UNMATCHED RESILIENCE UNIFIED STRENGTH

Annual Report
2023/24

UNMATCHED RESILIENCE, UNIFIED STRENGTH

IN THE MIDST OF A CHALLENGING ECONOMIC LANDSCAPE, ORIENT FINANCE PLC EMERGES AS A SHINING DIAMOND, SURPASSING THE 20 BILLION ASSET MARK WITH REMARKABLE GROWTH. DESPITE THE CONTINUED SITUATION IN THE COUNTRY, ORIENT FINANCE HAS NOT ONLY PERSEVERED BUT THRIVED, TRANSFORMING CHALLENGES INTO OPPORTUNITIES THROUGH STRATEGIC RESTRUCTURING AND UNWAVERING DEDICATION TO SERVICE EXCELLENCE.

WITH THE OPENING OF FOUR NEW BRANCHES, ORIENT FINANCE EXTENDS ITS REACH TO BETTER SERVE ITS CLIENTELE ACROSS THE NATION. SIMULTANEOUSLY, ORIENT FINANCE HAS FULLY EMBRACED DIGITALIZATION, LEVERAGING AI AND BI TECHNOLOGIES TO ENHANCE EFFICIENCY AND SERVICE DELIVERY.

AS ORIENT FINANCE PLC CONTINUES TO SHINE BRIGHTLY IN THE FINANCIAL LANDSCAPE, ITS JOURNEY SERVES AS AN INSPIRATION TO ALL. THROUGH RESILIENCE, INNOVATION AND A RELENTLESS COMMITMENT TO EXCELLENCE, ORIENT FINANCE HAS PROVEN ITSELF AS A TRUE DIAMOND, WEATHERING STORMS AND EMERGING STRONGER THAN EVER. WITH A STEADFAST FOCUS ON EMPLOYEE EMPOWERMENT, CUSTOMER SATISFACTION AND TECHNOLOGICAL INNOVATION, ORIENT FINANCE IS POISED TO REDEFINE THE FUTURE OF FINANCE, SETTING NEW STANDARDS OF SUCCESS AND SUSTAINABILITY IN THE PROCESS.

CONTENT

ABOUT US

VISION

To be a leading provider of unique Financial Solutions

MISSION

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

CORE VALUES

- **Ethics and Honest:** Uphold the highest ethical standards and balance the interests of all our stakeholders in a fair and equitable manner.
- **Collaborative:** Always work as one team across all functions to deliver the best possible experience to our stakeholders.
- **Respectful:** Treat others the way you expected to be treated. Respect and value everyone's opinion, time and space.
- **Performance Driven:** Maintain a consistently high level of quality across all your work and deliver results on all your commitments
- **Transparent:** Always share relevant information, intentions, rationales and expectations openly and clearly and ready to give and receive feedback.

OVERVIEW

ABOUT THE REPORT: NAVIGATING A YEAR OF INTEGRATED THINKING

Welcome to Orient Finance PLC Integrated Annual Report for the financial year ended on March 31, 2024. This report serves as a testament to our commitment to integrated thinking, showcasing how we intertwine sustainability, governance and financial performance in our business approach. Through comprehensive insights, we aim to provide stakeholders with a transparent view of our operations, strategy, performance and initiatives.

KEY HIGHLIGHTS:

Integrated Approach: Our report delves into how we integrate sustainability considerations into our core business activities, demonstrating our dedication to long-term value creation and sustainable growth.

Stakeholder Engagement: We prioritize stakeholder engagement and feedback, recognizing their importance in shaping our strategies and decisions. Insights from key stakeholders inform our approach to business and sustainability.

Business Environment: A detailed analysis of the prevailing business environment provides context for our strategic decisions and actions. We address challenges and opportunities, positioning ourselves for success in a dynamic landscape.

Strategy and Actions: Our strategic approach and key initiatives are outlined, highlighting how we align our activities with our long-term objectives and values.

Operational and Financial Performance: We provide a comprehensive review of our operational and financial performance, demonstrating our commitment to transparency and accountability.

Risk Management and Governance: Our robust risk management and governance practices are discussed, showcasing our dedication to sound business practices and compliance.

Social Responsibility Initiatives: We detail our social responsibility initiatives, illustrating our commitment to making a positive impact on society and the environment.

REPORTING STANDARDS:

This report has been prepared in accordance with the guidelines set out by the Global Reporting Initiative (GRI), ensuring transparency and consistency in reporting. While sustainability reporting is not externally assured, the information provided has been reviewed and confirmed by senior management for materiality and comprehensiveness.

The Financial Statements included in this report comply with the Sri Lanka Accounting Standards (SLFRS/LKAS) and are audited for accuracy and compliance. Additionally, the report adheres to the requirements of the integrated reporting framework of the International Integrated Reporting Council (IIRC) and the Corporate Governance guidelines issued by relevant authorities.

INQUIRIES:

For any queries or clarifications regarding this integrated annual report, please contact:

Name	: M A M Arshath
Designation	: Head of Finance
Contact Number	: 0117 577 577
E-mail	: arshath@orient.lk
Address	: No. 19, Railway Avenue, Nugegoda

ABOUT THE COMPANY

PIONEERING EXCELLENCE IN FINANCE

OUR DIRECTION

Orient Finance PLC stands at the forefront of revolutionizing the financial industry. With purposeful strategies aimed at generating long-term value for all stakeholders, we are dedicated to supporting the wealth-creation journey of our esteemed customers. Our unique business approach and corporate culture go beyond conventional financial solutions, empowering our clients and fostering mutual growth.

OUR LEGACY

Established in 1981, Orient Finance PLC, formerly known as Bartleet Finance PLC, has embarked on a new growth trajectory under the esteemed umbrella of Janashakthi Limited. For over four decades, we have served a diverse clientele with timely, relevant and resourceful financial solutions. Our comprehensive range of services includes deposit mobilization, savings accounts, leasing, hire purchase, pledge loans, factoring, gold loans, working capital, corporate financing and range of Islamic Finance Product.

OUR DRIVE

At Orient Finance PLC, our primary drive is to support our customers on their business journey. We offer straightforward, innovative and relevant financial solutions that minimize risk and maximize return on investment. Our products and services empower clients to adapt to the modern world and pursue sustainable growth, thereby fostering long-term success.

OUR CORE VALUES

Ethical conduct, honesty, transparency, a performance-driven business approach, respect and collaboration are the cornerstone of our organization. These core values guide our growth and ensure that we consistently deliver exceptional service to our valued stakeholders. At Orient Finance PLC, we are committed to upholding these principles in every aspect of our operations as we continue to pioneer excellence in the financial industry.

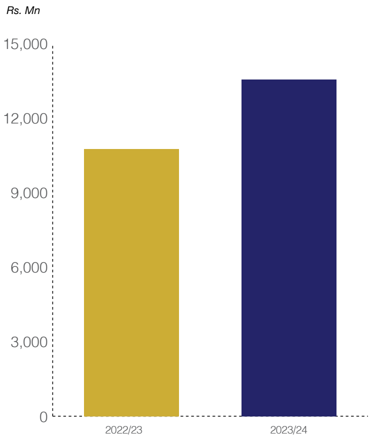
FINANCIAL HIGHLIGHTS

		2023/24	2022/23	Change %
Income	Rs. Mn	**4,868.24**	3,820.23	27.43%
Interest Income	Rs. Mn	**4,601.53**	3,593.06	28.07%
Interest Expenses	Rs. Mn	**(2,807.12)**	(2,600.02)	7.97%
Net Interest Income	Rs. Mn	**1,794.41**	993.04	80.70%
Profit/(Loss) Before Tax	Rs. Mn	**349.48**	(69.57)	602.35%
Profit/(Loss) After Tax	Rs. Mn	**348.53**	(72.05)	583.73%
Position at the Year end				
Shareholders' Funds	Rs. Mn	**3,602.93**	3,281.01	9.81%
Deposits from Customers	Rs. Mn	**13,556.43**	10,759.50	25.99%
Loans and Advances to Customers	Rs. Mn	**15,658.74**	12,941.01	21.00%
Total Assets	Rs. Mn	**20,477.36**	17,468.87	17.22%
Per Share				
Earnings/(Loss) per Share	Rs.	**1.65**	(0.34)	
Market Price Per Share	Rs.	**8.40**	8.90	
Net Assets Per Share (Year-end)	Rs.	**17.07**	15.54	
Ratios				
Cost to Income	%	**66.53**	93.44	
Interest Margin	%	**11.44**	6.73	
Return on Equity	%	**10.13**	(2.18)	
Return on Assets (Before Tax)	%	**1.84**	(0.40)	
Statutory Ratios				
Core Capital to Risk Weighted Assets Ratio	%	**15.22**	15.50	
(Minimum Requirement 2024 - 8.5%, 2023 - 8.5%)				
Total Capital to Risk Weighted Assets Ratio	%	**15.63**	16.58	
(Minimum Requirement 2024 - 12.50%, 2023 - 12.50%)				
Liquidity Ratio	%	**12.37**	12.23	

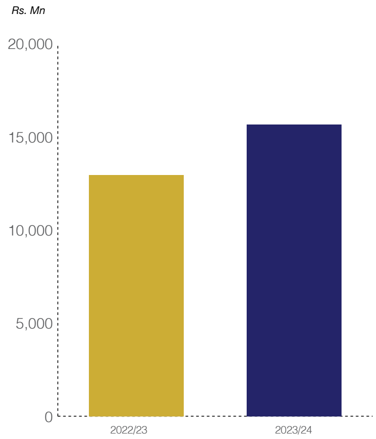
NON-FINANCIAL HIGHLIGHTS

Macro Dimension	Indicator	Measurement	2023/24	2022/23
Economic Well-being	Economic value creation	Rs. Mn	**4,027**	3,199
	Economic value distribution to:			
	Depositors and Lenders	Rs. Mn	**2,807**	2,600
	Employees	Rs. Mn	**666**	621
	Government	Rs. Mn	**205**	50
	Shareholders	Rs. Mn	**349**	(72)
Business Sophistication	Product and business solutions	No.	**10**	8
	Branch network	No.	**35**	31
	New branches	No.	**4**	-
	Total workforce	No.	**555**	492
	Employees recruited	No.	**284**	81
Employee Well-being	Total training hours	No.	**6,988**	67

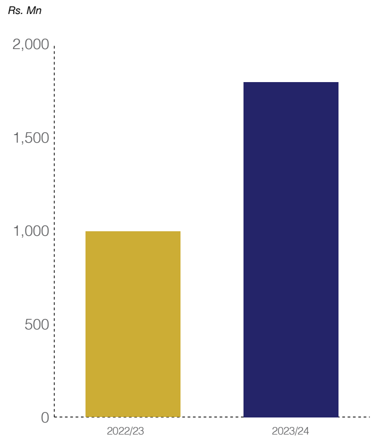
DEPOSITS FROM CUSTOMERS



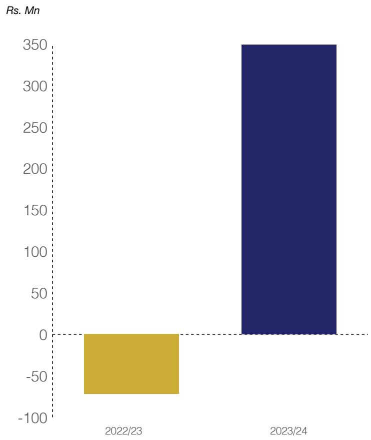
LOANS AND RECEIVABLES



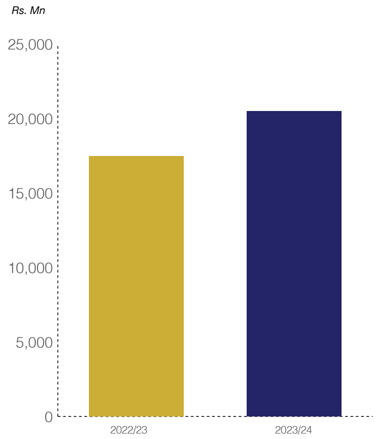
NET INTEREST INCOME



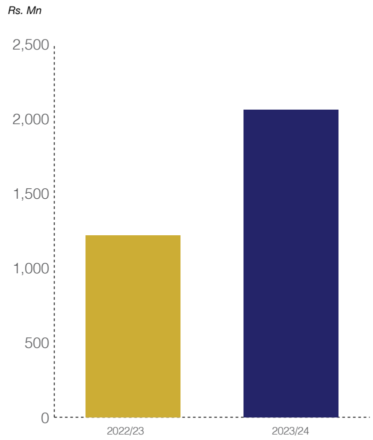
PROFIT/(LOSS) FOR THE YEAR



TOTAL ASSETS



TOTAL OPERATING INCOME



OUR CONTRIBUTION TO THE ECONOMY

	Year 2024 Rs. Mn	Year 2023 Rs. Mn
Sources of Income		
Interest Income	**4,602**	3,593
Fee & Commission Income	**162**	106
Other Income	**104**	121
Economic Value Generated	**4,868**	3,820

Utilisation of Income	Mechanism	Year 2024 Rs. Mn	Year 2023 Rs. Mn
Payments to Lenders	Interest expenses	**2,807**	2,600
Payments to Employees	Employee salaries and benefits	**666**	621
Cost of Services	Operational cost	**617**	400
Depreciation	Operational cost	**83**	118
Provision for Impairment Losses	Operational cost	**140**	103
Government Taxes - including deferred tax	Tax payments	**205**	50
Profit After Tax	Value retained	**349**	(72)
Economic Value Distribution		**4,868**	3,820

VALUE ALLOCATED TO LENDERS

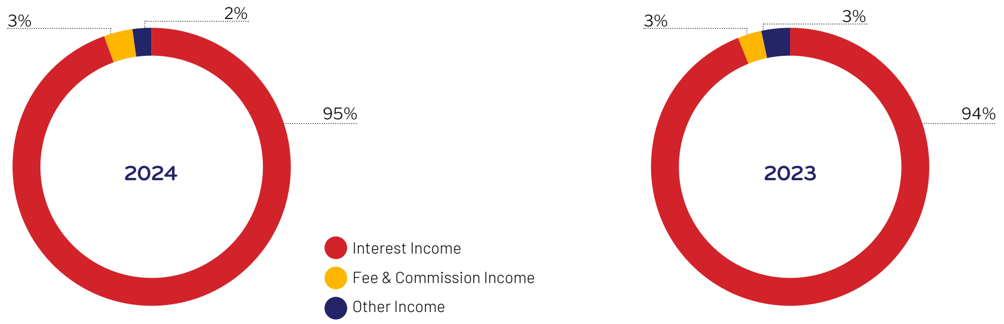
		Year 2024 Rs. Mn	Year 2023 Rs. Mn
As a financial services organisation we treated fixed deposit and savings holders as major stakeholders of the Company. We have paid Rs. 2,299 Mn as interest during the financial year.	Interest paid to fixed deposit holders	**2,297**	1,674
	Interest paid to savings deposit holders	**2**	3
	Interest paid to banks on borrowings	**442**	775

PERSONNEL EXPENSES

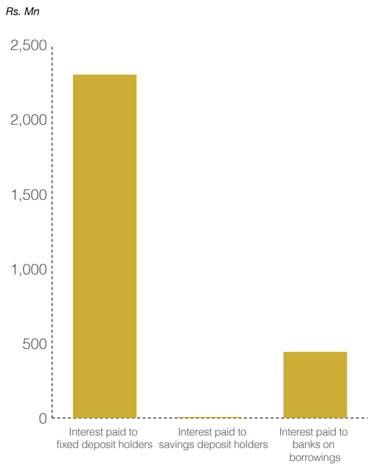
	Year 2024 Rs. Mn	Year 2023 Rs. Mn
Salaries and allowances	**666**	621

TAX PAYMENT TO GOVERNMENT

	Year 2024 Rs. Mn	Year 2023 Rs. Mn
Value added tax on financial services	**182**	41
Social Security Contribution Levy	**18**	5
Crop insurance levy	**3**	1
Stamp duty	**2**	3
Total	**205**	50
Collected and paid		
Stamp duty	**80**	21
Value added tax	**52**	-
Withholding tax	**121**	22
Total	**253**	43
Total tax payment to government	**458**	93



VALUE ALLOCATED TO LENDERS



CHAIRMAN'S MESSAGE

I am delighted to present the Annual Report and Financial Statements of Orient Finance PLC for the year ending on March 31, 2024. Our performance this year demonstrates our capacity to adapt, evolve and succeed in a dynamic business landscape. I am pleased to report that our strategic initiatives, coupled with the steadfast dedication of our team, have greatly improved our operational efficiency, customer satisfaction and overall financial performance.

