuity Charge for the Year	12,133	14,271
Other Staff Related Expenses	80,984	68,421
Total Personnel Expenses	656,101	560,529

9. OTHER OPERATING EXPENSES

	2026 LKR '000	2025 LKR '000
Directors' Emoluments	3,300	4,266
Auditors' Remuneration	1,723	1,834
Professional and Legal	22,761	18,165
Office Administration and Establishment	250,530	207,803
Advertisements and Promotions	41,747	69,276
Disallowable Input VAT	11,781	18,770
License and Renewal Fees	1,798	2,665
Others	120,229	92,004
Total Other Operating Expenses	453,869	414,783

10. VALUE ADDED TAX ON FINANCIAL SERVICES AND SSCL

	2026 LKR '000	2025 LKR '000
VAT on Financial Services	239,838	135,364
Social Security Contribution Levy (SSCL)	34,555	18,801
	274,393	154,165

11. INCOME TAX EXPENSES

11.1 The major component of income tax for the period ended 31st March was as follows;

	2026 LKR '000	2025 LKR '000
Income Statement		
Current Income Tax		
Income Tax for the Period	363,086	147,376
Due to Rate Reduction	-	-
Tax Adjustment with Final Payment	1,606	-
Deferred Tax (Note 30)		
Due to Change in Temporary Differences	(24,326)	(13,971)
Due to Rate Change	-	-
Income Tax Expenses reported in the Income Statement	340,366	133,405
Statement of Other Comprehensive Income		
Deferred Tax related to items recognised in OCI During the Year		
Net Gain/(Loss) on Actuarial Gains/Losses During the Year	(126)	2,110
Income Tax Expenses reported in the Other Comprehensive Income	(126)	2,110
Total Income Tax Expense for the year	340,240	135,515
Income Tax Rate Applicable	30%	30%

11.2 Reconciliation of Accounting Profit and Taxable Income

A reconciliation between the tax expense and the accounting profit multiplied by Income tax rate for the year ended 31st March 2026 was as follows.

	2026 LKR '000	2025 LKR '000
Accounting Profit / (Loss) Before Income Taxation	818,597	279,291
Aggregate Allowable Expenditure	(255,522)	(218,957)
Tax loss Utilised	-	-
Aggregate Disallowable Expenditure	647,211	430,919
	1,210,286	491,253
Tax at Statutory Rates	363,086	147,376
Less : Due to Rate Reduction	-	-
Less : Tax Adjustment with Final Payment	1,606	-
	364,692	147,376
Deferred Taxation Charged/(Reversal)	(24,326)	(13,971)
Less : Due to Rate Change	-	-
	340,366	133,405
Effective Tax Rate	42%	47.77%

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	2026	2025
	LKR '000	LKR '000

12. BASIC AND DILUTED EARNINGS PER ORDINARY SHARES

12.1 Basic and Diluted Earnings Per Share is calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period, as per LKAS-33-Earnings Per Share.

12.2 The following reflect the income and share details used in the Basic and Diluted Earning Per Share computation;

	2026 LKR '000	2025 LKR '000
Amount Used as Numerators		
Profit attributable to Ordinary Shareholders	478,231	145,886
Number of Ordinary shares used as Denominator		
Weighted Average Number of Ordinary Shares	145,639	145,639
Basic and Diluted Earnings Per Ordinary Shares	3.28	1.00

13. CASH AND BANK BALANCES

	2026 LKR '000	2025 LKR '000
Cash in Hand	81,426	106,885
Bank Balances	341,667	71,249
	423,093	178,134

14. INVESTMENT IN GOVERNMENT SECURITIES

	2026 LKR '000	2025 LKR '000
Investment in Government Securities original maturity less than 3 months	2,000,289	857,106
Investment in Government Securities original maturity more than 3 months	293,968	391,838
	2,294,257	1,248,944

15. PLACEMENT WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	2026 LKR '000	2025 LKR '000
Fixed Deposits placed with banks original maturity less than 3 months	300,000	-
Fixed Deposits placed with banks original maturity more than 3 months	101,207	151,076
	401,207	151,076

16. GOLD ADVANCES

	2026 LKR '000	2025 LKR '000
Gold Advances	9,248,974	6,468,266
Less : Allowance for Impairment Losses	(64,743)	(45,288)
Net Gold Advances	9,184,231	6,422,978

16.1 Collective Impairment

	2026 LKR '000	2025 LKR '000
As at 01st April	45,288	25,002
Charges/(reversals) for the year	19,455	20,286
As at 31st March	64,743	45,288

16.2 Stage wise allowance for impairment

	As at 31st March 2026			As at 31st March 2025		
	Gross Loan Receivables	Allowance for Impairment Losses	Net Loan Receivables	Gross Loan Receivables	Allowance for Impairment Losses	Net Loan Receivables
Stage - 1	8,153,363	41,995	8,111,369	5,741,373	32,675	5,708,698
Stage - 2	1,084,049	22,203	1,061,846	686,714	11,596	675,118
Stage - 3	11,563	545	11,018	40,179	1,017	39,162
	9,248,975	64,743	9,184,233	6,468,266	45,288	6,422,978

17. LEASE RENTAL RECEIVABLE

	2026 LKR '000	2025 LKR '000
Rental Receivable on Lease	3,256,399	3,527,466
Gross Rental Receivables	3,256,399	3,527,466
Less: Unearned Income	(707,283)	(779,423)
	2,549,116	2,748,043
Less : Rentals Received in Advance	-	(15,744)
Net Rental Receivable before charging Allowance for Impairment Losses	2,549,116	2,732,299
Less : Allowance for Impairment Losses (Note 17.2)	(68,170)	(75,786)
Total Net Rental Receivable	2,480,946	2,656,513

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17. LEASE RENTAL RECEIVABLES (CONTD....)

17.1 Net Rental Receivable on Leases 'LKR

	As at 31st March 2026			As at 31st March 2025		
	Gross Rental Receivable	Allowance for Impairment Losses	Net Rental Receivable	Gross Rental Receivable	Allowance for Impairment Losses	Net Rental Receivable
Stage - 1	2,039,408	8,770	2,030,638	2,161,190	15,323	2,145,867
Stage - 2	372,742	3,331	369,411	440,691	5,754	434,937
Stage - 3	136,966	56,069	80,897	130,418	54,709	75,709
	2,549,116	68,170	2,480,946	2,732,299	75,786	2,656,513

17.2 Allowance for Impairment Losses 'LKR.

(a) Allowance for Impairment with stage wise

		Collective		Individual	
	Stage -1	Stage -2	Stage -3	All Stages	Total
Balance as at 01st April 2025	15,323	5,754	54,709	-	75,786
Charges/(Reversals) for the year	(6,553)	(2,701)	1,360	279	(7,615)
Balance as at 31st March 2026	8,770	3,053	56,069	279	68,171

(b) Movement in allowance for impairment

	2026 LKR '000	2025 LKR '000
As at 01st April	75,786	92,920
Charges/(reversals) for the year	(7,615)	(8,388)
Amounts written off	-	(8,746)
As at 31st March	68,171	75,786
Individual impairment	279	-
Collective impairment	67,892	75,786
Total	68,171	75,786

(c) Movements in Individual and Collective impairment allowance for Leasing & Hire Purchase Rentals Receivables during the year

Individual Impairment		
As at 01st April	-	154
Charges/(reversals) for the year	279	(154)
Amounts written off	-	-
As at 31st March	279	-
Collective Impairment		
As at 01st April	75,786	92,766
Charges/(reversals) for the year	(7,894)	(8,234)
Amounts written off	-	(8,746)
As at 31st March	67,892	75,786
Total	68,171	75,786

17.3 Credit Exposure and ECL Stage wise movement

An analysis of changes in the gross carrying amount and the corresponding ECL of Lease Rental Receivable is as follows :

Gross exposure reconciliation

As at 31st March 2026

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 01st April 2025	2,161,190	440,691	130,418	2,732,299
Changes due to loans recognised in the opening balance that have:	-	-	-	-
- Transferred to Stage 1	92,763	(88,726)	(4,037)	-
- Transferred to Stage 2	(239,833)	241,181	(1,348)	-
- Transferred to Stage 3	(37,452)	(43,091)	80,544	-
- Loans that have been derecognised during the period	(604,904)	(201,422)	(56,468)	(862,794)
New loans originated during the year	1,087,391	107,617	11,968	1,206,976
Write-offs	-	-	-	-
Remeasurement of net exposure	(419,747)	(83,508)	(24,111)	(527,366)
Gross carrying amount balance as at 31st March 2026	2,039,408	372,742	136,966	2,549,115