ECONOMIC DEVELOPMENTS AND CHALLENGES

In the first half of 2023, we witnessed early signs of stabilization in Sri Lanka's economy. However, the macroeconomic outlook remains uncertain, largely dependent on successful debt restructuring and essential structural reforms. The economic crisis of 2022 exposed long-standing structural weaknesses, yet we are beginning to stabilize at a low-level equilibrium. While inflation is expected to remain in single digits for 2024/25 due to weak demand, we must remain cautious about potential monetary easing and exchange rate pressures.

Our financial sector requires vigilant monitoring due to high public sector exposure, rising non-performing assets and tight liquidity. Despite potential resistance to necessary adjustments, we are committed to reforms that protect our most vulnerable communities while carefully navigating political and social pressures.

COMPANY PERFORMANCE

Despite the challenging environment, I am pleased to report promising financial results for the year. Our net profit surged by 584% to Rs. 348.53 Mn, a testament to our robust growth strategy and effective cost management. Total assets increased by 17% to Rs. 20 Bn, significantly surpassing the industry standard of 8%, thanks to our dynamic approach to portfolio expansion and risk management.

PURSUING SUSTAINABILITY

We continuously emphasise the importance of sustainable operations throughout the Group, ensuring that governance, human rights, equality of treatment and gender balance are integral to our corporate ethos.

This year, we launched initiatives to reduce our carbon footprint and enhance community engagement, reinforcing our commitment to ESG principles as integral to our business strategy. This proactive approach ensures that we remain at the forefront of sustainability, enhancing our long-term viability and reputation.

We are fortunate to have a well-diversified and strong Board of Directors, whose extensive expertise spans company law, compliance, international financial institutions, credit and risk management. This diverse board composition, along with our active subcommittees, provides invaluable support to management in capacity building and oversight.

The board consistently communicates a vital message to management: "Business not at any price." This ethos reinforces the importance of operating within the applicable regulatory environment while upholding our commitment to ethical and responsible business practices. By prioritizing ESG, we are not only contributing to a sustainable future but also ensuring the enduring success of Orient Finance PLC.

GOOD GOVERNANCE

I am proud to affirm our Board's commitment to maintaining the highest standards of governance. Our adherence to sound management principles and continuous improvement is essential for sustaining trust and accountability. Over the past year, we have intensified our focus on enhancing governance practices, particularly in risk management, compliance and ethical conduct, while aligning with the new corporate governance requirements set forth by the CSE.

FUTURE OUTLOOK

Recent trends in the Sri Lankan economy provide reasons for optimism. The groundwork for a resilient and dynamic recovery is being laid through strategic reforms and robust policy frameworks. I anticipate a slow but sustained growth trajectory driven by key sectors such as tourism, agriculture and technology, supported by increasing foreign investments and improved trade relations. However, during the financial year, Orient Finance PLC has prioritised re-engineering our processes to enhance efficiency and meet our budgeted targets. Our long-term strategy emphasizes sustainable profitability, strengthening our balance sheet and building confidence in the Orient Finance PLC brand. Looking ahead, we are poised for growth through innovation, customer-centric solutions and sustainable practices. Our strategic priorities include further digital enhancements, expanding our product offerings and solidifying our market position.

APPRECIATION

I extend my heartfelt gratitude to my fellow Board members for their unwavering support during this challenging year. Special thanks go to our CEO, Mr. Jabir, for his dynamic leadership and fostering a spirit of teamwork among our dedicated staff. I also appreciate our shareholders for their continued support and extend my thanks to the Director and staff of the Non-Bank Supervision Department of the Central Bank of Sri Lanka, as well as the officials of the CSE, for their ongoing cooperation.

Together, we look forward to a brighter future for Orient Finance PLC.

Rajendra Theagarajah
Chairman

CHIEF EXECUTIVE OFFICER'S REVIEW

The financial year 2023/24 has proven to be a remarkable period for Orient Finance PLC, as we have demonstrated strong performance despite the challenging economic conditions. In the face of uncertainties and evolving market conditions, we have shown resilience and adaptability, solidifying our position as one of the leading finance institutions in Sri Lanka. Our commitment to innovation, customer-centricity and sustainable growth has been pivotal to our success this year. We have focused on maintaining consistency, stability and creating value for all our stakeholders.

In 2023/24, the finance industry in Sri Lanka faced a complex macroeconomic environment characterised by high inflation, modest economic growth, fiscal consolidation and technological advancements. Orient Finance PLC effectively adapted to these factors through strategic adjustments and operational improvements, sustaining growth and enhancing resilience. This year's performance reaffirms the validity and effectiveness of the longer-term strategies initiated in 2022/23, when the organisation embarked on a journey of reforming and rebuilding the team, restructuring the organisation and re-engineering processes.

ACHIEVING EXCELLENCE IN PERFORMANCE

I am pleased to report outstanding financial results for the year. Our net profit surged by 584% to Rs. 348.53 Mn, highlighting our robust growth strategy and effective cost management. Total assets increased by 17% to Rs. 20 Bn, reflecting exponential growth, surpassing industry standards of 8%, thanks to our dynamic approach to portfolio expansion and risk management. Our Net Interest Income grew by 81% to Rs. 1.79 Bn. This substantial increase was fuelled by higher loan disbursements and improved interest margins, reflecting our effective management of lending activities and enhanced profitability in core banking operations. Our Non-Interest Income rose by 17% to Rs. 266 Mn. This growth was underpinned by strong performances in fee-based services, highlighting our diversified revenue streams and adeptness in capitalizing market opportunities beyond traditional banking activities. Moreover, we achieved a commendable improvement in our Cost-to-Income Ratio, which decreased to 66.53% from 93.44% in the previous financial year. Additionally, we achieved an impressive 10.13% Return on Equity, up from -2.18% in the preceding financial year. Our Loan Portfolio expanded by 21% to reach Rs. 15.66 Bn. This growth was driven by robust contributions from the SME and microfinance sectors, reflecting our strategic focus on diversifying and expanding our loan portfolio while maintaining prudent risk management practices. We have maintained a high-quality portfolio while ensuring our Non-Performing Loan (NPL) levels remain below industry averages throughout the period.

RESILIENCE AND GROWTH: A REFLECTION ON ORIENT FINANCE PLC

As we reflect on the past five years, Orient Finance PLC stands as a beacon of resilience and adaptability within the finance industry. Despite facing formidable challenges both internally and externally, our journey has been marked by transformative achievements and unwavering commitment to our stakeholders. The year 2022/23 posed significant challenges, culminating a loss of Rs. 72.05 Mn. However, through strategic initiatives and a steadfast focus on operational efficiency, Orient Finance PLC swiftly rebounded, achieving a remarkable turnaround to profitability of Rs. 348.53 Mn in 2023/24. This achievement was particularly noteworthy given the backdrop of a nationwide lockdown and halted business activities, underscoring our ability to navigate adversity with agility and determination. Central to our success has been our customer-centric approach. By prioritizing the protection of our customers and forging strong partnerships, we have not only regained trust but also fostered enduring loyalty towards Orient Finance PLC. These relationships have served as the bedrock upon which we have built sustainable growth and strengthened our market position over the years. In the year under review, the industry faced new challenges, including increased motor vehicle prices, eroding disposable income of Sri Lankan citizens and fluctuations in interest rates. These factors hindered new customer acquisitions and posed obstacles to industry-wide growth. Despite these challenges, Orient Finance PLC continued to adapt and innovate, striving to maintain a competitive advantage amidst a dynamic economic landscape.

FUELING OPERATIONAL INNOVATION

At Orient Finance PLC, operational excellence is not just a goal it is a commitment embedded in every facet of our operations. In the year under review, our focus on enhancing customer engagement, expanding our branch network and fortifying our risk management framework has yielded significant results, reinforcing our position as a leader in the financial services sector. We are proud to report a substantial growth in our customer base, increasing by 23% over the past year. This growth translates to adding new clients, bringing our total customer count to 51,557 individuals and businesses. Moreover, recognising the importance of accessibility and localised service delivery, we strategically expanded our branch network in 2023/24. We successfully opened 04 new branches in underserved regions and upgraded existing ones. These initiatives have not only enhanced our geographical footprint but also improved convenience for our customers, ensuring easier access to our comprehensive range of financial products and services.
Our commitment to maintaining high credit quality and mitigating risks has also been pivotal in sustaining our financial stability. Through rigorous enhancements to our risk management framework, Orient Finance PLC achieved a commendable NPL ratio of 12.22%, well below the industry average.

DRIVING SUSTAINABLE GROWTH - STRATEGIC INITIATIVES AT OFP

In the financial year 2023/24, we pursued a robust array of strategic initiatives aimed at fostering sustainable growth, enhancing customer satisfaction and solidifying our competitive edge in the financial services industry. A cornerstone of our strategy has been the comprehensive digital transformation of our operations. We successfully transitioned our core banking system to a more versatile platform, laying the foundation for widespread digitalization and automation efforts. This initiative will streamline processes, improve operational efficiency and enable us to deliver seamless, innovative digital solutions to our customers.

CHIEF EXECUTIVE OFFICER'S REVIEW

To meet the evolving needs of our diverse client base, we introduced new financial products tailored to specific market segments. These included innovative offerings such as green financing options to support environmentally sustainable projects, financing solutions designed for female entrepreneurs to promote gender diversity and empowerment and customised lending solutions for SMEs to foster entrepreneurship and economic growth. Additionally, understanding our role in promoting sustainable development, we introduced Solar Financing as part of our sustainable finance initiatives. We have committed a minimum financing amount of Rs. 1.2 Bn from our product range in the upcoming year to support solar energy projects. This initiative not only aligns with our commitment to environmental stewardship but also responds to the increasing demand for clean energy solutions in Sri Lanka.

At Orient Finance PLC, enhancing customer satisfaction remains a top priority. We have implemented a comprehensive training program for our staff aimed at elevating service standards and ensuring that every interaction with our customers is exceptional. Additionally, we are in the process of implementing a state-of-the-art Customer Relationship Management (CRM) system, scheduled for rollout in the first quarter of 2024/25. This system is expected to significantly enhance our ability to anticipate and fulfill customer needs, ultimately aiming to increase customer satisfaction scores by 20%.

PEERING INTO THE FUTURE

As we look ahead, Orient Finance PLC is poised with optimism regarding the future of the non-banking finance sector in Sri Lanka. Our strategic focus for the upcoming year revolves around several key priorities aimed at reinforcing our leadership position and enhancing value for our stakeholders. Firstly, we are committed to advancing digital innovation by bolstering our digital infrastructure. This initiative aims to provide our customers with seamless, secure and user-friendly financial solutions that cater to their evolving needs. Secondly, we are dedicated to sustainable growth by expanding our portfolio of green financing projects and embedding sustainability into our core business operations. This commitment not only supports environmental stewardship but also aligns with the growing demand for socially responsible financial solutions. Lastly, we prioritize enhancing customer experience by continually improving engagement through personalised financial solutions and delivering superior service. By focusing on these strategic pillars, Orient Finance PLC aims to drive long-term success while contributing positively to the socio-economic landscape of Sri Lanka.

APPRECIATION

The resilience and achievements of Orient Finance PLC over the past year is a testament to the dedication and ingenuity of our team, the trust of our customers and the unwavering support of our stakeholders. I extend my gratitude to our dedicated employees, loyal customers and esteemed shareholders for their unwavering support. Our achievements would not have been possible without the invaluable guidance of the Chairman, the Board of Directors and the dedication of our management team. I also would like to thank the Governor of the Central Bank of Sri Lanka and the Officials at the Department of Supervision of Non-Banking Financial Institutions, for their direction and constant support.

As we embark on another year, we are confident in our ability to drive Orient Finance PLC to new heights of success and deliver sustained value to all stakeholders.

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

VALUE CREATION MODEL

OUR INPUTS | THE VALUE WE CREATED

FINANCIAL

- Shareholders' Funds
- Borrowers' Funds
- Customer Deposits

MANUFACTURED

- Branches
- Property, Plant and Equipment
- Tech infrastructure

INTELLECTUAL

- Institutional Knowledge
- Technology and Systems
- Processes and Procedures

HUMAN

- Policy Framework
- Performance Evaluation
- Recruitment and Retention
- Competitive Benefits and Remuneration
- Training and Development

SOCIAL AND RELATIONSHIP

- Diverse Loan and Deposit products
- Partners
- Diverse Suppliers
- Partnership with institutions
- Regulator Relations
- Supporting communities/SMEs
- Development Projects
- CSR

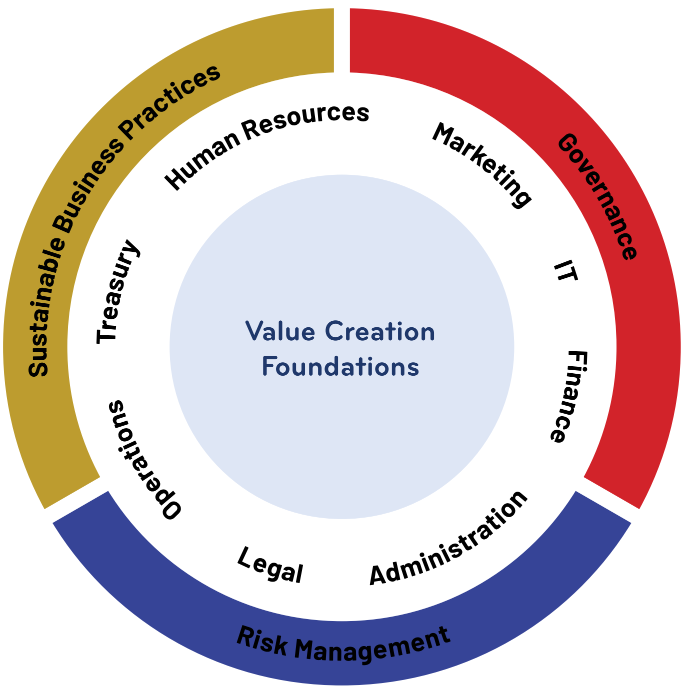
NATURAL

- Plastic waste recycling
- Renewable energy
- Utilities consumption
- Nurturing nature

VISION

MISSION

VALUES



OPERATING ENVIRONMENT

INTERNAL ENVIRONMENT

MICRO ENVIRONMENT

MACRO ENVIRONMENT

THE VALUE WE CREATED

OUTCOME FOR OUR STAKEHOLDERS

Rs. 1.65
Earnings per Share

Rs. 349 **Mn**
PAT

Rs. 666 **Mn**
In total remuneration

Rs. 205 **Mn**
In tax payments

CUSTOMERS	• Innovative offerings • Convenience • Service excellence • Increased accessibility
EMPLOYEES	• Career growth • Financial growth • Increase in revenue per employee • Promoted employees • Cost of living allowance • Increased remuneration
BUSINESS PARTNERS	• Business opportunities and strong partnerships
REGULATORS	• Maintaining industry standards and ethical conduct • Compliance to regulations
SOCIETY	• Supporting the financially vulnerable and underprivileged • Increased CSR spending

STAKEHOLDER ENGAGEMENT AND VALUE CREATION

At Orient Finance PLC, we recognize that success is not only measured by financial performance but also by the impact we have on our stakeholders. Our commitment to stakeholder engagement is ingrained in our core values, guiding our actions as we strive to create value for all involved parties. Below is an overview of our approach to key stakeholder groups, progress indicators and the value we aim to deliver:

CUSTOMERS:

Relationship: We prioritize building long-lasting relationships with our customers based on trust, transparency and exceptional service.

Progress Indicators: Customer satisfaction ratings, retention rates and feedback mechanisms.

Value Creation: Providing innovative financial solutions tailored to their needs, ensuring financial well-being and enhancing their overall experience.

EMPLOYEES:

Relationship: Our employees are our most valuable asset. We foster a culture of inclusivity, development and empowerment.

Progress Indicators: Employee satisfaction surveys, retention rates and professional growth opportunities.

Value Creation: Investing in training and development, promoting work-life balance and offering competitive compensation and benefits.

SHAREHOLDERS (PARENT COMPANY - JANASHAKTHI LIMITED):

Relationship: We maintain open communication and transparency with our shareholders, aligning our strategies with their interests.

Progress Indicators: Financial performance, dividend payouts and shareholder feedback.

Value Creation: Delivering sustainable returns on investment, prudent risk management and strategic decision-making.

COMMUNITIES:

Relationship: We are committed to being responsible corporate citizens, contributing positively to the communities in which we operate.

Progress Indicators: Community engagement initiatives, social impact assessments and philanthropic activities.

Value Creation: Supporting education, healthcare and environmental sustainability, fostering economic development and promoting social welfare.

REGULATORS:

Relationship: We maintain compliance with regulatory standards and engage constructively with regulators to ensure transparency and accountability.

Progress Indicators: Regulatory compliance assessments, audit findings and regulatory feedback.

Value Creation: Upholding integrity, trust and ethical conduct, contributing to financial stability and safeguarding stakeholders' interests.

BUSINESS PARTNERS:

Relationship: We collaborate closely with our business partners, fostering mutually beneficial relationships based on integrity and shared goals.

Progress Indicators: Partner satisfaction surveys, contract renewals and collaborative project outcomes.

Value Creation: Enhancing efficiency through strategic partnerships, fostering innovation and creating new business opportunities.

At Orient Finance PLC, our mission revolves around delivering exceptional value to our customers, empowering our employees, engaging our shareholders and supporting the communities we serve. We prioritize exceeding customer expectations to foster lasting relationships and loyalty while providing a supportive and inclusive work environment to drive collective growth through employee empowerment. As a PLC Company, we maintain transparent communication channels with shareholders, striving to deliver consistent returns on investments. Additionally, we actively contribute to community development, recognizing our responsibility to positively impact the areas in which we operate.

IDENTIFYING STAKEHOLDER GOALS

At Orient Finance PLC, our approach to identifying key stakeholders revolves around assessing their potential impact on our business and decision-making process. We understand that each stakeholder group has distinct goals and expectations that shape their relationship with our Company. By pinpointing these specific goals, we can better understand their influence, level of involvement and the significance they hold for our operations.

Our methodology involves a systematic analysis of the goals of each stakeholder group to determine the extent and magnitude of our relationships with them. These goals serve as a basis for defining the appropriate level of engagement required to effectively manage their interests. The table below illustrates the specific goals we assign to different stakeholder groups:

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

● Extreme ● High ● Medium ● Moderate ● Low

MANAGING STAKEHOLDER RELATIONSHIPS

Stakeholder relationship management stands as a cornerstone in our relentless pursuit of growth and value creation, not just for our Company but for all stakeholders involved. We acknowledge the criticality of effectively nurturing and managing these relationships, which is why we prioritize establishing purposeful, inclusive and customized communication channels. By doing so, we ensure our responsiveness, engagement and genuine interest in addressing the needs and concerns of our stakeholders.

Our commitment to stakeholder engagement goes beyond lip service; it's seamlessly integrated into our value creation process, serving as a vital source of insights that shape our overall strategy. We actively solicit input from stakeholders and promptly address any issues or requirements they may raise, fostering a culture of transparency and collaboration.

To streamline our approach, we categorize stakeholders into internal and external groups, allowing for a more nuanced understanding and management of their diverse needs and expectations.

Internal

	Newsletters	AGM	Extra Ordinary Meeting	Emails	Meetings	Social Media	Events	Reports	Phone Calls	Websites	Formal Letters	Annual Reports	Site Visits
Shareholders		An	Wn						Wn	Wn		An	
Board of Directors		An	Wn		Mo		Wn	Mo	Wn	Wn		An	
Management		An	Wn	Wn	Wn		Ah	Wn	Wn	Rb	Wn	An	
Employees				Wn	Wn		Ah	Wn	Wn	Wn	Wn	Wn	Wn

External

	Newsletters	AGM	Extra Ordinary Meeting	Emails	Meetings	Social Media	Events	Reports	Phone Calls	Websites	Formal Letters	Annual Reports	Site Visits
Customers	Qu			Wn	Wn	Rb	Ah		Wn	Wn	Wn	Wn	Wn
Business partners	Qu			Wn	Wn		Ah		Rb	Wn	Wn	Wn	Wn
Communities	Qu			Wn		Rb	Ah			Wn		Wn	
Regulators	Qu			Wn	Wn			Wn	Wn	Wn	Wn	An	

Annual - **An** Regular basis - **Rb** Monthly - **Mo** Quarterly - **Qu** When necessary - **Wn** Ad hoc - **Ah** Periodic - **Pe**

STAKEHOLDER GROUP MODES OF ENGAGEMENT

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

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

Stakeholder	Value for the stakeholder	Value for the Company	Engagement	Indicator	Value creation	2023/24	2022/23
Customers	Timely and innovative financial solutions.	Higher revenue from existing and new customers.	Communication material	Customer base growth	Providing comprehensive financial solutions and assisting in the wealth creation process	23%	11%
	Improved access to financial solutions	Enhanced customer loyalty	Website and social media platforms	Increase in the number of financial solutions		10	8
	Organizational stability	Enhanced brand reputation	Call center	No. of complaints solved		100%	100%
Employees	A conducive and healthy work environment	An engaged and motivated workforce	Staff reward and recognition	No. of rewards	Attracting and retaining industry top talent. Facilitating individual growth.	56	33
	Opportunities for growth	Knowledgeable and talented workforce well-equipped to meet customer needs and contribute to Company growth	Intranet and email	No of employees		555	492
	Performance-driven rewards system		Training	Total headcount broken down by:			
				Male		68%	70%
				Female		32%	30%
			Performance appraisal	Training hours		6,988	67
				Investment Rs.		3,176,545	1,100,325
Shareholders (Parent Company, Janashakthi Limited)	Sustainable return on investment	Public trust in the brand	Progress reports and meetings	Return on equity	Establishing a sustainable and agile business model for long-term and viable growth.	10.13%	-2.18%
		Strong capital base	Monthly financial statements	Cost-to-income ratio		66.53%	93.44%
			Group meetings	Return on assets		1.84%	-0.40%
			Business agreements				
			Annual Report				
			Annual General Meeting				
			Extraordinary General Meeting				

Stakeholder	Value for the stakeholder	Value for the Company	Engagement	Indicator	Value creation	2023/24	2022/23
Regulators and Business Partners	Ethical engagement with the Company	Robust corporate governance, market integrity, good business practices	Meetings Annual Report	Compliance with regulatory frameworks	Promote financial and economic stability and contribute to strengthening the regulatory framework and market conditions.		
	Contribution to the overall financial and economic system in the country	Business sustainability	Disclosures Industry forums				
Society and Environment	Contribution to economic stability	Potential market growth	Social media and websites	No. of CSR projects	Provision of access to financial solutions to all levels of society and contribute to sustainable economic growth.	3	2
			CSR projects	Energy efficiency and water usage			
	Increased access to funding	Brand reputation as a reliable financial solutions provider	News releases				

STAKEHOLDER ENGAGEMENT SCORECARD

At Orient Finance PLC, maintaining a high level of stakeholder engagement is paramount to our success. To achieve this, we have implemented a robust scorecard system that enables us to continuously monitor, review and adapt our processes, ensuring the consistent creation and preservation of value for all stakeholders involved. This proactive approach allows us to analyze and identify any potential impact or concerns that our stakeholders may have, enabling us to meet their specific requirements effectively.

The stakeholder engagement scorecard serves as a comprehensive tool for evaluating the effectiveness of our engagement efforts across various stakeholder groups. Through this system, we assess the level of response required and the efficacy of our actions in addressing stakeholder needs and expectations. Based on these insights, we develop and implement a carefully crafted action plan aimed at strengthening our overall engagement strategy.

Our action plan includes targeted initiatives designed to address any areas of improvement or adjustment identified through the scorecard evaluation process. These initiatives may involve enhancing communication channels, expanding outreach efforts and implementing specific measures to address stakeholder concerns. By proactively addressing stakeholder feedback and continuously refining our approach, we ensure that our engagement efforts remain relevant, impactful and aligned with stakeholder expectations.

MATERIALITY

INTRODUCTION TO MATERIALITY DETERMINATION

At Orient Finance PLC, our commitment to creating enduring value for all stakeholders underscores our approach to materiality determination. We recognize that economic, social and environmental factors play pivotal roles in our ability to generate value and drive sustainable growth. To ensure alignment with stakeholder expectations and strategic objectives, our leadership teams diligently identify material topics and assess their significance in value creation through active engagement and effective communication channels.

Our annual analysis of material topics involves a comprehensive review of stakeholder concerns and their alignment with our strategic goals. This process allows us to understand evolving stakeholder priorities and adapt our solutions accordingly. Concurrently, our robust risk management and governance processes continuously monitor materiality, ensuring resilience and sustainability in our operations.

MATERIAL DETERMINATION PROCESS

Our material determination process is characterized by thoroughness and inclusivity. We integrate significant risks and opportunities by examining the business environment, engaging in enterprise risk management and conducting broad committee discussions. Leveraging tools such as market surveys, stakeholder input and periodic risk analysis, we ensure a holistic assessment of material aspects.

During the fiscal year 2023/24, our focus on materiality determination aimed at reinforcing governance processes, enhancing regulatory control and improving risk management practices. Recognizing the critical importance of these measures in sustaining operational success, we committed resources and attention to address these key areas. Through this comprehensive approach, we prioritize areas that demand attention and resources, enabling informed decision-making and proactive risk mitigation.

We assimilate a set of material risks and opportunities by reviewing our business environment, enterprise risk management, stakeholder engagement and board and committee discussions. Management's materiality determination process.

MATERIAL IMPACT

Addressing each material issue is a top priority for Orient Finance PLC. To ensure comprehensive attention, we have integrated each material issue into our capital growth process and categorized their importance as high, medium, or low impact. These material themes serve as a roadmap for our growth trajectory, outlining the steps for operational, financial and business growth and how they contribute to the creation of social, economic and environmental value. Consequently, the impact of these identified material matters is crucial for the sustainability and development of our business. The matrix below illustrates the identified material issues that affect our business and their corresponding priority levels:

MATERIALITY IMPACT MATRIX

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

High Impact

Medium Impact

Low Impact

MANAGING INTERLINKS BETWEEN MATERIAL ISSUES

In our exploration of material issues, we've come to recognize the intricate web of connections between each aspect and the profound impact these relationships can have on our value creation and preservation process. At Orient Finance PLC, we're committed to leveraging these interconnections to enhance our ability to generate and safeguard value effectively. As we delve deeper into defining the relationships between material themes, we uncover opportunities to optimize our strategies and maximize our impact.
The illustration below depicts the interrelationships between key material themes:

Understanding these interlinks allows us to develop more holistic and integrated approaches to addressing material issues. Rather than treating each aspect in isolation, we strive to adopt a systemic view that considers the broader implications of our actions. This approach enables us to identify synergies, mitigate potential conflicts and unlock new opportunities for value creation.

THE WAY FORWARD

As we chart our course forward at Orient Finance PLC, we remain steadfast in our commitment to continuously evaluate and address material issues in response to the evolving business landscape and the valuable input from our stakeholders. These insights serve as the bedrock of our future strategies, guiding our actions towards sustainable value creation and preservation.

Through extensive research and analysis conducted throughout the year, we've discerned a clear imperative to prioritize matters concerning our customers and external stakeholders. Their direct relevance to our business underscores the need for heightened attention and proactive engagement. Looking ahead, we are dedicated to broadening our focus to encompass a more comprehensive range of stakeholder concerns, ensuring that we remain responsive to their needs and expectations.

To ensure that our decisions are well-informed and impactful, we will continue to conduct thorough analyses and gather data-driven insights into the material themes that shape our business landscape. Moreover, we are committed to enhancing our stakeholder surveys by engaging a wider array of stakeholder groups, allowing us to comprehensively assess the impact of each material theme and make informed decisions accordingly.

By prioritizing the needs and expectations of our customers and stakeholders, we aim to fortify our business and create sustainable value for all parties involved. As we embark on this journey, we remain guided by our unwavering commitment to responsible stewardship and meaningful engagement, ensuring that Orient Finance PLC remains a beacon of excellence and integrity in the financial industry.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING ENVIRONMENT

GLOBAL ECONOMIC OUTLOOK

The global economy demonstrated notable resilience in 2023, navigating a complex landscape marked by sluggish growth, slow disinflation and ongoing geopolitical uncertainties. According to the International Monetary Fund's (IMF) World Economic Outlook (WEO) update released in January 2024, global growth decreased from 3.5% in 2022 to 3.1% in 2023. Despite this dip, the outlook remains cautiously optimistic, with growth projected to stabilize at 3.1% in 2024 and gradually increase to 3.2% in 2025. This anticipated recovery is largely attributed to a stronger rebound in major economies, particularly the United States, along with significant fiscal stimulus measures in China.