17. LEASE RENTAL RECEIVABLES (CONTD....)

17.3 Credit Exposure and ECL Stagewise movement (contd...)

As at 31st March 2025

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 01st April 2024	2,114,556	584,202	258,291	2,957,049
Changes due to loans recognized in the opening balance that have:				
- Transferred to Stage 1	128,632	(117,959)	(10,673)	-
- Transferred to Stage 2	(193,430)	214,685	(21,255)	-
- Transferred to Stage 3	(21,260)	(31,088)	52,347	-
- Loans that have been derecognised during the period	(784,056)	(288,692)	(101,972)	(1,174,720)
New loans originated during the year	1,306,755	184,237	11,418	1,502,409
Write-offs	(1,848)	-	(33,656)	(35,503)
Remeasurement of net exposure	(388,160)	(104,695)	(24,083)	(516,937)
Gross carrying amount balance as at 31st March 2025	2,161,188	440,689	130,416	2,732,298

Reconciliation of ECL balance

As at 31st March 2026

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 01st April 2025				
Changes due to loans recognised in the opening balance that have:	15,323	5,754	54,709	75,786
- Transferred to Stage 1	2,852	(1,158)	(1,694)	-
- Transferred to Stage 2	(1,702)	2,268	(566)	-
- Transferred to Stage 3	(266)	(563)	828	(1)
- Loans that have been derecognized during the period	(4,293)	(2,630)	(23,687)	(30,610)
New loans originated during the year	4,682	962	4,899	10,543
Write-offs	-	-	-	-
Net remeasurement of loss allowance	(7,825)	(1,301)	21,578	12,452
ECL allowance balance as at 31st March 2026	8,771	3,332	56,067	68,170

As at 31st March 2025

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 01st April 2024	24,258	13,255	55,407	92,920
Changes due to loans recognised in the opening balance that have:				
- Transferred to Stage 1	4,966	(2,676)	(2,290)	-
- Transferred to Stage 2	(2,219)	6,779	(4,559)	-
- Transferred to Stage 3	(244)	(705)	949	-
- Loans that have been derecognised during the period	(8,995)	(6,550)	(20,369)	(35,914)
New loans originated during the year	9,273	2,405	4,790	16,468
Write-offs	(21)	-	(8,725)	(8,746)
Net remeasurement of loss allowance	(11,695)	(6,753)	29,506	11,057
ECL allowance balance as at 31st March 2025	15,323	5,755	54,709	75,785

The Company has not written off any contractual amount outstanding on financial assets during the year ended 31 March 2026.

The decrease in ECL of the portfolio was driven by improvement in economic conditions during the year leading to higher overall collections. The Stage 3 provision includes management overlay of Rs 13,273,780.

17.4 Sensitivity Analysis of Accumulated Impairment for Lease Rental Receivables as at 31st March

Changed Criteria	Changed Factor	2026 Sensitivity effect on Impairment Allowance Increase	2025 Sensitivity effect on Impairment Allowance Increase
Loss Given Default (LGD)	Increase by 1%	1,718	2,319
Probability of Default (PD)	Increase by 1%	1,535	2,154
Economic Factor Adjustment (EFA)	Increase by 5%	488	891

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17. LEASE RENTAL RECEIVABLES (CONTD....)

17.5 Rental Receivable on Lease

	Within One Year LKR '000	1 to 5 Years LKR '000	Over 5 Years LKR '000	Total LKR '000
Gross Rentals Receivable	1,420,243	1,836,156	-	3,256,399
Less: Unearned Income	358,511	348,771	-	707,282
Net Rentals Receivable before charging allowance for Impairment Losses	1,061,732	1,487,385	-	2,549,117

18. LOANS AND ADVANCES

	2026 LKR '000	2025 LKR '000
Loan Receivable	18,040,858	6,618,918
Less : Unearned Interest Income	(2,496,075)	(773,871)
Net Receivable	15,544,783	5,845,046.61
Less : Repayments in advance	-	(17,582)
Net Loan Receivable before charging Allowance for Impairment Losses	15,544,783	5,827,465
Less : Allowance for Impairment Losses (Note 18.2)	(263,700)	(103,985)
Total Net Loan Receivable	15,281,083	5,723,480.41

18.1 Net Receivable on Loans

	As at 31st March 2026			As at 31st March 2025		
	Gross Loan Receivable	Allowance for Impairment Losses	Net Loan Receivable	Gross Loan Receivable	Allowance for Impairment Losses	Net Loan Receivable
Stage - 1	13,847,644	133,008	13,714,636	5,250,812	52,821	5,197,991
Stage - 2	1,372,271	27,491	1,344,780	467,951	8,879	459,072
Stage - 3	324,867	103,201	221,666	108,701	42,284	66,417
	15,544,782	263,700	15,281,082	5,827,464	103,985	5,723,480

18.2 Allowance for Impairment Losses 'LKR.

(a) Allowance for Impairment with stage wise

	Collective				
	Stage -1	Stage -2	Stage -3	Individual	Total
Balance as at 01st April 2025	52,821	7,068	38,920	5,176	103,985
Charges/(Reversals) for the year	80,186	19,873	26,780	32,876	159,715
Balance as at 31st March 2026	133,007	26,941	65,700	38,052	263,700

(b) Movement in allowance for impairment

As at 01st April	103,985	43,685
Charges/(reversals) for the year	159,715	60,300
Amounts written off	-	-
As at 31st March	263,700	103,984.59
Individual impairment	38,052	5,176
Collective impairment	225,648	98,809
Total	263,700	103,984.59

(c) Movements in Individual and Collective impairment allowance for Loans & Advances during the year.

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18. LOANS AND ADVANCES (CONTD....)

18.2 Allowance for Impairment Losses (Contd...)

	2026 LKR '000	2025 LKR '000
Individual Impairment		
As at 01st April	5,176	1,492
Charges/(reversals) for the year	32,876	3,684
Amounts written off	-	-
As at 31st March	38,052	5,176
Collective Impairment		
As at 01st April	98,809	42,193
Charges/(reversals) for the year	126,839	56,616
Amounts written off	-	-
As at 31st March	225,648	98,809
Total	263,700	103,985

18.3 Credit Exposure and ECL Stage wise movement

An analysis of changes in the gross carrying amount and the corresponding ECLs of Loan Receivable is as follows :

Gross exposure reconciliation

As at 31st March 2026

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 01st April 2025	5,250,812	467,951	108,701	5,827,464
Changes due to loans recognized in the opening balance that have:				
- Transferred to Stage 1	93,486	(69,005)	(24,480)	-
- Transferred to Stage 2	(391,824)	391,824	-	-
- Transferred to Stage 3	(169,172)	(29,898)	199,071	-
- Loans that have been derecognised during the period	(2,693,243)	(323,210)	(18,595)	(3,035,049)
New loans originated during the year	12,193,686	989,871	76,111	13,259,668
Write-offs	-	-	-	-
Remeasurement of net exposure	(436,100)	(55,261)	(15,941)	(507,302)
Gross carrying amount balance as at 31st March 2026	13,847,644	1,372,271	324,867	15,544,782

As at 31st March 2025

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 01st April 2024	1,084,098	59,656	73,563	1,217,317
Changes due to loans recognised in the opening balance that have:				
- Transferred to Stage 1	15,209	(13,158)	(2,051)	-
- Transferred to Stage 2	(54,008)	55,061	(1,053)	-
- Transferred to Stage 3	(5,057)	(5,034)	10,091	-
- Loans that have been derecognised during the period	(800,180)	(25,403)	(20,004)	(845,587)
New loans originated during the year	5,063,671	409,120	54,837	5,527,627
Write-offs	-	-	-	-
Remeasurement of net exposure	(52,920)	(12,290)	(6,682)	(71,892)
Gross carrying amount balance as at 31st March 2025	5,250,813	467,952	108,701	5,827,465

Reconciliation of ECL balance

As at 31st March 2026

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 01st April 2025	52,821	8,879	42,285	103,985
Changes due to loans recognized in the opening balance that have:				
- Transferred to Stage 1	10,796	(1,323)	(9,473)	-
- Transferred to Stage 2	(4,021)	4,021	-	-
- Transferred to Stage 3	(1,736)	(573)	2,309	-
- Loans that have been derecognised during the period	(26,578)	(6,104)	(7,416)	(40,098)
New loans originated during the year	116,983	19,830	24,178	160,991
Write-offs	-	-	-	-
Net remeasurement of loss allowance	(15,257)	2,761	51,318	38,822
ECL allowance balance as at 31st March 2026	133,008	27,491	103,201	263,700

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18. LOANS AND ADVANCES (CONTD....)