Emerging markets and developing economies have displayed remarkable stability, maintaining a growth rate of 4.1% in both 2023 and 2024, consistent with the previous year. This stability is expected to slightly rise to 4.2% in 2025, driven primarily by robust economic performance in India and China.

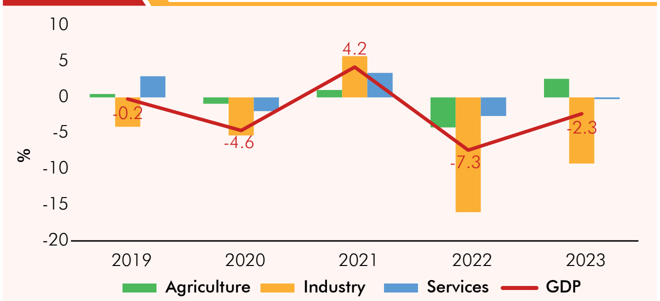
(Source Central Bank Annual Economic Review)

LOCAL ECONOMIC LANDSCAPE

In 2023, the Sri Lankan economy demonstrated signs of recovery, reflecting a moderate contraction of 2.3%, a significant improvement from the 7.3% contraction experienced in 2022. This gradual rebound was particularly notable in the second half of the year, during which the Gross Domestic Product (GDP) recorded positive growth rates.

The recovery was underpinned by renewed macroeconomic stability, characterised by softening inflation and a reduction in external sector pressures. These factors contributed to a more favourable economic environment, fostering conditions for growth and resilience within the economy. As a result, the positive trends observed in the latter half of 2023 signal a hopeful trajectory for the future, indicating a potential path toward sustained economic stability and growth.

Figure 1.4 Annual GDP Growth Rates (a)



(a) Based on the GDP estimates (base year 2015) Source: Department of Census and Statistics

(Source Central Bank Annual Economic Review)

OVERVIEW OF THE NON-BANK FINANCIAL INSTITUTIONS (NBFI) SECTOR IN 2023

In 2023, credit extended to the private sector by Sri Lanka's Non-Bank Financial Institutions (NBFIs) contracted by Rs. 24.2 Bn, reflecting a year-on-year decline of 1.8%. Despite this contraction, the NBFI sector demonstrated resilience, maintaining adequate capital and liquidity buffers throughout the year. Key metrics, including assets, deposit base and profitability, showed growth, indicating overall sector stability.

ASSET QUALITY

Asset quality within the NBFI sector exhibited a decline highlighted by an increase in the Gross Stage 3 Loans Ratio, which rose to 17.8% by the end of 2023, up from 17.4% in 2022. This deterioration was partly attributed to regulatory changes, as NBFIs were required to adopt a 90-day past due classification for Stage 3 loans starting in April 2023, tightening the criteria from the previous 120-day standard.

PROFITABILITY

Despite challenges in credit extension and asset quality, the NBFI sector reported a Profit After Tax (PAT) of Rs. 47.7 Bn in 2023, marking an 11.3% increase from Rs. 42.8 Bn in 2022. This improvement was driven by sustained growth in both net interest income and non-interest income, underscoring the sector's profitability amidst broader economic challenges.

CAPITAL AND LIQUIDITY

The capital base of the NBFI sector also showed a marginal improvement, rising by 3.9% to Rs. 329.0 Bn by the end of 2023, compared to Rs. 317.0 Bn in 2022. The sector maintained healthy liquidity levels, significantly exceeding regulatory minimum requirements. By the end of 2023, the overall regulatory liquid assets stood at Rs. 254.9 Bn, resulting in a liquidity surplus of Rs. 151.5 Bn, nearly double the Rs. 86.9 Bn recorded at the end of 2022.

OUTLOOK AND PROSPECTS FOR THE NBFI SECTOR IN 2024

Looking ahead to 2024, the NBFI sector faces a mix of challenges and opportunities. Although the lingering effects of the 2022 economic crisis present headwinds, promising indicators for growth are emerging. The lifting of restrictions on vehicle imports, declining costs of credit and greater price stability are expected to stimulate economic activity and enhance investment opportunities for NBFIs.

Additionally, the government's resumption of infrastructure development projects could lead to increased demand for financing, particularly within the construction sector. However, NBFIs must remain vigilant in managing risks, particularly regarding asset quality, as evidenced by the elevated Gross Stage 3 Loans Ratio.

(Source Central Bank Annual Economic Review)

AWARDS AND ACCOLADES

Orient Finance PLC, a member of the Janashakthi Group, has been awarded the prestigious Great Place to Work® Certification™ for the 2nd consecutive year, highlighting the Company's growing commitment to creating a supportive and optimistic work environment. Congratulations to the team!

20th October 2023

We are excited to announce that our visionary Director/CEO of Orient Finance PLC, K.M.M. Jabir, has been honoured as South Asia's Islamic Personality of the Year at the IFFSA Awards Ceremony.

His exceptional leadership and dedication serve as a continual source of inspiration for us all.

AWARDS AND ACCOLADES

20th October 2023

Orient Finance PLC's Alternative Finance Business Unit takes the spotlight as South Asia's Emerging Islamic Finance Entity of the Year at IFFSA Awards Ceremony.

We extend heartfelt gratitude to our clients for their trust in us and our dedicated team for their steadfast commitment.

15th November 2023

Our dedicated team members, Raveendra Ranasinghe and Mohomed Zamri, were recognized for their outstanding achievements at the SLIM National Sales Awards 2023. Raveendra bagged the Bronze award for Territory Manager, while Zamri secured the Bronze accolade for Sales Executive.

Congratulations to Raveendra and Zamri on this well-deserved recognition!

21st July 2023

Orient Finance PLC's Alternative Finance Business Unit has been honoured with the Gold Award for 'Emerging Islamic Finance Entity Of The Year' and the Merit Award for 'Digital Marketing Campaign Of The Year' at this year's SLIBFI Awards 2023.

AWARDS AND ACCOLADES

19th December 2023

Orient Finance PLC is honoured to receive the prestigious Silver Award in the Non-Banking Financial Institution (up to 20BN) category at the TAGS Awards 2023. This achievement reflects our steadfast commitment to stability, sustainable growth and pioneering financial solutions and recognizes our dedication to fostering financial inclusion and supporting the Sri Lankan economy.

FINANCIAL CAPITAL

At Orient Finance PLC, the management of financial capital is not just a function but a cornerstone of our commitment to value creation and stakeholder trust. As a finance company entrusted with public funds through customer deposits, shareholder investments, bank borrowings and accumulated reserves, we recognize the critical responsibility to safeguard and grow these resources effectively. Our approach to managing financial capital is multifaceted, driven by a commitment to sustainable revenue growth, regional expansion and enhancing business performance while ensuring financial stability.

The financial year 2023/24 posed significant macroeconomic challenges, marked by an economic downturn that tested our resilience. Despite these headwinds, Orient Finance PLC remained steadfast in its commitment to prudent financial management and operational efficiency. The volatile macroeconomic landscape necessitated strategic adjustments, focusing on cost management initiatives and portfolio optimization to sustain profitability and mitigate risks.

DEMONSTRATING RESILIENCE AND PRUDENCE

Throughout the challenging economic environment, Orient Finance PLC upheld its reputation for prudent financial stewardship. By prioritizing operational efficiencies and preserving portfolio integrity, we managed to navigate sector shocks and sustain business performance. This resilience not only safeguarded our financial capital but also reinforced our commitment to delivering sustainable value to all stakeholders.

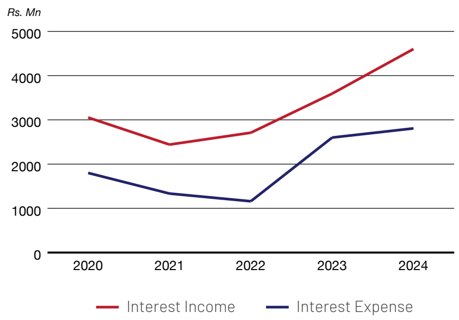
PROFITABILITY

In the face of challenging market conditions and various economic factors, Orient Finance PLC has demonstrated resilience and achieved notable financial performance milestones for the year. The Company reported a profit before income tax of Rs. 349.48 Mn, marking a significant turnaround from the previous year's loss of Rs. 69.57 Mn. The turnaround in financial performance can be attributed to several key factors. Firstly, both net operating income and total operating expenses contributed positively to this improvement. Strategic initiatives to enhance revenue streams and streamline operational efficiencies played a pivotal role in boosting profitability. Furthermore, the Company successfully managed to increase its interest income, by 28.07% compared to the previous year. This increase was largely driven by the growth in the portfolio allowing Orient Finance PLC to optimise its cost structure and improve overall financial margins. Lower interest expenses directly contributed to bolstering the Company's bottom line, reflecting prudent financial management amidst fluctuating economic conditions. As a result of these concerted efforts, Orient Finance PLC achieved a profit after tax of Rs. 348.53 Mn for the year, a remarkable turnaround compared to the after-tax loss of Rs. 72.05 Mn reported in the preceding year.

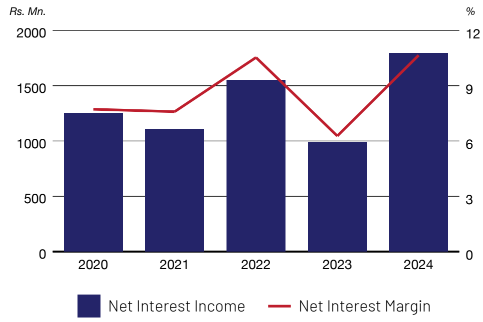
NET INTEREST INCOME

In the fiscal year under review, Orient Finance PLC achieved remarkable growth in its Net Interest Income (NII), reflecting its proactive strategies amidst evolving economic conditions. The Company reported an impressive 80.7% year-on-year increase in NII, reaching Rs. 1,794.41 Mn compared to Rs. 993.04 Mn in the previous year. The substantial growth in NII can be attributed to two primary factors. Firstly, Orient Finance PLC capitalized on a resurgence in credit demand following the economic turnaround. Secondly, the decline in interest rates played a pivotal role in enhancing NII. As market interest rates decreased, Orient Finance PLC effectively managed its cost of funds, thereby improving its net interest margin. In addition to the growth in NII, Orient Finance PLC also reported an expansion in its net interest margin (NIM) to 11.44% for the year.

INTEREST INCOME TO INTEREST EXPENSE



NET INTEREST INCOME (NII) & NET INTEREST MARGIN (NIM)



FINANCIAL CAPITAL

TOTAL OPERATING INCOME

In the financial year 2023/24, Orient Finance PLC achieved significant growth in its total operating income, driven by strategic initiatives and favourable market conditions. The Company reported a 68.92% year-on-year increase in total operating income, reflecting its proactive approach to optimizing revenue streams and operational efficiency. A key factor contributing to the growth in total operating income was the decrease in interest costs. Orient Finance PLC effectively managed its cost of funds, leveraging declining market interest rates to reduce interest expenses. During the year, Orient Finance PLC recorded a notable interest income of Rs. 2,421 Mn from Finance Lease, compared to Rs. 1,966 Mn in the previous year. The Company's strategic focus on expanding its Lease portfolio contributed significantly to interest income growth. The total net Lease portfolio for the year ended 31 March 2024 amounted to Rs. 9,166 Mn, highlighting Orient Finance PLC's success in capturing opportunities in this segment. Additionally, Orient Finance PLC witnessed a hike in other operating income, further boosting its total operating income for the year.

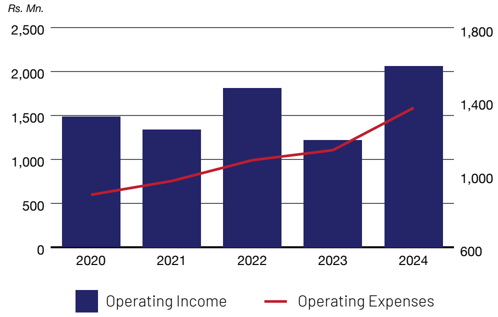
OPERATING EXPENSES

Operating expenses at Orient Finance PLC play a critical role in shaping the Company's financial performance and sustainability. These expenses encompass various costs incurred to generate current and future income, including personnel expenditure, depreciation and amortisation and other operational costs. In the fiscal year ended March 31, 2024, the Company experienced an increase of 20.27% in total operating expenses, driven by strategic imperatives and market dynamics. The increase in operating expenses primarily reflects ongoing investments in operational efficiencies and strategic initiatives aimed at sustaining growth amid a challenging economic environment. Orient Finance PLC prioritised prudent cost management initiatives to mitigate the impact of rising expenses. This included rigorous monitoring of costs, promoting waste reduction measures and optimizing administration, premises, equipment and establishment expenses. Such disciplined practices helped the Company maintain financial resilience and operational agility during the year.

IMPAIRMENT CHARGES FOR LOANS AND RECEIVABLES

During the financial year, Orient Finance PLC recorded impairment charges for loans and receivables amounting to Rs. 140 Mn, marking an increase from Rs. 103 Mn in the previous year. This variation can be attributed increase in the lending portfolio. As of March 31, 2024, Orient Finance PLC reported a gross non-performing ratio of 12.22%, compared to 11.21% a year ago. This metric indicates the proportion of loans that are delinquent or in default compared to the total loan portfolio. The increase in the non-performing ratio is due to the change in the default point to 90 days compared to 120 days in the previous year.

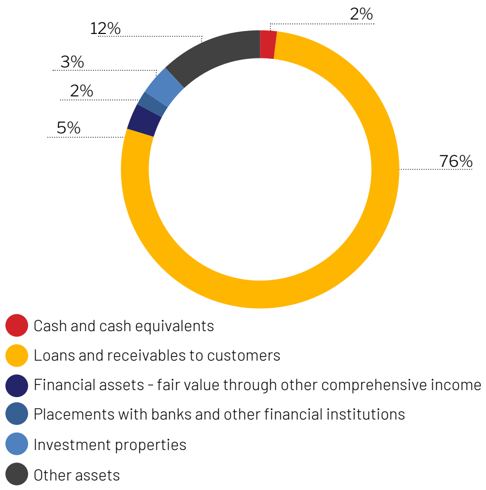
OPERATING EXPENSES TO OPERATING INCOME



ASSET COMPOSITION

During the year under review, Orient Finance PLC demonstrated robust growth in its total asset base, which expanded by 17.22% compared to the previous year, reaching Rs. 20.48 Bn from Rs. 17.47 Bn in 2023. A significant portion of Orient Finance PLC's total asset base, approximately 76.47%, is attributed to its lending portfolio.

ASSET COMPOSITION



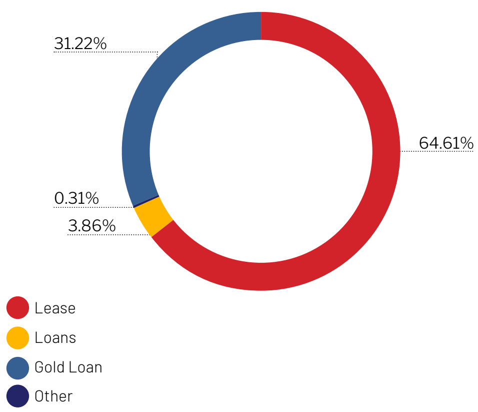
PORTFOLIO GROWTH AND COMPOSITION

As of the end of the financial year 2023/24, Orient Finance PLC's net loans and receivables amounted to Rs. 15.66 Bn marking an increase of 21% compared to the previous year.

Orient Finance PLC maintains a robust lending portfolio that constitutes a significant portion of its total assets, comprising 76.47% of the Company's overall asset base. This diversified portfolio is structured to maximize returns while adhering to stringent credit evaluation and risk management policies, ensuring sustainable growth and portfolio quality. Within the lending portfolio, Finance Lease Receivables hold 64.61%, underscoring Orient Finance PLC's commitment to offering structured financing solutions to businesses and individuals. Gold loan facilities represent 31.22% of the lending portfolio, emphasizing Orient Finance PLC responsiveness to market demand for secured lending against gold collateral. This segment provides customers with accessible financing options while leveraging the inherent security of physical gold as collateral. Other lending facilities, constituting 4.17% of the portfolio, encompass a variety of loan products tailored to meet specific borrower requirements.

Throughout the financial year, Orient Finance PLC prioritized stringent credit evaluation and risk management practices to safeguard the quality of its loan portfolio. The Company remained vigilant amid industry changes, proactively managing credit risk exposure and adhering to regulatory requirements as a responsible financial services provider. Greater emphasis and efforts were dedicated to maintaining portfolio quality through rigorous compliance measures and diligent risk management protocols.

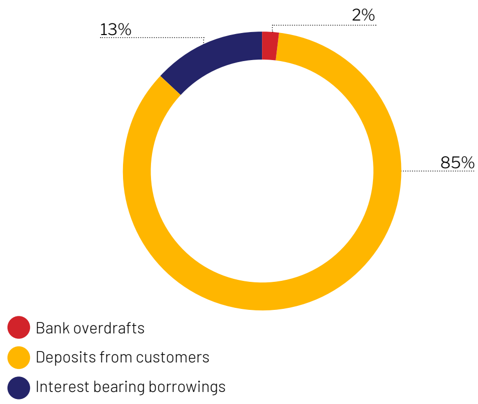
COMPOSITION OF LENDING PORTFOLIO



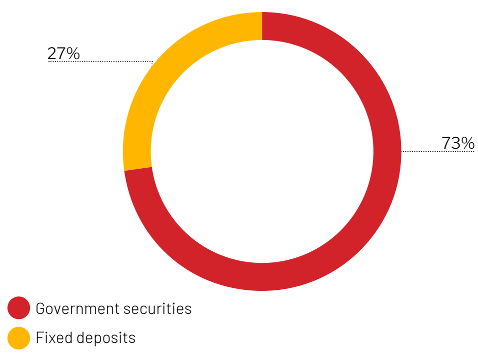
FUNDING AND INVESTMENT

Orient Finance PLC navigated through a challenging market, thanks to the Company's strong reputation and the confidence customers showed in the Company's deposit products. Despite a decrease in market interest rates, we were able to boost customers. The Company, achieved a notable 26% year-on-year increase in customer deposits, culminating in a robust deposit base of Rs. 13.56 Bn as of 31st March 2024. This growth underscores the Company's ability to attract and retain customer savings amidst fluctuating market conditions. Amidst volatile economic conditions and regulatory adjustments, Orient Finance PLC strategically reduced its reliance on debt funding, including long-term and short-term loans and securitization facilities. This proactive shift was driven by the Company's strategy to raise more funds from public deposits, which are perceived as a stable and cost-effective source of funding compared to fluctuating debt markets. As a result, the total debt funding decreased by 18.86% during the year, positioning Orient Finance PLC with a prudent debt portfolio of Rs. 2.12 Bn as of 31st March 2024.

FUNDING MIX



INVESTMENT MIX

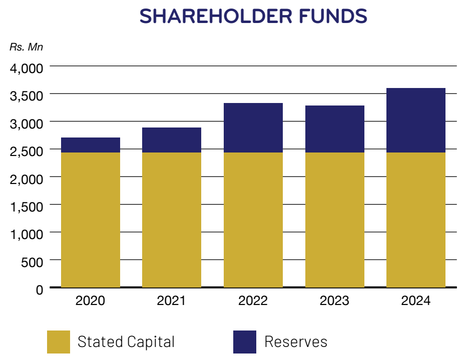


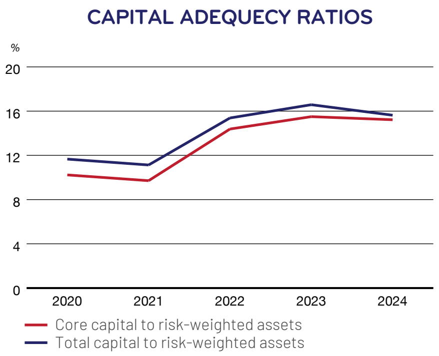
INVESTOR INFORMATION

The Company reported a substantial increase in Earnings Per Share, rising to Rs. 1.65 by the end of the year from Rs. -0.34 in the previous financial year. The overall uptick in business and economic activities throughout the financial year positively influenced investor ratios within the industry. Orient Finance PLC's Return on Asset (ROA) ratio before tax improved significantly to 1.84% compared to -0.40% in the previous year. Similarly, the Return on Equity (ROE) ratio before tax surged to 10.15% from -2.10% in the previous financial year. Orient Finance PLC remains steadfast in its commitment to enhancing investor returns gradually. The expected business growth momentum in the coming year is anticipated to further bolster investor confidence and reinforce the Company's financial standing. Despite challenges posed by macroeconomic downturns, Orient Finance PLC continues to implement strategic initiatives aimed at achieving sustainable improvements in financial performance and investor outcomes.

SHAREHOLDERS' FUNDS AND REGULATORY CAPITAL

As of 31st March 2024, Orient Finance PLC reported shareholders' equity totalling Rs. 3,603 Mn, marking a marginal increase compared to Rs. 3,281 Mn in the previous year. This growth in shareholders' funds is due to the continuous maintenance of the Capital Adequacy ratios and the profit of the year under discussion.





MANUFACTURED CAPITAL

At Orient Finance PLC, our ability to deliver exceptional services and achieve organizational goals is rooted in our manufactured capital. This integral aspect of our resources encompasses a diverse array of physical, material and technological assets. These resources, which ranged from tangible properties and branch networks to a robust IT infrastructure, provided the framework for our success.

In line with our commitment to operational excellence, the Company initiated a project to upgrade and equip our branch teams with cutting-edge equipment and technology. This ongoing endeavour highlights our dedication to enhancing operational efficiency, service quality and customer engagement.

Throughout the period, the Company successfully completed the upgrading and relocation of several branches, with the aim of providing customers with exceptional experience. The relocation of the Balangoda branch, along with branding, location and equipment enhancements, underscores our commitment to modernising our physical infrastructure and elevating service delivery standards.

MARKET SHARE

In the face of economic adversity, we demonstrated resilience and agility, as evidenced by the positive growth in our market share. Our asset base grew by 17% during the year despite the challenges posed by the recent economic crisis. Our commitment towards to excellence and innovation propelled us forward, resulting in an exponential growth in our loan portfolio, recording a 22% growth rate which is four folds above the industry growth rate.

BRANCH NETWORK

The Company takes pride in its extensive island-wide branch network, strategically positioned to cater to the diverse needs of customers across Sri Lanka. Despite prevailing economic challenges, we remain steadfast in our commitment to expanding our reach and enhancing customer experience through continuous innovation and investment in technology.

With a network of 35 outlets spanning all provinces of Sri Lanka, the Company proudly maintains a comprehensive island-wide presence. This strategic distribution ensures that our services are easily accessible and convenient for customers, regardless of their location. Notably, 65% of our outlets are strategically positioned outside the Western Province, showcasing our dedication to serving customers in diverse regions.

Despite facing challenging economic conditions, the Company remained steadfast in its expansion efforts by inaugurating four new branches throughout the year. The establishment of new branches in Kiribathgoda, Piliyandala, Monaragala and Nuwara eliya exemplifies our proactive approach to meeting the increasing demands of our customers and exploring new markets.

ELEVATING PERFORMANCE AND CYBER SECURITY

The Company recognises the pivotal role of technology in driving operational excellence and enhancing cybersecurity resilience. In line with our commitment to innovation and efficiency, we have initiated a comprehensive upgrade of our IT infrastructure, aimed at leveraging the latest hardware components to elevate performance, reliability and security.

FUTURE OUTLOOK

In the face of economic uncertainties, we remain unwavering in our pursuit of excellence. Our commitment to providing exceptional services and our ability to adapt to changing market conditions have been key factors in our continued progress. We are resolute in our efforts to build upon this success and solidify our position as a prominent player in the Non-Bank Financial Institutions (NBFI) industry.

Our dynamic branch network serves as a testament to our customer-centric approach and dedication to innovation. Through strategic expansion and investment in technology, we have established a seamless and accessible platform for our customers to access unparalleled financial solutions and services. From rural communities to urban centers, we are dedicated to making a positive impact and promoting financial inclusion throughout Sri Lanka.

HUMAN CAPITAL

Our human capital is the cornerstone of our success. It encompasses the collective knowledge, expertise and innovative mindset of our diverse and talented team. We believe that our employees are our greatest asset and we are dedicated to providing them with a supportive workplace culture where they can thrive and reach their true potential.

At OFPLC, we understand the importance of fostering a supportive workplace culture that promotes collaboration, creativity and growth. Our Company culture is built on principles of respect, transparency and empowerment, creating an environment where employees feel valued, motivated and engaged. We prioritize open communication, encourage diversity and inclusion and provide ample opportunities for professional development and career advancement.

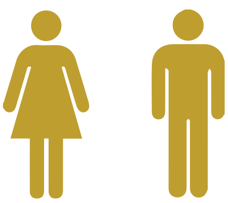
Our strategic human resource framework is designed to empower our employees and create value for all stakeholders. We believe in investing in our people and providing them with the tools, resources and opportunities they need to succeed. Through ongoing training, mentorship programs and skill development initiatives, we enable our employees to enhance their knowledge and skills, driving innovation and excellence across the organisation.

Over the past year, we've intensified our efforts to be recognised as an employer of choice, offering a workplace environment that prioritises employee satisfaction and growth opportunities. This dedication has earned us the esteemed recognition of being certified as a Great Place to Work in 2023.

NO. OF EMPLOYEES

555

GENDER WISE



176 379

GRADE WISE

	No. of employees
Clarical	8
Junior Executive	155
Executive	114
Senior Executive	134
Assistant Manager	80
Senior Assistant Manager	21
Manager	26
Senior Manager	9
Assistant General Manager	7
Chief Executive Officer	1

REGION WISE

	No. of employees	%
CENTRAL	71	12.8
EASTERN	66	11.9
METRO 1	47	8.5
METRO 2	69	12.4
NORTHERN	39	7.0
SOUTHERN	58	10.5
WESTERN	59	10.6
CITY OFFICE	22	4.0
CORPORATE OFFICE	124	22.3

SERVICE PERIOD

	No. of employees	%
ABOVE 20 YEARS	3	0.54
16-20 YEARS	22	3.96
10-15 YEARS	26	4.69
BELOW 10 YEARS	504	90.81
TOTAL	555	100.00

NO. OF PROMOTIONS

56

TRAINING GRADE WISE

Department	Training Achieved Hours	Investment on Rs.
Compliance	97	165,400
Operations	786	184,859
Branch Back Office	1,438	319,207
All Staff (Selected)	2,778	260,000
Marketing	1,100	1,307,956
Gold Loan	194	108,175
Internal Audit	86	52,000
MIS & Treasury	79	87,487
HR	37	51,978
Credit Administration	52	57,015
Risk	59	56,000
Legal	29	32,000
Recovery	48	48,000
Finance	158	401,468
IT	27	10,000
Administration	17	20,000
Corporate	3	15,000
Total	6,988	3,176,545

TOTAL NUMBER OF HOURS

6,988

TOTAL INVESTMENT

RS. 3,176,545

EQUAL OPPORTUNITY EMPLOYER

At OFPLC, we believe in investing in the growth and development of our employees. We provide equal opportunities for all employees for continuous learning and skill development through training programs, mentorship initiatives and career advancement opportunities. Whether it's acquiring new skills, pursuing further education, or taking on new challenges, we're committed to supporting our employees' professional growth and helping them achieve their career aspirations with zero tolerance towards discrimination.

OUR FOCUS FOR THE YEAR

During the year under review, we have implemented a comprehensive management approach and made significant developments throughout the year to enhance our employees' skills, productivity and well-being. From performance management systems to learning facilities and employee benefits, we are committed to investing in our team's growth and development.

PERFORMANCE APPRAISAL

OFPLC has a robust performance management system in place aimed at measuring and improving employee performance. The system includes KPI/goal setting at the beginning of the year and year-end evaluations to assess individual achievements and areas for development. This cycle helps increase employees' future potential and value to the Company.

LEARNING FACILITIES:

During the year, OFPLC has made structured learning materials and assessments available through our Learning Management System (LMS). This enables employees to access learning resources at their convenience, empowering them to enhance their skills and knowledge as needed.

EMPLOYEE PRODUCTIVITY MEASUREMENTS AND IMPROVEMENT TOOLS

We actively measure and improve employee productivity through performance evaluations and probationer evaluation processes. Performance improvement plans and timely feedback are provided to individuals who may not meet management expectations, helping them to grow and develop in their roles.

REWARDS AND RECOGNITION

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

EMPLOYEE BENEFITS

We offer a range of employee benefits to support our team's well-being, including health insurance and life insurance coverage. These benefits provide peace of mind and security for our employees and their families.

WORK-LIFE BALANCE

OFPLC promotes work-life balance through policies such as our Work from Home policy, allowing flexibility in where and when work is completed. Additionally, our Fun Squad organises staff engagement events to foster a positive work environment, while coaching and counselling sessions are available to uplift employee well-being.

STAFF SPORTS FIESTA

The Staff Sports Fiesta is a highlight on our calendar, where employees come together to participate in friendly competitions and team-building activities. Whether it's a game of cricket, football, or tug-of-war, the sports fiesta fosters camaraderie and healthy competition among our staff members. It's an opportunity for employees to unwind, showcase their athletic talents and strengthen bonds outside of the office environment.

JXG STAFF SUMMIT

The JXG Staff Summit is a flagship event that brings together employees from across the organisation for a day of learning, networking and inspiration. This annual gathering features keynote speakers, panel discussions and interactive workshops on topics ranging from industry trends to personal development. The summit provides a platform for employees to share ideas, gain insights and connect with colleagues from different departments and regions.