18.3 Credit Exposure and ECL Stage wise movement (Contd...)

As at 31st March 2025

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 01st April 2024	12,641	1,590	29,454	43,685
Changes due to loans recognised in the opening balance that have:				
- Transferred to Stage 1	1,172	(351)	(821)	-
- Transferred to Stage 2	(785)	1,207	(421)	-
- Transferred to Stage 3	(74)	(134)	208	-
- Loans that have been derecognised during the period	(8,505)	(677)	(8,009)	(17,191)
New loans originated during the year	50,898	7,751	21,440	80,090
Write-offs	-	-	-	-
Net remeasurement of loss allowance	(2,526)	(507)	434	(2,599)
ECL allowance balance as at 31 March 2025	52,821	8,879	42,285	103,985

The contractual amount outstanding on financial assets that have been written off by the Company during the year ended 31st March 2025 and that were still subject to enforcement activity was nil.

The increase in ECL of the portfolio was driven by increase in overall disbursements during the year with the opening up of vehicle imports. The Stage 3 provision includes management overlay of Rs 13,947,049.

18.4 Sensitivity Analysis of Accumulated Impairment for Loan Receivable as at 31st March

Changed Criteria	Changed Factor	2026 Sensitivity effect on Impairment Allowance Increase	2025 Sensitivity effect on Impairment Allowance Increase
Loss Given Default (LGD)	Increase by 1%	15,237	6,170
Probability of Default (PD)	Increase by 1%	13,511	4,406
Economic Factor Adjustment (EFA)	Increase by 5%	6,565	2,356

18.5 Receivable on Loans and Advances

	Within One Year LKR	1 to 5 Years LKR	Over 5 Years LKR	Total LKR
Gross Receivables	7,366,348	10,637,506	37,003	18,040,857
Less: Unearned Income	1,023,287	1,470,596	2,192	2,496,075
Net Receivable before charging Allowance for Impairment Losses	6,343,061	9,166,910	34,811	15,544,782

19. OTHER FINANCIAL ASSETS

	2026 LKR '000	2025 LKR '000
Refundable Deposit	22,668	19,925
Sundry Debtors	7,148	1,088
Other Receivable	10	-
	29,826	21,013

20. OTHER NON-FINANCIAL ASSETS

Advances and Prepayment	137,864	72,885
Other Receivables	1,919	524
	139,783	73,410

21. FINANCIAL INVESTMENT- MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2026 LKR	No. of Shares	2025 LKR	No. of Shares
Equities-Unquoted				
Credit Information Bureau of Sri Lanka	458	100	458	100
	458	100	458	100

All unquoted equities shares are recorded at cost since its fair value cannot be reliably estimated. There is no market for these investments and company intend to hold these for long-term.

22. PROPERTY, PLANT & EQUIPMENT

22.1 Gross Carrying Amounts

At Cost	Balance As at 31.03.2025 LKR '000	Additions LKR '000	Disposals LKR '000	Balance As at 31.03.2026 LKR '000
Freehold Assets				
Furniture & Fittings	291,990	21,915	(10)	313,895
Office Equipment	180,422	18,223	(2,460)	196,185
Computer Equipment	65,587	22,620	(1,685)	86,522
Motor Vehicles	56,084	79,875	(9,590)	126,369
	594,083	142,633	(13,745)	722,971
Assets on Leases				
Right-of-Use Assets	526,460	94,998	-	621,458
Total Value of Depreciable Assets	1,120,543	237,631	(13,745)	1,344,429

22.2 Depreciation

At Cost	Balance As at 31.03.2025 LKR '000	Charge for the year LKR '000	Disposals LKR '000	Balance As at 31.03.2026 LKR '000
Freehold Assets				
Furniture & Fittings	165,865	46,229	(10)	212,084
Office Equipment	98,854	30,296	(1,196)	127,954
Computer Equipment	37,815	10,827	(823)	47,819
Motor Vehicles	15,034	13,148	(5,732)	22,450
	317,568	100,500	(7,761)	410,307
Assets On Leases				
Right of Use Assets	218,038	61,161	-	279,199
Total Depreciation	535,606	161,661	(7,761)	689,506

22.3 Net Book Values

At Cost	2026 LKR '000	2025 LKR '000
Furniture & Fittings	101,811	126,125
Office Equipment	68,231	81,568
Computer Equipment	38,703	27,773
Motor Vehicles	103,919	41,050
	312,664	276,516
Assets on Leases		
Right-of-Use Assets	342,259	308,422
Total Carrying Amount of Property, Plant & Equipment	654,923	584,938

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22. PROPERTY, PLANT & EQUIPMENT (Contd...)

22.4 Fully Depreciated Property, Plant and Equipment

The initial cost of fully-depreciated property, plant and equipment as at 31st March 2026, which are still in use as at the reporting date is as follows;

	2026 LKR '000	2025 LKR '000
Furniture & Fittings	65,455	65,455
Office Equipment	34,180	34,180
Computer Equipment	18,420	18,420
Motor Vehicles	3,257	3,257
Computer Software	41,891	41,891
	163,203	163,203

23. INTANGIBLE ASSETS

Computer System Software		
Cost:		
Opening Balance	98,984	98,789
Additions	3,543	195
Disposal	-	-
Closing Balance	102,527	98,984
Less: Amortisation		
Opening Balance	64,485	55,694
Amortisation Charge for the Period	8,525	8,791
Closing Balance	73,010	64,485
Net Book Value as at 31st March	29,517	34,499

24. INTEREST BEARING BORROWINGS

Bank Over Draft	999,187	1,025,067
Bank Borrowings	11,370,275	3,840,335
Securitization Borrowings	4,806,607	2,084,274
	17,176,069	6,949,676

24.1 Bank Borrowings

Gross liability	11,850,701	4,093,376
Less: Finance Charge Allocated to Future Period	(480,425)	(253,041)
Net Liability	11,370,276	3,840,335
Repayable Within one year		
Gross Liability	7,641,573	3,434,921
Less: Finance Charge Allocated to Future Period	(344,824)	(211,252)
Net Liability	7,296,749	3,223,669
Repayable After one year (1 to 5 Year)		
Gross Liability	4,209,128	658,456
Less: Finance Charge Allocated to Future Period	(135,601)	(41,789)
Net Liability	4,073,527	616,667
Total Net Liability	11,370,276	3,840,336

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	2026 LKR '000	2025 LKR '000

24. INTEREST BEARING BORROWINGS (CONTD....)

24.2 Securitization Borrowings

	2026 LKR '000	2025 LKR '000
Gross liability	6,016,204	2,523,023
Less: Finance Charge Allocated to Future Period	(1,209,597)	(438,749)
Net Liability	4,806,607	2,084,274
Repayable Within one year		
Gross Liability	2,129,052	839,557
Less: Finance Charge Allocated to Future Period	(296,945)	(113,813)
Net Liability	1,832,107	725,744
Repayable After one year (1 to 5 Years)		
Gross Liability	3,887,152	1,683,466
Less: Finance Charge Allocated to Future Period	(912,652)	(324,936)
Net Liability	2,974,500	1,358,530
Total Net Liability	4,806,607	2,084,274

24.2.1 Institutionwise Loan Facilities

	As at 31.03.2026 LKR '000	As at 31.03.2025 LKR '000	Security
Short-Term			
Bank of Ceylon	1,000,000	1,000,000	Mortgage over Lease Receivable
Deutsche Bank	1,099,187	979,062	Mortgage over Lease and Gold Loan Receivable
HSBC	1,700,000	750,000	Mortgage over Lease and Gold Loan Receivable
Hatton National Bank PLC	700,000	700,000	Mortgage over Gold Loan Receivable
People's Bank PLC	1,000,000	-	Mortgage over Lease and Gold Loan Receivable
Seylan Bank PLC	-	65,483	Mortgage over Lease and Gold Loan Receivable
	5,499,187	3,494,545	
Long-Term			
HSBC	1,604,167	1,208,333	Mortgage over Lease and Gold Loan Receivable
Bank of Ceylon	2,229,150	13,903	Mortgage over Lease and Gold Loan Receivable
State Bank of India	1,500,000	-	Mortgage over Lease and Gold Loan Receivable
Sampath Bank PLC	989,583	-	Mortgage over Lease and Gold Loan Receivable
Hatton National Bank PLC	520,760	141,920	Mortgage over Lease Receivable
Securitisation of loans	4,498,530	1,975,530	Mortgage over Lease and Gold Loan Receivable
	11,342,190	3,339,686	
	16,841,377	6,834,232	

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	2026 LKR '000	2025 LKR '000

25. DUE TO CUSTOMERS

	2026 LKR '000	2025 LKR '000
Fixed Deposits accepted from public	7,530,175	6,254,214
	7,530,175	6,254,214

26. BORROWING ON LISTED DEBENTURES

The Company issued One Billion (1,000,000,000) Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable 5 Year Debenture (2026-2031), at the par value of Sri Lanka Rupees one hundred (LKR 100/-) each and raised Sri Lanka Rupees One Billion (LKR 1,000,000,000/-). The debentures have been listed on Colombo Stock Exchange wef 07th April 2026. This has been recorded as Subordinate Liabilities in Statement of Financial Position as at 31st March 2026.

Type	Amount Raised (LKR'000)	Type of Interest	Tenure	Interest Rate (Coupon Rate)	Annual Effective Rate (EIR)	Interest Payment Fequency
A	592,900	Fixed	5 Years	12.00%	12.00%	Annual
B	407,100	Floating	5 Years	11.82%	N/A	Semi Annual

As at 31 March	2026 LKR '000	2025 LKR '000
Balance at the beginning of the year	-	-
Issuance during the year	1,000,000	-
Accrual of Interest	1,231	-
Amortisation of issuance costs	(605)	
	1,000,626	-
Less: Settlement of Interest (coupon)	-	-
Balance at the end of the year	1,000,626	-

27. OTHER FINANCIAL LIABILITIES

	2026 LKR '000	2025 LKR '000
Trade Payable	562,346	101,755
Accrued Expense	96,988	78,949
Obligation to Make the Lease Payment (Note 27.1)	408,065	356,921
Sundry Creditors	252,574	101,947
Other Liabilities	54,637	30,165
	1,374,610	669,737

27.1 Obligation to Make the Lease Payment

	2026 LKR '000	2025 LKR '000
As at 01st April	356,920	303,757
Additions and improvements during the year	89,292	93,780
Disposals during the year	-	(9,575)
Accretion of interest during the year	48,942	47,645
Payments to lease creditors	(87,090)	(78,687)
As at 31st March	408,064	356,920

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	2026 LKR '000	2025 LKR '000

28. OTHER NON-FINANCIAL LIABILITIES

	2026 LKR '000	2025 LKR '000
WHT Payable	7,629	5,239
Stamp Duty Payable	5,997	4,142
VAT Payable	67,379	64,899
	81,005	74,280

29. RETIREMENT BENEFIT LIABILITY

29.1 Defined Benefit Liability

	2026 LKR '000	2025 LKR '000
Defined Benefit Liability	47,021	37,738
	47,021	37,738

29.2 Changes in the Defined benefit obligation are as follows

	2026 LKR '000	2025 LKR '000
Opening Liability	37,738	49,037
Net Benefit expense	12,555	7,238
Benefit paid	(3,272)	(18,537)
Closing Liability	47,021	37,738

29.3 Net Benefit expense

	2026 LKR '000	2025 LKR '000
Interest Cost	3,610	6,032
Current Service Cost	8,523	8,240
Actuarial Gain on obligations	421	(7,033)
	12,554	7,239

29.4 The principal financial assumptions used are as follows

Messrs. Piyal S Goonetilleke Actuaries, carried out an actuarial valuation of the defined benefit plan gratuity on 31st March 2024. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used are as follows:

	2026	2025
Discount Rate*	10.00%	10.00%
Future Salary Increment Rate	9.00%	10.00%
Retirement age	60 Years	60 Years
The weighted average duration of the defined benefit obligation	5.2 Years	5.0 Years

Mortality - GA 1983 Mortality Table issued by the Institute of Actuaries London

*Discount rate used for the actuarial valuation changed during the year due to changes in market interest rates. Future salary increment rate too was revised to fall in line with the decrease in inflation rates.

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29. RETIREMENT BENEFIT LIABILITY (CONTD....)

29.5 Sensitivity Analysis

+/- 1% change on Discount Rate and Salary Increase- present value of defined benefit obligation as at 31 March 2026.

	Present Value of Defined Benefit Obligation (PVDBO)		
	31-Mar-26	31-Mar-26	31-Mar-26
Discount Rate	9.00%	10.0%	11.00%
Basic Salary Scale	9.0%	9.0%	9.0%
Census at	31-Mar-26	31-Mar-26	31-Mar-26
Total PVDBO	49,484	47,021	44,803

	Present Value of Defined Benefit Obligation (PVDBO)		
	31-Mar-26	31-Mar-26	31-Mar-26
Discount Rate	10.00%	10.0%	10.00%
Basic Salary Scale	8.0%	9.0%	10.0%
Census at	31-Mar-26	31-Mar-26	31-Mar-26
Total PVDBO	44,885	47,021	49,352

Sensitivity Analysis

`+/- 1% change on Discount Rate and Salary Increase- present value of defined benefit obligation as at 31 March 2025.

	Present Value of Defined Benefit Obligation (PVDBO)		
	31-Mar-25	**31-Mar-25**	**31-Mar-25**
Discount Rate	9.00%	10.00%	11.00%
Basic Salary Scale	10.0%	10.0%	10.0%
Census at	31-Mar-25	31-Mar-25	31-Mar-25
Total PVDBO	52,757	49,037	45,933

	Present Value of Defined Benefit Obligation (PVDBO)		
	31-Mar-25	**31-Mar-25**	**31-Mar-25**
Discount Rate	10.00%	10.00%	10.00%
Basic Salary Scale	9.0%	10.0%	11.0%
Census at	31-Mar-25	31-Mar-25	31-Mar-25
Total PVDBO	35,831	37,381	39,064

29.6 Maturity profile of undiscounted cash flows of defined benefit obligation

	2026	**2025**
Within 1 year	6,191	6,038
Between 1 and 5 years	26,091	21,854
More than 5 years	14,739	9,490
	47,021	37,382

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30. DEFERRED TAX (ASSET)/ LIABILITY

As at 31st March 2026

	Accelerated Depreciation for Tax Purposes							
	Property, Plant and Equipment	Intangible Assets	Right-of-Use Assets	Lease Rentals	Impairment of Loans and Receivables	Defined Benefit Plan Obligation	Others	Total
Balance as at 01st April 2025	26,207	2,105	(14,549)	-	(38,419)	(11,321)	-	(35,978)
Profit or loss (Note no. 11.1)								
Due to change in temporary differences	15,889	420	(5,193)	-	(32,784)	(2,658)		(24,326)
Other comprehensive income								
Due to change in temporary differences	-	-	-	-	-	(126)	-	(126)
Balance as at 31st March 2026	42,096	2,525	(19,742)	-	(71,203)	(14,106)	-	(60,430)

As at 31st March 2025

	Accelerated Depreciation for Tax Purposes							
	Property, Plant and Equipment	Intangible Assets	Right of Use Assets	Lease Rentals	Impairment of Loans and Receivables	Defined Benefit Plan Obligation	Others	Total
Balance as at 01st April 2024	19,986	2,517	(8,885)	-	(23,024)	(14,711)	-	(24,117)
Profit or loss (Note no. 11.1)								
Due to change in temporary differences	6,221	(412)	(5,664)	-	(15,396)	1,280		(13,971)
Other comprehensive income								
Due to change in temporary differences	-	-	-	-	-	2,110	-	2,110
Balance as at 31st March 2025	26,207	2,105	(14,549)	-	(38,420)	(11,321)	-	(35,978)

31. STATED CAPITAL

Issued and Fully Paid-Ordinary Shares	No. of Shares	LKR '000
Balance as of 01st April 2024	145,639,098	145,639
Issued during the Period	-	-
Balance as of 31st March 2025	145,639,098	145,639
Balance as of 01st April 2025	145,639,098	145,639
Issued during the Period	-	-
Balance as of 31st March 2026	145,639,098	145,639

32. RESERVES

	2026 LKR '000	2025 LKR '000
Statutory Reserve Fund		
Opening Balance as at 01st April	60,599	53,059
Addition during the year	23,897	7,540
Closing Balance as at 31st March	84,496	60,599

The company's reserve fund is maintained in accordance with Direction No. 1 of 2003 issued by the Central Bank of Sri Lanka under the Finance Business Act No. 42 of 2011.