ENDORSED AS A GREAT PLACE TO WORK

OFPLC is proud to announce its endorsement as a Great Place to Work® for the third consecutive year, solidifying its position as a top workplace in Sri Lanka. This prestigious certification, awarded by the esteemed analyst Great Place to Work®, reflects our unwavering dedication to fostering a high-trust, high-performance culture that enhances employee well-being and drives business success.

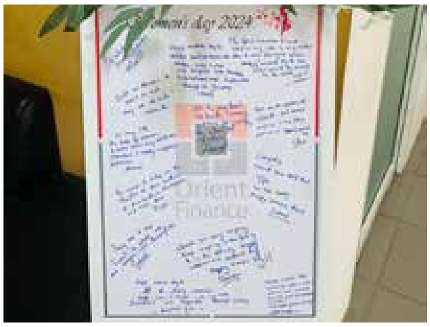
To attain the Great Place to Work® Certification™, the Company underwent a thorough evaluation process, which included anonymous employee surveys and culture audits. These assessments scrutinized various facts of our workplace practices and culture, with a focus on trust, fairness, respect and camaraderie. Notably, our commitment to transparency and employee engagement was evident through our impressive 81% participation rate in the Great Place to Work® Trust Index© Employee Perception Survey.

At OFPLC, our employees are the cornerstone of our operations. We understand that a positive and inclusive work environment is paramount for fostering engagement, innovation and achievement. As such, we prioritize initiatives that nurture trust, collaboration and respect among our team members. From comprehensive benefits and flexible work arrangements to opportunities for career advancement and recognition programs, we strive to create an environment where every employee feels valued, supported and empowered to excel.

While receiving the Great Place to Work® Certification™ for the third consecutive year is a significant milestone for OFPLC, it also serves as a reminder of our ongoing pursuit of excellence. We are committed to continuously enhancing our workplace culture and practices, listening to our employees' feedback and adapting to meet their evolving needs and expectations. By prioritizing employee well-being and satisfaction, we not only cultivate a great place to work but also propel organizational success and growth.

AVURUDU CELEBRATION

WOMEN'S DAY



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OUTBOUND TRAINING

TEAM BUILDING


INTELLECTUAL CAPITAL

In today's knowledge-driven economy, intellectual capital serves as a cornerstone of corporate growth and development. At Orient Finance PLC, we recognise the intrinsic value of intellectual resources, knowledge and competencies in gaining a competitive edge and fostering sustainable success. As we embark on our journey of digital transformation, our intellectual capital plays a pivotal role in driving innovation, enhancing customer engagement and expanding our reach.

UNLOCKING THE WEALTH OF INTELLECTUAL RESOURCES

Orient Finance PLC's intellectual capital represents the collective wealth of knowledge, expertise and innovative thinking within our organisation. We are committed to nurturing and developing this intellectual capital to fuel our growth and empower our employees to excel in their roles.

ACCELERATING DIGITALIZATION FOR ENHANCED CUSTOMER EXPERIENCE

In alignment with our strategic objectives, OFPLC is accelerating its digitalization efforts to offer customers a wider choice of platforms for engagement. Through digital channels, we aim to enhance accessibility, convenience and efficiency in our interactions with customers, thereby enriching their experience.

PARTNERSHIP FOR DIGITAL INNOVATION

Implementation is underway for the digitalization of the client onboarding process in collaboration with the National Development Bank (NDB) and Cargills. Leveraging the NDB Neos app and the extensive Cargills network, we seek to streamline the onboarding process and provide customers with seamless access to our services.

EXPANDING REACH AND ACCESSIBILITY

The integration of digital platforms such as the NDB Neos app and the Cargills network significantly widens access for customers, enabling them to make payments and engage with the Company conveniently. This expansion of reach reflects our commitment to meeting customers where they are and providing tailored solutions to meet their evolving needs.

PRODUCT PORTFOLIO

- Leasing
- Loans – Mortgage, Working Capital, Gold Loans
- Fixed Deposits
- Ijarah
- Wakalah Term Investments
- Savings – Normal and Minor

NEW PRODUCT OFFERINGS

ORIENT SOLAR: LEADING THE GREEN FINANCING REVOLUTION

In line with its vision to become the "Most Sought Green Financing NBFI," Orient Finance PLC takes a significant stride by introducing the Orient Solar product range. Orient Solar offers specialised financing solutions for solar panels, empowering customers to embrace renewable energy and contribute to environmental sustainability.

RUWATHTHI: EMPOWERING WOMEN'S FINANCIAL INDEPENDENCE

Recognising the importance of female empowerment and financial inclusion, Orient Finance PLC partners with Women's Day to launch the Ruwaththi product range. Ruwaththi includes two key offerings. Leasing product range for financing motorcycles, enabling women to enhance mobility and independence. Fixed deposit product range offering competitive returns, empowering women to grow their savings and secure their financial future.

PIPELINE OF INNOVATIVE PRODUCTS

We are dedicated to staying ahead of the curve by continuously innovating and introducing products that cater to evolving customer needs and market trends. As we look ahead to the upcoming year, we are excited to announce two new product ranges that are currently in the pipeline: one aimed at empowering female entrepreneurs and another designed to provide Gen Z customers with a seamless digital experience.

BRAND EQUITY

The Company has earned a reputation as a trusted and customer-centric financial service provider, driven by innovation, professionalism and unwavering commitment. Supported by our esteemed parent company, the JXG Group, we strive to enhance our brand equity through timely product offerings, dedicated service and a strong presence across traditional and social media platforms.

DRIVING INNOVATION AND OPERATIONAL EXCELLENCE

The IT department has played a crucial role in driving innovation, efficiency and technological advancement within our organisation during the year under review. With a strong commitment to excellence and a focus on delivering value-added solutions, we have successfully completed several key projects aimed at enhancing operational capabilities and facilitating growth across various business verticals.

One of our major achievements was the complete implementation of the Core Banking System across all business verticals. This transformative initiative has streamlined operations, improved transaction processing and enabled seamless integration across diverse channels. By leveraging advanced technology and industry best practices, we have enhanced operational agility, scalability and customer responsiveness, positioning the Company for sustained growth and competitiveness in the digital era.

Another notable project was the automation of the gold loan auction process. This initiative exemplifies our dedication to innovation and efficiency by revolutionising auction operations, ensuring transparency, fairness and compliance while optimising resource utilisation and minimising manual errors. Our focus on driving operational excellence and delivering value-added solutions has empowered stakeholders and enhanced business outcomes.

Additionally, we have initiated the implementation of a CRM solution for lead management and complaints handling, recognising the importance of customer relationship management. This demonstrates our commitment to enhancing customer satisfaction and improving overall business performance.

Furthermore, as part of our ongoing commitment to innovation, we have initiated the launch of an AI-powered solution designed to optimise business lead generation and segmentation. By harnessing the power of machine learning algorithms and predictive analytics, this cutting-edge solution allows us to efficiently analyse large volumes of data and pinpoint valuable insights.

OUR APPROACH TO COMPLAINTS MANAGEMENT

At Orient Finance PLC, we place a high value on customer feedback and actively encourage our customers to share their thoughts and opinions with us. To make this process as easy and convenient as possible, we have implemented a variety of channels through which customers can reach out to us. These include customer service hotlines, online chat support, email communication, feedback forms on our website and social media platforms. These channels ensure that customers can easily voice their concerns and provide valuable feedback.

PROMPT RESPONSE AND RESOLUTION

When a customer submits a complaint, our dedicated team of customer service representatives promptly acknowledges the issue and begins the resolution process. We prioritise resolving customer complaints in a timely manner, aiming to address their concerns and provide satisfactory solutions as quickly as possible. Our customer service team is trained to handle complaints with empathy, professionalism and a commitment to ensuring customer satisfaction.

CONTINUOUS IMPROVEMENT

Customer complaints provide us with valuable insights into areas where we can improve our products, services and processes. We systematically analyse customer feedback, identifying recurring issues or trends and taking proactive steps to address them.

FOSTERING A CULTURE OF EXCELLENCE

At Orient Finance PLC, we firmly believe that our success is deeply rooted in the strength of our team and the culture of collaboration, resilience and continuous improvement that we have diligently cultivated. Despite facing challenging economic conditions, we have not only survived but thrived by placing a strong emphasis on the development of our team members, fostering innovation and swiftly adapting to the evolving needs of our customers. Through our tailored training programs, transparent communication channels and unwavering commitment to innovation, we have established a winning culture that propels us towards excellence. These initiatives include knowledge acquisition workshops, knowledge-sharing sessions and experience-sharing sessions, all designed to enhance the competency levels of our team members.

Effective communication is also essential in fostering a culture of collaboration and transparency. At Orient Finance PLC, we actively seek feedback from both our team members and customers to gain insights into our strengths, weaknesses and areas for improvement. We value open and honest communication, as it enables us to address challenges proactively and capitalise on opportunities for growth and innovation. To stay ahead of the competition, we continuously innovate and adapt our products and services to meet the evolving needs of our customers and respond to external circumstances.

FUTURE OUTLOOK

With a vision to empower women entrepreneurs, support senior citizens and embrace digital transformation, we are excited to unveil our future plans for specialised products and services. In line with our commitment to gender equality and empowerment, we are developing special products tailored to meet the unique needs of women-led businesses. Senior citizens are a valuable segment of our society and we are dedicated to supporting their financial well-being and independence. Recognising the growing demand for convenient and accessible savings solutions, Orient Finance PLC is developing a fully automated savings product. From automated deposits to personalised savings goals and real-time monitoring, this product will empower customers to achieve their financial goals with ease and convenience. As part of our ongoing commitment to innovation and customer-centricity, Orient Finance PLC is embarking on a comprehensive digital transformation journey.

OUR PRODUCTS AND SERVICES

LEASING

At Orient Finance, we take pride in being your unique financial solution provider, offering a diverse range of lease assets for both individuals and corporations. But more than that, we understand that behind every lease, there's a dream waiting to be fulfilled.

With Orient Finance, you'll discover a world of possibilities, where flexibility, affordability and convenience come together to create hassle-free leasing and purchase offers tailored just for you. Our human touch ensures that we listen to your needs, understand your aspirations and help you find the perfect leasing solution to turn your dreams into reality.

GOLD LOAN

We believe that your precious gold deserves the utmost care and respect. That's why our Orient Gold Loans offer you the highest advance amount for your treasured sovereign, ensuring you get the best returns for your trust in us.

With Orient Finance Gold Loans, you'll discover the most competitive interest rates in the market for your sovereign, without compromising on the security of your precious asset. Your peace of mind is our priority and we guarantee maximum security and customer confidentiality throughout the entire process. Our dedicated team is committed to providing fast and efficient customer service, making the entire borrowing experience smooth and stress-free. We understand the value of your time and your gold and we are here to make sure you receive the support you deserve.

FIXED DEPOSITS

At Orient Finance, we take immense pride in offering you the best rates for fixed deposits and savings in Sri Lanka. Our wide range of deposit options is carefully designed to cater to your unique requirements and financial goals.

For our esteemed senior citizens aged 60 years and above, we go the extra mile by offering an additional interest rate of up to 0.5% p.a. Because we believe in recognising the wisdom and experience that comes with age and we are committed to ensuring your golden years are financially secure.

With our attractive and competitive interest rates, you can sit back and watch your investment flourish. Let us be your partner in growth, guiding you towards a future of financial abundance and stability.

FD PLUS

We are delighted to present Orient FD Plus, a special fixed deposit scheme that goes beyond traditional investments. It's not just a fixed deposit, but a unique financial solution that combines the power of investment with the assurance of life insurance cover and critical illness protection.

We understand that life is unpredictable and financial security is essential for you and your loved ones. With Orient FD Plus, you not only enjoy financial stability through a fixed deposit but also gain enhanced life protection, providing you with peace of mind. Orient FD plus is completely customizable to suit your specific needs and aspirations. We believe in tailoring our solutions to fit your unique circumstances, ensuring that you receive the maximum benefit and protection.

MINOR SAVINGS

At Orient Finance, we believe in laying the foundation for a bright and secure financial future for your children. That's why we are thrilled to introduce Orient Minor Savings, an account specially designed to offer attractive benefits for young savers in Sri Lanka.

With Orient Minor Savings, you not only provide a safe place for your kids' money but also instill in them the invaluable habit of saving from an early age. We understand the importance of nurturing financial literacy and responsibility and this account is the perfect stepping stone.

As your children watch their savings grow, they will learn valuable lessons about money management, goal setting and the rewards of disciplined saving. At Orient Finance, we are committed to empowering the next generation, ensuring they have the tools to achieve their dreams.

TUK LEASING

Orient Tuk Leasing is a unique leasing product that unlocks the door to your very own Three-wheel unit. Whether you're a Tuk hirer or a business owner, our goal is to provide you with the maximum lease amount and cater to your specific needs with tailor-made rental packages.

We understand that convenience is crucial, which is why we bring hassle-free service right to your doorstep. With Orient Tuk Leasing, the process is smooth, the paperwork is minimal and the freedom to hit the road awaits you. Let us be your trusted companion on this exciting journey, ensuring that you experience the joy of Tuk-tuk ownership without any worries. Welcome to Orient Tuk Leasing - where freedom, convenience and personalised service drive you forward.

ISLAMIC FINANCE

Since commencing operations in 2021, the Orient Alternative Finance Business Unit has been committed to revolutionising the financial landscape. Licensed by the Central Bank of Sri Lanka to conduct Islamic financial services and mobilize deposits, we offer an exclusive Islamic banking proposition for businesses, embracing all communities regardless of ethnicity.

At Orient Alternative Finance Business Unit, our foundation is built on strong principles and values. We take pride in providing Islamic products based on a non-interest agency model, fully compliant with Shariah principles. With us, you can experience a new way of forward financial solutions that align with your beliefs and aspirations.

Our dedication and innovation have been recognised and we are honored to be awarded the Emerging Islamic Finance entity of the year 2022/23.

Welcome to a world where finance meets faith, where values lead the way. Embrace the future with Orient Alternative Finance, where every step we take is guided by integrity and inclusivity. Let's build a better tomorrow together!

ORIENT SOLAR LEASING

Say goodbye to high electricity bills with Orient Solar Leasing from Orient Finance! Our innovative solar leasing product makes it easier than ever to own a solar panel system. With Orient Solar Leasing, there's no need to pay the full amount upfront. Simply make a down payment and you can have a solar panel system installed at your home, office or any location of your choice.

Enjoy the benefits of clean, renewable energy while paying affordable monthly installments. Orient Solar Leasing offers you the freedom to embrace sustainable energy without the financial burden. Start saving on your electricity bills and contribute to a greener future today with Orient Solar Leasing.

Take the first step towards energy independence and significant savings with Orient Finance – your trusted partner in solar energy solutions.

ORIENT RUWATHTHI

Introducing Orient Ruwaththi, a dedicated financial product by Orient Finance PLC, designed exclusively for women. Launched to address and support the unique financial needs of Sri Lankan women, Orient Ruwaththi offers tailored solutions to help them achieve their personal and business goals.