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33. CASH AND CASH EQUIVALENTS FOR THE PURPOSE OF CASH FLOW STATEMENT

Components of cash and cash Equivalents	2026 LKR '000	2025 LKR '000
Favorable Cash & Cash Equivalents Balance		
Cash and Bank Balance (Note 13)	423,093	178,134
Investment in Government Securities (Note 14)	2,000,289	857,106
Investment in FD with short term maturities (Note 15)	300,000	-
	2,723,382	1,035,240
Un-Favorable Cash & Cash Equivalents Balance		
Bank Over Draft (Note 24)	999,187	1,025,067
	999,187	1,025,067
Total Cash and Cash Equivalents for the Purpose of Cash Flow Statement	1,724,195	10,173

34. ANALYSIS OF FINANCIAL ASSETS & LIABILITIES BY MEASURMENT BASIS

As at 31 March 2026

	Financial Assets at Fair Value Income Statement LKR '000	Financial Assets at Fair Value Other Comprehensive Income LKR '000	Financial Assets and Liabilities at Amortized Cost LKR '000	Total LKR '000
Financial Assets				
Cash & Bank Balances	-	-	423,093	423,093
Investment in Government Securities	-	-	2,294,257	2,294,257
Placements with Other Banks & Financial Institutions	-	-	401,207	401,207
Lease Rental Receivable	-	-	2,480,946	2,480,946
Loans and Advances	-	-	15,281,083	15,281,083
Gold Advances	-	-	9,184,232	9,184,232
Financial Investments-measured at Fair Value through OCI	-	458	-	458
Other Financial Assets	-	-	29,826	29,826
Total Financial Assets	-	458	30,094,644	30,095,102
Financial Liabilities				
Interest Bearing Borrowings	-	-	17,176,069	17,176,069
Due to the Customers	-	-	7,530,175	7,530,175
Subordinate Liabilities	-	-	1,000,626	1,000,626
Other Financial Liabilities	-	-	1,374,610	1,374,610
Total Financial Liabilities	-	-	27,081,480	27,081,480

As at 31 March 2025

	Financial Assets at Fair Value Income Statement LKR '000	Financial Assets at Fair Value Other Comprehensive Income LKR '000	Financial Assets and Liabilities at Amortised Cost LKR '000	Total LKR '000
Financial Assets				
Cash & Bank Balances	-	-	178,134	178,134
Investment in Government Securities	-	-	1,248,944	1,248,944
Placements with Other Banks & Financial Institutions	-	-	151,076	151,076
Lease Rental Receivables	-	-	2,656,513	2,656,513
Loans and Advances	-	-	5,723,480	5,723,480
Gold Advances	-	-	6,422,978	6,422,978
Financial Investments-measured at Fair Value through OCI	-	458	-	458
Other Financial Assets	-	-	21,012	21,012
Total Financial Assets	-	458	16,402,137	16,402,595
Financial Liabilities				
Interest Bearing Borrowings	-	-	6,949,676	6,949,676
Due to the Customers	-	-	6,254,214	6,254,214
Other Financial Liabilities	-	-	639,572	639,572
Total Financial Liabilities	-	-	13,843,462	13,843,462

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35. FAIR VALUE OF FINANCIAL INSTRUMENTS

35.1 Determination of Fair Value and Fair Value Hierarchy

The Company use the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

Level 1 : Quoted prices in active markets for identical assets and 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.

35.2 Financial Instruments regularly measured using Fair Value - recurring items

a) Financial Investments - Measured at Fair Value through other comprehensive income

Investment in Unquoted Equity instruments	Fair Value Heirarchy	Carrying Amount LKR '000	Fair Value LKR '000
As at 31st March 2026	Level 3	458	458
As at 31st March 2025	Level 3	458	458

Equity instruments at fair value through OCI primarily consist of unquoted equity securities. Unquoted equity securities are carried at cost since it is the most reasonable value available to represent the price of such securities and hence, classified as Level 3 hireracy.

35.3 Fair Value of the Financial Instrument Carried at Amortised Cost

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the Financial Statements. This table does not include the fair values of assets and liabilities.

As at 31 March 2026	Level	Carrying Amount LKR '000	Fair Value LKR '000
Financial Assets			
Investment in Government Securities	Level 01	2,294,257	2,293,387
Lease Rental Receivable	Level 02	2,480,946	2,491,761
Loans and Advances	Level 02	15,281,083	15,169,817
Financial Liabilities			
Interest Bearing Borrowings	Level 02	16,176,882	16,389,213
Subordinate Liabilities	Level 02	1,000,626	1,000,626

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35. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTD....)

35.3 Fair Value of the Financial Instrument Carried at Amortised Cost

As at 31st March 2025	Level	Carrying Amount LKR '000	Fair Value LKR '000
Financial Assets			
Investment in Government Securities	Level 01	1,248,944	1,249,434
Lease Rental Receivable	Level 02	2,656,513	2,621,618
Loans and Advances	Level 02	5,723,480	5,734,188
Financial Liabilities			
Interest Bearing Borrowings	Level 02	5,924,609	5,977,930

For the following list of Financial Instrument whose carrying amount is a reasonable approximation of fair value because, for example, they are short-term in nature or reprice to current market rates frequently.

Assets
Cash and Bank Balances
Placements with Banks and Other Financial Institutions
Gold Advances
Other Financial Assets

Financial Liabilities
Bank Overdraft
Due to the Customers
Other Financial Liabilities

36. CURRENT AND NON CURRENT ANALYSIS OF ASSETS & LIABILITIES

Table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

As at 31 March 2026	Within 12-Months LKR '000	After 12-Months LKR '000	Total LKR '000
ASSETS			
Cash and Bank Balances	423,093	-	423,093
Investment in Government Securities	2,294,257	-	2,294,257
Placements with Banks and Other Financial Institutions	301,207	100,000	401,207
Gold Advances	9,184,232	-	9,184,232
Lease Rentals Receivable and Loans and Advances	7,062,638	10,699,391	17,762,029
Other Financial Assets	17,606	12,220	29,826
Other Non Financial Assets	91,521	48,262	139,783
Financial Investments-Measured at FVOCI	-	458	458
Property, Plant and Equipment	-	654,923	654,923
Intangible Assets	-	29,517	29,517
Deferred Tax Assets		60,429	60,429
Total Assets	19,374,554	11,605,200	30,979,754

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36. CURRENT AND NON CURRENT ANALYSIS OF ASSETS & LIABILITIES (CONTD....)

	Within 12-Months LKR '000	After 12-Months LKR '000	Total LKR '000
LIABILITIES			
Interest Bearing Borrowings	10,128,043	7,048,027	17,176,070
Due to the Customers	6,742,200	787,975	7,530,175
Subordinate Liabilities	-	1,000,626	1,000,626
Other Financial Liabilities	1,016,908	357,702	1,374,610
Other Non Financial Liabilities	81,005	-	81,005
Current Tax Liabilities	209,263		209,263
Retirement Benefit Liability	-	47,021	47,021
Total Liabilities	18,177,419	9,241,351	27,418,770
Net Assets	1,197,135	2,363,849	3,560,984

As at 31 March 2025	Within 12-Months LKR '000	After 12-Months LKR '000	Total LKR '000
ASSETS			
Cash and Bank Balances	178,134	-	178,134
Investment in Government Securities	1,248,944	-	1,248,944
Financial Investments-Measured at Fair Value Through PL	-	-	-
Placements with Banks and Other Financial Institutions	101,076	50,000	151,076
Gold Advances	6,422,978	-	6,422,978
Lease Rental Receivable and Loans and Advances	2,961,415	5,418,578	8,379,992
Other Financial Assets	2,614	18,399	21,012
Other Non-Financial Assets	47,786	25,624	73,410
Financial Investments-Measured at Fair Value through OCI	-	458	458
Inventories	-	-	-
Property, Plant and Equipment	-	584,939	584,939
Intangible Assets	-	34,498	34,498
Deferred Tax Assets		35,978	35,978
Total Assets	10,962,947	6,168,474	17,131,419
LIABILITIES			
Interest Bearing Borrowings	4,974,480	547,494	5,521,974
Due to the Customers	5,416,825	268,533	5,685,358
Other Financial Liabilities	317,371	275,210	592,581
Other Non Financial Liabilities	104,445	-	104,445
Current Tax Liabilities	62,723	-	62,723
Retirement Benefit Liability	-	49,037	49,037
Total Liabilities	10,875,844	1,140,274	12,016,118
Net Assets	87,103	5,028,200	5,115,301

37. COMMITMENT AND CONTINGENCIES

There were no significant capital commitment and contingencies as of the reporting date.

37.1 Litigation Against Company

The Company does not have contingent liabilities in respect of legal claims arising in the ordinary course of business.

37. COMMITMENT AND CONTINGENCIES (CONTD....)

37.2 Assets Pledged

The following assets have been pledged as security for liabilities.

Nature of Assets	Nature of Liability	Carrying Amount Pledged 2026 LKR '000	2025 LKR '000	Included Under
Lease Rentals Receivable *	Bank Loans and Overdrafts	1,922,495	2,038,422	Lease Rentals Receivable
Loan Receivable*	Bank Loans and Overdrafts	13,030,394	5,666,850	Loans and Advances
Gold Advances*	Bank Loans and Overdrafts	9,002,424	6,260,145	Gold Advances
		23,955,313	13,965,417	

* The receivables and cash flows that have been included in securitisation transactions are only available for payment of the debt and other obligations issued or arising in the securitisation transactions. However, the Company holds the right to the excess cash flows not needed to pay the debt and other obligations issued or arising in each of the securitisation transactions.

38. EVENT OCCURRING AFTER THE REPORTING DATE

Subsequent to the reporting date, no circumstances have arisen which would require adjustments to, or disclosure in Financial Statement.

39. RELATED PARTY TRANSACTIONS

The Company carries out transactions in the ordinary course of business with the parties who are defined as "Related Parties" in LKAS-24- Related Party Disclosures.

Terms and Conditions
All such transactions entered into with the related parties are on an arms' length basis and are comparable with what is applied to the transactions with unrelated customers with similar credit standing.

Details of related party transactions which the Company had during the year are as follows:

39.1 Transactions with Key Managerial Personnel (KMPs)

The Company has identified and disclosed those personnel having the authority and responsibility for planning, directing and controlling the activities of the company as "Key Management Personnel" in accordance with LKAS 24-"Related Party Disclosures'. Accordingly, Board of Directors, Chief Executive Officer, Members of Corporate Management team have been identified as "Key Management Personnel'.

39.1.1 Compensation to KMP

	2026 LKR '000	2025 LKR '000
Short Term Employment Benefits	133,218	88,770
Post Employment Benefits	-	14,850
	133,218	103,620

In addition to the above, the Company has also paid non-cash benefits such as vehicles and fuel to key management personnel in line with the approved employment benefits of the Company.

39.1.2 Transaction with KMP and their Close Family Members

Aggregate value of transactions with KMP and their CFM are disclosed below. These transactions are carried out at Arm's length prices.

	2026 LKR '000	2025 LKR '000
Fixed Deposits accepted during the year	11,933	10
Fixed Deposits held at the end of the year	5,933	110
Interest paid during the year	50	-

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39. RELATED PARTY TRANSACTIONS (CONTD....)

39.2 Transaction, arrangements and agreements involving with Entities which are controlled, and/or jointly controlled by the KMP's and their CFMs or shareholders

	Nature of Relationship	Amount of the Transactions during the year LKR '000	Outstanding Receivables/ (Payables) Balance as at 31/3/2026 LKR '000	Outstanding Receivables/ (Payables) Balance as at 31/3/2025 LKR '000
Ideal Motors (Pvt) Ltd.	Affiliate Company			
Vehicle Repair Services		318	-	(78)
Vehicle Purchases		40,445	-	-
Other Purchases & Services		21,842	(4,749)	-
Ideal Premier (Pvt) Ltd	Affiliate Company			
Vehicle Repair Services		74	-	-
Ideal First Choice (Pvt) Ltd	Affiliate Company			
Vehicle Repair Services		127	-	-
Prompt Express Private Limited	Affiliate Company			
Lease and Loan Receivables		-	438	2,836
Courier Service Charges		3,530	(288)	(655)
Mahindra & Mahindra				
Trade Mark Fee and Other services	Ultimate Parent Company	450	(90)	-
Ideal Automotive Parts Private Limited	Affiliate Company			
Lease and Loan Receivables		-	-	5,006
Ideal Automobile Private Limited	Affiliate Company			
Fixed Deposits placed with the Company		-	750	750
Interest Expenses on Fixed Deposits		71	4	4

40. CAPITAL

The Company maintains capital in order to cover the risks inherent in the business and meet the capital adequacy requirements of the Central Bank of Sri Lanka. The adequacy of the Company's capital is monitored based on these measures, rules and ratios adopted by Central Bank of Sri Lanka.

40.1 Capital Management

The primary objective of Company's capital management policy is to ensure that the Company complies with externally imposed capital requirements and healthy capital ratios in order to support its business and to maximise the shareholders' value.

Regulatory Capital

The Company manages its capital considering the regulatory capital requirements. The Central Bank of Sri Lanka(CBSL) sets and monitors capital requirements for licensed finance companies. Accordingly, finance companies in Sri Lanka need to maintain a minimum total capital adequacy ratio of 12.5% and a minimum core capital adequacy ratio (Tier I) of 8.5%.The Company has always maintained the Capital Adequacy Ratio above the minimum regulatory requirements. The Company's Tier I and Tier II capital adequacy ratios as at the end of the financial year stood at 14.93% and 15.05% respectively.

41. RISK MANAGEMENT

41.1 Introduction

Risk is inherent in the Company's activities, but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities.

RISK MANAGEMENT FRAMEWORK

The Board of Directors holds ultimate responsibility for the establishment and oversight of the Company's risk management framework and has delegated this responsibility to the Board Integrated Risk Management Committee (BIRMC), which is responsible for developing and monitoring risk management policies and practices. The BIRMC is chaired by an Independent Director and comprises only Non-Executive Directors, with a majority being Independent Directors, while the MD/CEO and key Executive Officers attend meetings as permanent invitees. The Committee meets on a bi-monthly basis, and the Board is regularly updated on its activities and key outcomes.

RISK MANAGEMENT AND REPORTING

Monitoring and controlling risks are primarily performed based on policies, limits and thresholds established by the Company. These limits reflect the business strategy and market environment of the Company as well as the level of risk that the Company is willing to accept.

41.2 Credit Risk

Credit risk is the risk that arises due to the uncertainty in counterparty's ability to meet its obligations. The risk of loss of principal or loss of a financial reward stemming from a borrower's failure to repay a loan or otherwise meet a contractual obligation. The Company considers a financial instrument defaulted for impairment calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

41.2.1 Credit Quality of Financial Assets :

The following table sets out information about credit quality of leases and loans measured at amortised cost primarily based on days past due information. The amount represents gross carrying amount.

Particulars	31st March 2026	31st March 2025
Gross carrying value of Lease Rental Receivables		
Neither Past due nor impaired	1,260,964	1,412,791
Past Due but not impaired		
30 days past due	778,444	748,399
31-90 days past due	372,742	440,691
Impaired (more than 90 days)	136,966	130,418
Total Gross carrying value as at reporting date	2,549,116	2,732,299

Particulars	31st March 2026	31st March 2025
Gross carrying value of Loans and Advances		
Neither Past due nor impaired	17,390,380	3,347,849
Past Due but not impaired		
30 days past due	4,610,629	1,902,964
31-90 days past due	2,456,320	467,951
Impaired (more than 90 days)	336,430	108,701
Total Gross carrying value as at reporting date	24,793,759	5,827,464

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41. RISK MANAGEMENT (CONTD....)