Whether you are looking to start a new business, expand an existing one, or fulfill personal aspirations, Orient Ruwaththi is here to empower you. This innovative product is more than just financial assistance; it is a commitment to making your dreams come true. With personalized financial solutions, Orient Ruwaththi ensures that every woman has the opportunity to succeed and thrive.

Join the movement and let Orient Ruwaththi be the partner in your journey towards financial independence and success. Empowering Women. Fulfilling Dreams.

SOCIAL AND RELATIONSHIP CAPITAL

At Orient Finance PLC, we believe that creating sustainable value for our stakeholders and society is at the core of our mission. Our approach to social and relationship capital revolves around ongoing engagement with our diverse stakeholders, which include employees, customers, the community, business partners and suppliers. Each of these groups plays a vital role in our operations and their perspectives significantly influence our decision-making processes.

STAKEHOLDER ENGAGEMENT

We prioritise building strong, transparent relationships with all our stakeholders. By fostering open communication, we encourage feedback that helps us better understand their needs and expectations. This dialogue not only enhances our operations but also strengthens our commitment to corporate responsibility and ethical practices.

MARKETING AND COMMUNICATIONS STRATEGY

At Orient Finance PLC, we are committed to operating as a responsible corporate entity by implementing a comprehensive marketing and branding strategy that prioritises transparency. We ensure that all relevant information regarding our products and services is accessible in three languages: English, Sinhala and Tamil, catering to the diverse needs of our community.

INNOVATIVE MARKETING CHANNELS

Our marketing communications leverage cutting-edge technology across multiple platforms. We utilise digital marketing, outdoor media, digital screens, cinema advertising and traditional media to reach a wide audience effectively. This multi-channel approach ensures that our messaging resonates with various demographics, maximising our outreach.

SOCIAL MEDIA ENGAGEMENT

Throughout the year, we have actively engaged with our existing and potential customers on all major social media platforms. Our presence on Facebook, Instagram, LinkedIn and WhatsApp has been pivotal in generating leads and fostering communication. By tailoring our lead generation campaigns to specific target audiences, we ensure their effectiveness and drive successful outcomes.

BUILDING MEANINGFUL RELATIONSHIPS

Through our strategic use of technology and innovative marketing tactics, we have successfully connected with our customers, building meaningful relationships that contribute to our growth. Our commitment to embracing modern marketing strategies distinguishes us as a forward-thinking organisation in today's competitive landscape.

Total No of Postings in the FY: 275
Total no of engagements: 10 Mn

OFPLC FB page reached 60,000 followers during the year.

AWARDS AND ACCOLADES

GREAT PLACE TO WORK

Orient Finance PLC, a proud member of the Janashakthi Group, has been awarded the prestigious Great Place to Work® Certification™ for the third consecutive year. We are incredibly proud of this achievement, which reflects the dedication and hard work of our entire team.

RECOGNITION AT IFFSA AWARDS

On October 20, 2023, Orient Finance PLC's Alternative Finance Business Unit was honoured as South Asia's Emerging Islamic Finance Entity of the Year at the prestigious IFFSA Awards Ceremony. We extend our heartfelt gratitude to our clients for their unwavering trust and support, as well as to our dedicated team for their steadfast commitment to achieving this significant milestone. Together, we are shaping a brighter future in the realm of alternative finance.

SLIM NATIONAL SALES AWARDS 2023

On November 15, 2023, the industry acknowledged the outstanding achievements of our dedicated team members at the SLIM National Sales Awards 2023. Raveendra Ranasinghe received the Bronze Award for Territory Manager, while Mohomed Zamri secured the Bronze Award for Sales Executive.

SLIBFI AWARDS 2023

On July 21, 2023, Orient Finance PLC's Alternative Finance Business Unit achieved remarkable success at the SLIBFI Awards 2023. We are proud to announce that we received the Gold Award for 'Emerging Islamic Finance Entity of the Year' and the Merit Award for 'Digital Marketing Campaign of the Year'.

TAGS AWARDS 2023

On December 19, 2023, Orient Finance PLC proudly received the Silver Award in the Non-Banking Financial Institution (up to 20BN) category at the TAGS Awards 2023.

CUSTOMER

Understanding our customers' needs is paramount. We actively seek their feedback to improve our services and tailor our offerings. During the year under review, we collaborated with esteemed partners; Singer Sri Lanka, Singhagiri Limited and Fuji Energy Solutions to provide high-quality solar panels and installation. Additionally, a significant growth of the customer base was reported over the past year reflecting our commitment to providing exceptional financial services across various sectors. Our efforts in customer engagement and service excellence have resulted in the following new client acquisitions.

FIXED DEPOSITS (FD)

We welcomed 1,788 new clients into our Fixed Deposits segment. This growth showcases the trust and confidence customers have in our financial products, as they seek secure and reliable investment options to grow their savings.

LEASING

In the Leasing sector, we attracted 2,869 new clients, indicating a strong demand for our leasing solutions.

GOLD LOANS

Our Gold Loan services also experienced a positive influx, with 7,351 new clients choosing us for their financial needs.

BUSINESS PARTNERS

At Orient Finance PLC, we understand that establishing a competitive advantage in today's dynamic business environment requires strong collaborations with our esteemed business partners. These partnerships are grounded in mutual benefits, enabling us to create shared value and achieve our strategic goals.

COLLABORATIVE APPROACH

Our business partners play an essential role in aligning our operations with our corporate vision. By working closely together, we effectively navigate the challenges of the business landscape. This collaborative approach allows us to leverage their expertise, resources and networks, which ultimately enhances our performance and strengthens our market position.

ENRICHING DECISION-MAKING

We recognize the significant impact that our partners have on our organization. Each partner brings unique perspectives, innovative ideas and specialized knowledge that enrich our decision-making processes. This diversity of thought drives continuous improvement and helps us stay ahead in the competitive financial sector.

SUSTAINABLE RELATIONSHIPS

Our partnerships extend beyond simple transactions; we are committed to cultivating long-term, sustainable relationships built on trust, transparency and shared values. By fostering a culture of open communication and collaboration, we ensure that our partnerships not only thrive but also evolve over time, adapting to the changing needs of our industry.

COMMUNITY

At Orient Finance PLC, we are committed to upholding exceptional business practices while striving to be a responsible corporate citizen. Our focus is on fostering positive relationships with local communities, ensuring that transparency and fairness are at the forefront of our interactions. While our ultimate goal is to bring substantial socio-economic benefits that uplift the well-being of individuals, particularly those from underprivileged communities, we also believe that by actively engaging with and supporting these communities, we can create meaningful and lasting impacts in their lives.

CORPORATE SOCIAL RESPONSIBILITY

At Orient Finance PLC, Corporate Social Responsibility (CSR) is integral to our mission and values. We are committed to conducting our business in a socially responsible manner, prioritizing ethical practices and sustainability in all our operations. Our CSR initiatives focus on empowering local communities, supporting education and promoting environmental stewardship.

WILPATTU REFORESTATION

In celebration of our 42nd anniversary, Orient Finance PLC proudly launched a tree-planting initiative on July 26, 2023, reinforcing our commitment to environmental stewardship. As part of this initiative, we successfully planted 6,000 trees in the beautiful surroundings of the Wilpattu Forest. This project exemplifies our dedication to fostering a greener tomorrow and contributing to a sustainable future for all.

DONATION TO RATMALANA HINDU COLLEGE

On August 14, 2023, Orient Finance PLC was proud to donate 100 saplings to Ratmalana Hindu College as part of our ongoing tree-planting initiative. This contribution is aimed at cultivating an eco-friendly sanctuary that benefits not only the students and residents but also local wildlife. By partnering with the college, we are taking meaningful steps toward creating a greener tomorrow. Our commitment to sustainability reflects our belief in the importance of fostering a healthy environment for future generations. Together, we are making a positive impact and promoting ecological awareness within the community.

GIFT A BOOK, GIFT A FUTURE

On May 8, 2023, Orient Finance PLC proudly launched the "Gift a Book, Gift a Future" project in celebration of this year's World Book Day. We are humbled to share that we donated over 100 gifts and library books to the eager learners at Millewa Primary College. This initiative, organized by our Sports and Welfare Committee, reaffirms our commitment to education and community welfare. By supporting children's education, we aim to foster a love for reading and provide valuable resources that positively impact their learning journey. We are grateful for the opportunity to contribute to a cause that enhances the educational experience and well-being of young minds, paving the way for a brighter future.

NATURAL CAPITAL

At Orient Finance PLC, we place a high priority on achieving corporate sustainability goals and strictly adhering to environmental guidelines and best practices. Our commitment to upholding these standards is driven by our desire to preserve natural resources and create a healthier planet for future generations.

We believe that environmental stewardship should be integrated into every aspect of our operations, from our day-to-day activities to our strategic decision-making processes. We understand the critical importance of safeguarding the environment and recognise that sustainable practices are essential for the well-being of our planet. As a result, we actively seek opportunities to minimise our ecological footprint and support initiatives that promote renewable energy.

We strive to lead by example in the finance industry by championing environmental stewardship and integrating sustainable practices into our operations. Through ongoing evaluation and improvement of our processes, we aim to minimise any negative impact on the environment while maximising positive outcomes for the communities we serve. We invest in technologies and systems that promote energy efficiency, reduce waste generation and minimise our environmental footprint. Furthermore, we encourage our employees to adopt eco-friendly practices both at work and in their personal lives, reinforcing our commitment to environmental sustainability.

ENERGY CONSUMPTION

As part of our dedication to energy efficiency, Orient Finance PLC has implemented LED Lighting Upgrades and smart scheduling for air conditioning systems and elevator operations. By replacing traditional lighting with energy-efficient LED bulbs and optimizing HVAC and elevator systems, we have successfully decreased our energy consumption and carbon footprint. These initiatives align with our corporate sustainability goals and play a crucial role in combating climate change and conserving natural resources.

WATER CONSERVATION INITIATIVE

Orient Finance PLC has implemented a series of awareness and education campaigns to encourage water-saving practices among our employees. Our goal is to cultivate a culture of water conservation and responsible usage through informative programs and practical tips on reducing water waste.

WASTE MANAGEMENT

At OFP, we adhere to the principles of the 3R framework (Reduce, Reuse, Recycle) to effectively manage waste within our organisation. While paper usage is a necessity in financial institutions, we are dedicated to minimising our paper consumption through the implementation of innovative solutions.

Through the utilization of an E-learning platform and digital engagement systems, we have successfully decreased our reliance on paper-based communication and training materials. By embracing digital technologies, we not only reduce waste generation but also enhance our operational efficiency and improve the overall customer experience. Our commitment to sustainable waste management practices not only benefits the environment but also aligns with our goal of operating as a responsible and forward-thinking financial institution.

FUTURE OUTLOOK

Orient Finance PLC's dedication to environmental sustainability extends beyond regulatory compliance to proactive initiatives aimed at minimizing environmental impact and promoting a greener future. Through energy-efficient practices, water-saving initiatives and innovative waste management strategies, we demonstrate our commitment to preserving natural resources and mitigating climate change. By integrating sustainability into our business operations, we strive to set an example for the finance industry and contribute to building a more sustainable and resilient world for generations to come.

RESPONSIBILITY

BOARD OF DIRECTORS PROFILES

MR. RAJENDRA THEAGARAJAH
Chairman/Independent Non-Executive Director

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

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

During his 37 year career, he spent the last 16 years as the CEO of three licensed commercial banks in Sri Lanka and made significant contributions towards policy advocacy issues such as the Corporate Governance Framework for Banks, Basel III adoption and Fair Value Accounting by Banks, Financial Inclusion and more recently development of Fintec Sand Box-framework for Banks. During this period he chaired the Sri Lanka Banks Association, the Asian Banks Association and Lanka Financial Services Bureau. He also served on the boards of Lanka Clear and Colombo Stock Exchange and as Chairman of Ceylon Chamber of Commerce (2017-19). He currently serves on the Boards of Siam City, Sri Lanka (Pvt) Ltd, Carson Cumberbatch PLC and as an Independent Director of Professional Insurance Corporation of Zambia. In 2022, he received the title "Chairman Emeritus" of The Asian Banks Association for his outstanding contribution.

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

MR. K.M.M. JABIR
Executive Director/Chief Executive Officer

Mr. Jabir was appointed as the Executive Director/ CEO of Orient Finance PLC on the 25th of November 2019.

He is a Finalist of the Chartered Institute of Management Accountants of UK and a Fellow Member of the Institute of Bankers of Sri Lanka. He has held numerous positions of seniority at several Financial Institutions.

Mr. Jabir has 39 years of experience in the Banking and Finance Industry.

Prior to Joining Orient Finance PLC, he was the Founder CEO and Executive Director of Richard Pieris Finance Ltd. and also held the position of Deputy General Manager - Operations, for 8 years at People's Leasing and Finance PLC. He was the Director of the People's Leasing Fleet Management Company. Further, he is also a visiting lecturer at the Institute of Bankers of Sri Lanka.

Mr. Jabir was acclaimed as "Asia's Islamic Finance Personality of the year" during 2022/2023.

MR. PRAKASH SCHAFFTER
Non-Independent Non-Executive Director

Mr. Prakash Schaffter is the Cambridge-educated Executive Deputy Chairman of Janashakthi Insurance PLC. He has three decades of experience in the Insurance Industry in both Sri Lanka and the United Kingdom. He has led Janashakthi Insurance PLC as Managing Director since 2006, through a growth phase that saw Janashakthi become the third largest Non-Life Insurer and was appointed as Chairman in November 2018. He was instrumental in acquiring the Non-Life business of AIA Insurance Lanka in 2015 and led the divestment project of Janashakthi's Non-Life business in 2018. Prakash is a former President of the Insurance Association of Sri Lanka and continues to impact the business sector through his membership on the council of the Sri Lanka Institute of Directors (SLID). He serves on the Boards of several listed and unlisted entities and has been amongst the youngest Fellow Members of the Chartered Insurance Institute. He holds a bachelor's degree in political science from the University of London and a Masters from the University of Cambridge. He has also served as President of the Young Presidents Organisation of Sri Lanka. A former first-class cricketer, he represented both the University of Cambridge and London University during his cricketing career.

He has also served as President and Secretary of the Tamil Union Cricket and Athletic Club. He is a former Secretary of Sri Lanka Cricket, having served on three separate occasions on Interim Committees appointed by the Government.

MR. NALIN B. KARUNARATNE
Independent Non-Executive Director

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

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

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

BOARD OF DIRECTORS PROFILES

MS. MINETTE PERERA
Non-Independent Non-Executive Director

Ms. Minette Perera was the Group Finance Director of the MJF Group from September 2000 till March 2013. The MJF Group comprises a fully vertically integrated tea operation with presence along the entire value chain and includes Companies with the finest tea gardens, factories, printing and packaging facilities and markets "Dilmah Tea" around the world. The Leisure Sector of the MJF Group marketed by Resplendent Ceylon Private Limited, includes Companies which sets the benchmark for luxury boutique resorts in Sri Lanka.

During the period of her employment with the MJF Group, Ms. Perera was appointed a Director of the MJF Group of Companies, including MJF Holdings Limited. She continues to hold Board positions in several Companies of the MJF Group.