41.2.2 Analysis of Risk Concentration

41.2.2.1 Industry Analysis

The following table shows the risk concentration by industry for the components of the Statement of Financial Position.

Sector wise Break Down as at 31 March 2026	Cash & Bank Balances LKR '000	Investment in Government Securities at Amortized cost LKR '000	Placement with Bank & Other Financial Institutions LKR '000	Lease Rental Receivables and Loans and Advances LKR '000	Financial Investments- Measured at Fair Value through OCI LKR '000	Gold Advances LKR '000	Other Financial Assets LKR '000	Total Financial Assets LKR '000
Agriculture	-	-	-	493,111	-	-	-	493,111
Manufacturing	-	-	-	553,587	-	-	-	553,587
Construction	-	-	-	796,962	-	-	-	796,962
Financial Services	423,093	2,295,099	401,207	268,933	-	-	-	3,388,332
Trading	-	-	-	1,777,921	-	-	-	1,777,921
Hotels	-	-	-	508,385	-	-	-	508,385
Services	-	-	-	352,934	458	-	-	353,392
Transport	-	-	-	7,059,884	-	-	-	7,059,884
Consumer	-	-	-	5,950,311	-	9,184,233	29,826	15,164,370
Total	423,093	2,295,099	401,207	17,762,028	458	9,184,233	29,826	30,095,944

Provincial break down for lease and loan receivables within Sri Lanka as follows.

Province	Lease Rental Receivables	Loans & Advances	Gold Advances
Central	174,675	544,108	1,421,612
North Central	149,943	859,666	231,841
North Western	197,969	706,011	400,878
Northern	108,985	267,890	1,824,177
Sabaragamuwa	253,782	1,531,126	553,110
Southern	197,983	712,760	658,962
Uva	426,121	598,813	1,328,463
Western	1,039,658	10,324,409	2,829,932
Total	2,549,116	15,544,783	9,248,975

41. RISK MANAGEMENT (CONTD....)

41.2.1 Analysis of Risk Concentration (Contd…)

41.2.2.1 Industry Analysis (Contd…)

Sector wise Break Down as at 31 March 2025	Cash & Bank Balances	Investment in Government Securities at Amortised cost LKR '000	Placement with Bank & Other Financial Institutions LKR '000	Lease Rental Receivables and Loans and Advances LKR '000	Financial Investments- Measured at Fair Value through OCI LKR '000	Gold Advances LKR '000	Other Financial Assets LKR '000	Total Financial Assets LKR '000
Agriculture	-	-	-	306,721	-	-	-	306,721
Manufacturing	-	-	-	337,613	-	-	-	337,613
Construction	-	-	-	179,356	-	-	-	179,356
Financial Services	178,134	1,248,944	151,076	130,559	-	-	-	1,708,713
Trading	-	-	-	684,636	-	-	-	684,636
Hotels	-	-	-	131,928	-	-	-	131,928
Services	-	-	-	6,505,579	458	-		6,506,037
Transport	-	-	-	-	-	-	-	-
Consumer	-	-	-	103,599	-	6,422,978	21,012	6,547,589
Total	178,134	1,248,944	151,076	8,379,991	458	6,422,978	21,012	16,402,593

Provincial break down for lease rental receivable within Sri Lanka is as follows.

Province	Lease Rental Receivables	Loans & Advances	Gold Advances
Central	138,403	195,524	824,756
North Central	145,980	684,024	188,560
North Western	310,834	639,854	322,992
Northern	173,693	81,794	1,517,556
Sabaragamuwa	123,706	199,334	361,588
Southern	318,483	249,679	465,406
Uva	504,960	193,004	880,552
Western	1,016,238	3,584,252	1,906,857
Total	2,732,297	5,827,465	6,468,267

41. RISK MANAGEMENT (CONTD....)

41.2.3 Collaterals and Other Credit Enhancement

Quantitative Information of Collaterals

The Company monitors its exposure to loan portfolio using the Loan To Value (LTV) ratio, which is calculated as the ratio of the gross amount of the loan to the value of the collateral. The value of the collateral at origination is considered for this calculation.

Gross value of secured assets to value of collateral:

Loan To Value	31st March 2026 Gross Value of Secured assets LKR '000	31st March 2026 Gross Value of Stage 3 assets LKR '000	31st March 2025 Gross Value of Secured assets LKR '000	31st March 2025 Gross Value of Stage 3 assets LKR '000
Upto 50%	8,155,891	146,063	3,123,894	122,701
51 - 70%	11,209,841	157,399	8,238,834	103,241
71 - 100%	7,977,142	169,933	3,665,764	52,999
Above 100%	-	-	359	359
	27,342,874	473,395	15,028,851	279,300

The table below provides an analysis of the current fair values of collateral held and credit enhancements for Stage 1 to 3 assets. However, the Stage 3 ECL can be higher than net exposure shown below when the future value of collaterals, measured using the multiple economic scenarios, is expected to decline. Revaluation of immovable properties obtained as collaterals against any accommodation granted are assessed based on the requirements in Direction No 04 of 2018 on 'Valuation of Immovable Properties' and subsequent amendments thereto issued by the Central Bank of Sri Lanka (CBSL). The assessment of immovable properties is carried out by independent professional valuers as required by the said direction issued by CBSL

As at 31 March 2026	Maximum Exposure to Credit risk LKR '000	Fair Value of Collateral under Base case Scenario: Immovable Collaterals LKR '000	Movable Collaterals LKR '000	Total Collaterals LKR '000	Net Exposure LKR '000	Associated ECL LKR '000
Stage 1	24,040,416	9,943	46,422,035	46,431,978	-	183,772
Stage 2	2,829,062	11,900	5,243,996	5,255,896	-	53,025
Stage 3	473,396	81,377	784,798	866,175	-	159,815
	27,342,874	103,220	52,450,829	52,554,049	-	396,612

As at 31 March 2025	Maximum Exposure to Credit risk LKR '000	Fair Value of Collateral under Base case Scenario: Immovable Collaterals LKR '000	Movable Collaterals LKR '000	Total Collaterals LKR '000	Net Exposure LKR '000	Associated ECL LKR '000
Stage 1	13,154,197	19,629	24,111,598	24,131,229	-	100,819
Stage 2	1,595,356	28,349	2,996,379	3,024,727	-	26,228
Stage 3	279,297	82,978	458,737	541,716	-	98,011
	15,028,850	130,956	27,566,714	27,697,672	-	225,058

41. RISK MANAGEMENT (CONTD....)

41.3 Liquidity Risk & Funding Management

Liquidity risk refers to the possibility of Company not having sufficient cash to meet its payment obligations. This arises primarily due to mismatches in the maturity profile of Company's assets and liabilities. Adequate liquidity is critical to meet the Company's financial commitment and to accommodate additional funding needs of the growing business volumes.

The Company's primary objective in liquidity risk management is to ensure adequate funding for its businesses throughout market cycles.

Furthermore, the Company maintains the statutory liquid assets ratio at its required level as a method to measure and control the liquidity risk.

41.3.1 Analysis of Financial Assets and Liabilities by Remaining Contractual Maturities

The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities.

As at 31st March 2026	On Demand LKR '000	Less Than 3 Months LKR '000	3 to 12 Months LKR '000	1 to 5 years LKR '000	Over 5 Years LKR '000	Total LKR '000
Financial Assets						
Cash and Bank Balances	423,093	-	-	-	-	423,093
Placements with Banks and Other Financial Institutions	-	303,422	7,924	109,806	-	421,152
Investment in Government Securities	1,947,977	250,821	100,000	-	-	2,298,798
Gold Advances	1,231,032	8,260,337	25,133	-	-	9,516,502
Lease Rentals Receivable	123,309	352,738	959,060	1,836,156	-	3,271,263
Loans and Advances	250,464	1,438,278	5,642,022	10,646,920	37,986	18,015,670
Financial Investments-Measured at Fair Value through OCI	-	-	-	-	458	458
Other Financial Assets	-	17,318	288	3,305	8,915	29,826
Total Financial Assets	3,975,875	10,622,914	6,734,427	12,596,187	47,359	33,976,762
Financial Liabilities						
Interest Bearing Borrowings	999,187	1,281,624	8,154,308	8,096,279	-	18,531,398
Due to the Customers	-	2,476,566	4,597,272	922,971	-	7,996,809
Subordinate Liabilities	-	-	119,267	1,477,069	-	1,596,336
Other Financial Liabilities	-	966,046	-	-	-	966,046
Obligation to Make the Lease Payment	-	24,716	74,999	355,683	156,808	612,206
Total Financial Liabilities	999,187	4,748,952	12,945,846	10,852,002	156,808	29,702,795
Total Net Financial Assets/ (Liabilities)	2,976,688	5,873,962	(6,211,419)	1,744,185	(109,449)	4,273,967

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41. RISK MANAGEMENT (CONTD....)

41.3 Liquidity Risk & Funding Management (Contd...)

41.3.1 Analysis of Financial Assets and Liabilities by Remaining Contractual Maturities (Contd....)

As at 31st March 2025

	On Demand LKR '000	Less Than 3 Months LKR '000	3 to 12 Months LKR '000	1 to 5 years LKR '000	Over 5 Years LKR '000	Total LKR '000
Financial Assets						
Cash and Bank Balances	178,134	-	-	-	-	178,134
Placements with Banks and Other Financial Institutions	-	101,981	4,319	59,223	-	165,523
Investment in Government Securities	857,289	100,000	304,583	-	-	1,261,872
Gold Advances	1,437,759	5,030,512	817	-	-	6,469,088
Lease Rental Receivable	130,946	364,432	1,008,141	2,024,162	-	3,527,681
Loans and Advances	94,302	550,958	1,740,661	4,205,782	4,333	6,596,036
Financial Investments-Measured at Fair Value through OCI	-	-	-	-	458	458
Other Financial Assets	-	1,648	966	2,788	15,611	21,013
Total Financial Assets	2,698,430	6,149,531	3,059,487	6,291,955	20,402	18,219,805
Financial Liabilities						
Interest Bearing Borrowings	1,025,067	420,622	3,738,410	2,341,922	-	7,526,021
Due to the Customers	-	2,045,209	3,688,614	979,508	-	6,713,331
Other Financial Liabilities	140,069	141,982	617	-	-	282,668
Obligation to Make the Lease Payment	-	19,536	59,599	315,070	155,220	549,425
Total Financial Liabilities	1,165,136	2,627,349	7,487,240	3,636,500	155,220	15,071,445
Total Net Financial Assets/ (Liabilities)	1,533,294	3,522,182	(4,427,753)	2,655,455	(134,818)	3,148,360

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41. RISK MANAGEMENT (CONTD….)

41.4 Interest Rate Risk

Interest rate risk is a key constitute of the market risk exposure of the Company due to adverse and unanticipated movements in future interest rate which arises from core business activities; granting of credit facilities, accepting deposits and issuing debt instruments.

Due to the nature of operations of the Company, the impact of interest rate risk is mainly on the earnings of the Company rather than the market value of portfolios. Several factors give rise to interest rate risk; among these are term structure risk, which arises due to the mismatches in the maturities of assets and liabilities; basis risk which is the threat to income arises due to differences in the bases of interest rates.

Excessive movements in market interest rate could result in severe volatility to Company's net interest income and net interest margin. Company's exposure to interest rate risk is primarily associated with factors such as;

Interest Rate Risk Exposure on Financial Assets & Liabilities

The table below analyses the Company's interest rate risk exposure on financial assets & liabilities. The Company's assets & liabilities are included at carrying amount and categorised by the earlier of contractual repricing or maturity dates.

As at 31st March 2026		Interest Bearing				
Financial Assets	**Total As at 31-03-2026 LKR '000**	**Less Than 3 Months LKR '000**	**3 to 12 Month LKR '000**	**1 to 5 Years LKR '000**	**Over 5 Years LKR '000**	**Non-Interest Bearing LKR '000**
Cash and Bank Balances	423,093	-	-	-	-	423,093
Investment in Government Securities and Placements with Banks	2,695,464	2,300,796	294,668	100,000	-	-
Gold Advances	9,248,975	9,225,324	23,651	-	-	-
Lease Rentals Receivable	2,549,117	366,342	695,390	1,487,385	-	-
Loans and Advances	15,544,783	1,456,180	4,876,597	9,176,324	35,682	-
Financial Investments-Measured at Fair Value through OCI	458	-	-	-	-	458
Other Financial Assets	29,826	-	-	-	-	29,826
Total Financial Assets	30,491,716	13,348,642	5,890,306	10,763,709	35,682	453,377
Financial Liabilities						
Interest Bearing Borrowings	17,176,070	2,506,872	7,621,171	7,048,027	-	-
Due to the Customers	7,530,175	2,611,695	4,130,505	787,975	-	-
Subordinate Liabilities	1,000,626	-	-	1,000,626	-	-
Other Financial Liabilities	1,374,610	977,974	38,934	227,612	130,090	-
Total Financial Liabilities	27,081,481	6,096,541	11,790,610	9,064,240	130,090	-
Interest Sensitivity Gap	3,410,235	7,252,101	(5,900,304)	1,699,469	(94,408)	453,377

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41. RISK MANAGEMENT (CONTD....)

41.4 Interest Rate Risk (Contd...)

As at 31st March 2025	Total As at 31-03-2025	Interest Bearing				Non-Interest Bearing
		Less Than 3 Months	3 to 12 Month	1 to 5 Years	Over 5 Years	
Financial Assets	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Cash and Bank Balances	178,134	-	-	-	-	178,134
Investment in Government Securities and Placements with Banks	1,248,944	955,091	293,853	-	-	2,497,888
Gold Advances	6,469,088	6,468,271	817	-	-	12,938,176
Lease Rental Receivable	2,732,299	377,788	719,336	1,635,175	-	5,464,598
Loans and Advances	5,826,343	553,555	1,489,386	3,783,402	-	11,652,686
Financial Investments-Measured at Fair Value through OCI	458	-	-	-	-	458
Other Financial Assets	21,012	-	-	-	-	21,012
Total Financial Assets	16,476,278	8,354,705	2,503,392	5,418,577	-	32,752,952
Financial Liabilities						
Interest Bearing Borrowings	6,949,676	1,362,884	3,544,306	2,042,486	-	13,899,352
Due to the Customers	6,254,214	2,024,335	3,392,490	837,389	-	12,508,428
Other Financial Liabilities	639,589	290,090	27,281	192,158	130,060	1,279,178
Total Financial Liabilities	13,843,479	3,677,309	6,964,077	3,072,033	130,060	27,686,958
Interest Sensitivity Gap	2,632,799	4,677,396	(4,460,685)	2,346,544	(130,060)	5,065,994

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42. OPERATING SEGMENTS

As at 31st March 2026	Finance Lease LKR '000	Gold Loan LKR '000	Loans and Advances LKR '000	Other LKR '000	Total LKR '000
Interest Income	574,547	1,669,771	1,568,472	65,339	3,878,129
Commission Income				35,432	35,432
Other Income	7,123	251,572	62,634	26,973	348,302
	581,670	1,921,343	1,631,106	127,744	4,261,863

As at 31st March 2025	Finance Lease LKR '000	Gold Loan LKR '000	Loans and Advances LKR '000	Other LKR '000	Total LKR '000
Interest Income	646,765	1,138,127	559,799	99,874	2,444,565
Commission Income				16,498	16,498
Other Income	10,617	128,419	30,354	110,416	279,806
	657,382	1,266,546	590,153	226,788	2,740,869

43. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Sri Lanka Accounting Standards LKAS 7 (Statement of Cash Flows), requires an entity to disclose information that enables the users of Financial Statements to evaluate the changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Accordingly, changes in liabilities arising from financing activities for the year ended 31 March 2026 are disclosed below.

	Securitisation Borrowing LKR '000	Bank Borrowing LKR '000
Balance as at 01st April 2025	2,084,274	3,840,335
Net cash flows from financing activities	2,387,484	7,530,096
Non cash changes		
Foreign exchange movements	-	-
Amortization of loan origination costs	(8,538)	(35,310)
Accrual for interest expense	343,387	35,154
Balance as at 31st March 2026	4,806,607	11,370,275

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