Ms. Perera is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka, the Chartered Institute of Management Accountants of UK and the Association of Chartered Certified Accountants of UK. She has over 40 years working experience as a Finance Professional having worked in leading local and international companies as an Executive Director.

She is currently a Non-Executive Director of several Companies including Dilmah Ceylon Tea Company PLC, Kahawatte Plantations PLC, Talawakelle Tea Estates PLC, First Capital Treasuries PLC and Forbes & Walker (Pvt) Limited.

MR. SRIYAN COORAY
Independent Non-Executive Director

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

Mr. Cooray acted as the Bank's CEO on numerous occasions in the last 15 years of his banking career with HSBC. He has gained a wealth of expertise from the widespread executive development offered by the HSBC Group. From an industry perspective, he Chaired the industry-level Banking Technical Advisory Committee in 2015/2016 as a Sub-Committee of the Sri Lanka Bankers Association. Prior to joining HSBC, Mr. Cooray has also been a part of Speville M & W Ltd., in the capacity of Financial Controller from 1987 – 1990 and prior to that he was engaged with KPMG Ford Rhodes Thornton & Company, Chartered Accountants. Mr. Cooray has represented Sri Lanka in rugby.

MS. INDRANI GOONESEKERA
Independent Non-Executive Director

Ms. Indrani Goonesekera is a Legal Consultant. She was the former Head of Legal of the Hatton National Bank PLC a leading licensed commercial bank and a Company listed on the Colombo Stock Exchange. She has served on the Bank's Corporate Management for over 15 years and has functioned in the post of Deputy General Manager (Legal) for over 11 years, being overall responsible for advising and guiding the Bank on all legal aspects of the banking business and other operations. In addition to the post of Deputy General Manager (Legal), she was also the Board Secretary of the Bank responsible inter alia for advising and guiding the Board in complying with all laws, rules, regulations procedures applicable to the Bank as an incorporated company, as a Licensed Commercial Bank by the Monetary Board of the Central Bank of Sri Lanka and as a Company listed on the Colombo Stock Exchange. She was also an Advisor to the Chairman of the Board of Directors of the Bank for a brief period. She has had wide exposure to Banking and Finance, Corporate, Business and Commercial sectors. She commenced her professional career as a Junior Counsel in the Chambers of Mr. K N Choksy, President's Counsel, after reading at the Chamber as an apprentice.

She holds a degree of Master in Laws (LLM) from the University of West London in International Business and Commercial Law and is an Attorney-At-Law of the Supreme Court of the Republic of Sri Lanka.

She is a Member of the Bar Association of Sri Lanka.

MR. DARSHANA RATNAYAKE
Independent Non-Executive Director

Mr. Darshana Ratnayake possesses over 31 years of experience as a Banker of which the last 7 years was as a member of the Corporate Management of two banks namely, NDB Bank and Cargills Bank. His immediate past appointment had been as the Chief Commercial Officer of Cargills Bank where he headed the SME and Retail Banking portfolios as well as the marketing aspects of the Bank. Prior to that, he had been at Senior Management level for 3 years. Mr. Ratnayake possesses a Certificate in Finance from the Institute of Financial Services - UK, MBA from the University of Wales - UK and a Certificate in SME Lending from Omega Institute, IFC.

He is well versed in all areas of Banking especially Retail, Agri Micro finance, Corporate and SME credit. He has been an integral part of critical committees of Banks including ALCO and Strategic Committees. Credit Committees and HR Committees. He has a proven track record in private and priority banking, sales team management and setting up and managing credit facilities. He has also been at the forefront of technology and payment strategies at several banks. He has extensive experience in bank branch network management. He also possesses international qualifications in SME credit evaluation and credit risk management. He counts Human Resources Management as a core competency. Mr. Ratnayake served as Director of NDB Wealth Management (Pvt) Ltd. He is also the Director of Corporate Affairs at Kings Hospital Colombo Pvt Ltd.

BOARD OF DIRECTORS PROFILES

MS. SANDAMALI CHANDRASEKERA
Independent Non-Executive Director

Ms. Sandamali Chandrasekera joined the Board of Orient Finance PLC on 26 March 2024. She holds a Master of Laws (LLM) in Public Law from the University of Colombo and is an Attorney at Law from Law College, Sri Lanka. Sandamali began her career as a Junior Counsel working with several eminent President's Counsel, before establishing her own practice specializing in commercial and investment law.

From 2015 to 2019, she served as a Board Member and Director of the Sri Lanka State Development & Construction Corporation. Between 2015 and 2018, she also functioned as a Consultant to the Ministry of Provincial Councils and Local Government. Currently, she is the Consultant- Legal and Risk for Plus 94 (Pte) Ltd and is actively engaged in her legal practice, with a focus on Appellate Court work.

Ms. Chandrasekera's career highlights include expertise in Corporate Governance and Best Practices, comprehensive risk analysis procedures, KYC procedures in Anti-Trust Laws and Anti-Money Laundering mechanisms, due diligence processes and successful negotiations of international investments and partnerships. She has made significant contributions to the private sector as a strategist for international investments, a mediator in commercial dispute resolutions and a legal advocate for social change, particularly in championing disabled rights and animal welfare.

MS. MANOHARI ABEYESEKERA
Independent Non-Executive Director

An Alumna of KPMG, Manohari is a Fellow of Chartered Institute of Management Accountants UK (CIMA-UK) and the Institute of Chartered Accountants of Sri Lanka with 20+ years post qualifying experience serving in leadership C- Suite Executive positions in both private and state sector.

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

Ms. Abeyesekera serves as an Independent Non-Executive Director in the Boards of Kapruka Holdings PLC, Acuity Stockbrokers (Pvt.) Ltd and as a Council Member of the Sri Lanka Institute of Directors (SLID).

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

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

Previously, Ms. Abeyesekera served the Hayleys Group, in multiple leadership roles in her 18-year stint (Year 2002-2020). She served Hayleys PLC as the Head – Strategic Business Development carrying out acquisitions for the Group. In May 2019, she was seconded as the Director – Strategy & Business Development at Fentons Limited, the engineering arm of Hayleys Group. She also served as a Director Hayleys Group Services (Pvt.) Ltd, the Group's Company Secretarial arm from year 2012- 2020. Ms. Abeyesekera joined the Board of Orient Finance PLC with effect from 26th March 2024.

CORPORATE MANAGEMENT

MR. K M M JABIR
EXECUTIVE DIRECTOR / CHIEF EXECUTIVE OFFICER

MR. S U B RATNAYAKE
HEAD OF CHANNELS

MR. P P S DE SILVA
HEAD OF CREDIT ADMINISTRATION & OPERATIONS

MR. S A D T PERERA
HEAD OF GOLD LOAN

MR. U N NILANTHA
HEAD OF TREASURY, CORPORATE PLANNING & MIS

MR. C A KULATILAKA
HEAD OF INFORMATION TECHNOLOGY

CORPORATE MANAGEMENT

MR. J A D P S JAYAKODY
CHIEF INTERNAL AUDITOR

MS. G I GODELLAWATTA
HEAD OF COMPLIANCE

MR. W D D WIJEWARDANA
HEAD OF RECOVERIES

MR. M A M ARSHATH
HEAD OF FINANCE

SENIOR MANAGEMENT

MR. A EDIRISINGHE
SENIOR MANAGER-CREDIT RISK MANAGEMENT

MR. M A IFATH
SENIOR MANAGER-BUSINESS CHANNELS

MR. V THEVEPALARATNAM
SENIOR MANAGER-FMO

MS. T A H J TENNAKOON
SENIOR MANAGER-FUND MOBILIZATION

MS. SAMAN DHARMAPALA
HEAD OF LEGAL

MR. M N WIJAYAWARDHANE
SENIOR MANAGER-GOLD LOAN

MR. MARIO FONSEKA
HEAD OF ADMINISTRATION

MR. T B S W B SENANAYAKE
MANAGER - HUMAN RESOURCES

REGIONAL MANAGEMENT

MR. NALEEN JAYASEKARA
SOUTHERN

MR. THUSHARA SILVA
METRO I

MR. DILEEPA RAJAPAKSHA
METRO II

MR. SOCKALINGAM VARATHAN
WESTERN

MR. RUCHIRA PERERA
CENTRAL

MR. ALAGARATNAM SUREN
NORTHERN

CORPORATE GOVERNANCE

Corporate Governance refers to the structures and processes that are established by a Company for the direction and control of the organisation. It concerns the stewardship provided by the Board, relationship between the Board of Directors, Shareholders, management and other stakeholders. A strong corporate culture and ethics are vital for the survival and profitability of an organisation in a highly competitive market. Essentially, the business operations of Orient Finance, as a Licensed Finance Company, is based on trust and confidence placed by the public on the Company. Therefore, sound Corporate Governance practices have been put in place at Orient Finance to achieve its objectives while complying with statutory rules and regulations.

The Governance structure at Orient Finance is driven by the Board of Directors who set the tone at the top. The Board approves the strategy and set the corporate values and determines the risk appetite of the Company. It ensures that the Company operates within the regulatory framework and applicable laws and legislation and that appropriate internal controls are in place to comply with the regulations.

Orient Finance is committed to practices of good governance and complies with the regulations as well as best practice.

The Governance Framework at Orient Finance is driven by Board approved policies and procedures which are in place governing all aspects of operations. These policies ensure the compliance of the organization with applicable laws and regulations.

The Company ensures compliance with the following statutory legislation and regulations applicable thereunder with regard to corporate governance:

- The Companies Act No. 07 of 2007
- Finance Business Act No. 42 of 2011

The Company is in compliance with the following Directions relating to Corporate Governance;

- Finance Companies (Corporate Governance) Direction No. 05 of 2021 issued by Central Bank of Sri Lanka
- Listing Rules on Corporate Governance issued by the Colombo Stock Exchange (Rule No. 9) and voluntarily complies with the Code of Best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka, to the extent possible. The Company's commitment and compliance with respect to the above directions, code and rules are summarised in the tables below.

Reference to CBSL Direction	Direction requirement	Status of Compliance	Extent of Compliance as at 31.03.2024
1. OVERALL RESPONSIBILITIES OF THE BOARD			
1.1	Overall responsibility	Complied	The Board assumed overall responsibility and accountability for the operations of the Company by setting up the strategic direction, Governance Framework, establishing corporate culture, driving corporate values and ensuring compliance with all regulatory requirements to drive the organization into a sustainable future. The Board drives the governance framework for the Company as outlined in the Corporate Governance Framework of the Company, which has been approved by the Board of Directors.
1.2 BUSINESS STRATEGY AND GOVERNANCE FRAMEWORK			
a)	Approving and overseeing the implementation of business strategy and goals for next three years	Complied	The Board provides leadership, in approving and overseeing the implementation of strategic objectives and overall business strategy of the Company. The Board also ensures that the necessary financial and human resources are in place for the Company to meet its objectives. The Company's Vision and Mission have served as the foundation for developing Board-approved strategic objectives and corporate values, which have been effectively communicated across the organization. The Board is committed to ensuring that the Company fulfills its responsibilities to shareholders and other stakeholders by ensuring their expectations are comprehended and fulfilled. The Company has established a strategic plan covering 2024/25 through 2026/27, which outlines the strategy and direction of the Company for the period, which has been approved by the Board. The Strategic plan has been communicated to all Directors, Senior Management and staff, as relevant, across the Company and adherence of milestones as per strategy is monitored by the Management and updated to the Board.
b)	Approving and implementing Governance Framework	Complied	The Board approved Governance Framework is in place which is in line with the Company's size, complexity, business strategy and regulatory requirements.
c)	Periodic assessment of the effectiveness of Governance Framework	Complied	The effectiveness of the Governance Framework is periodically assessed.
d)	Appointing the Chairperson and the CEO and define the roles and responsibilities	Complied	The Board has appointed the Chairperson and the CEO. Board approved roles and responsibilities are available for the Chairperson and the CEO.

Reference to CBSL Direction	Direction requirement	Status of Compliance	Extent of Compliance as at 31.03.2024
1.3 CORPORATE CULTURE AND VALUES			
a)	Ensuring that there is a sound corporate culture within the company which reinforce ethical, prudent and professional behavior	Complied	The Company has a sound corporate culture which encourages ethical, prudent and professional behavior of employees of the Company. The corporate culture is enforced by various policies, procedures and processes such as HR Policy, Code of Conduct, Whistleblower Policy, Stakeholder Communication Policy, Customer Complaints Handling Policy, Conflict of Interest Policy, etc. that are in place to strengthen the corporate culture which encourage ethical, prudent and professional conduct.
b)	Establishing the corporate culture and values, code of conduct and managing conflicts of interest	Complied	A Board approved Code of Conduct and conflict of interest policy is in place.
c)	Promoting sustainable finance	Complied	Environmental, Social and Governance (ESG) factors are integrated into the Company's overall strategy, decision-making processes and risk management. Importantly Board ensures that the Company's actions contribute to sustainable growth and long-term value creation.
d)	Approving the policy of communication with all stakeholders	Complied	A Board approved Corporate Communication policy with all stakeholder including shareholders, depositors, borrowers and other creditors is in place.
1.5 BOARD COMMITMENT AND COMPETENCY			
a)	Devoting sufficient time on matters relating to affairs of the Company	Complied	The Board of Directors devote sufficient time on dealing with the matters relating to affairs of the Company. The Board meets on monthly intervals and as necessary. Board Sub Committees meet at quarterly intervals or more frequently, as required.
b)	Qualifications, skills, knowledge and experience of Board of Directors	Complied	Appointments to the Board are recommended by the Board Nomination and Governance Committee. The Directors possess necessary qualifications, adequate skills, knowledge and experience in various areas relating to business and finance, contributing to the performance of the Company. Please refer the detailed profiles of the Board of Directors and their skills and knowledge on pages 52 to 56.
c)	Training and development needs of the Board of Directors shall be reviewed by Board	Complied	The Board reviews its training and development needs through Board's annual performance evaluation
d)	Board shall adopt a scheme of self-assessment of the individual Directors, the Board as a whole, its Sub Committees and maintain a record of such assessments.	Complied	Annual self-assessments are performed at the end of each financial year which cover individual performance of each Director, performance of Board as a whole and of Board Sub Committees. Records of such assessments are maintained.
e)	Board shall resolve to obtain External independent professional advice to the Board to discharge duties to the Company.	Complied	A Board approved procedure is in place for Directors to obtain independent professional advice where necessary at Company's expenses to discharge their duties.

Reference to CBSL Direction	Direction requirement	Status of Compliance	Extent of Compliance as at 31.03.2024
1.6 OVERSIGHT OF SENIOR MANAGEMENT			
a)	Identifying and designating Senior Management	Complied	The staff that can significantly influence the Company's policies, direct activities, exercise control over business operations and risk management, are identified by the Board and designated as Senior Management of the Company in line with the Direction on Corporate Governance.
b)	Areas of authority and key responsibilities for the Senior Management	Complied	Accountability and responsibility are delegated to Senior Management officers through their respective Job Descriptions (JD), Board approved policies and procedures.
c)	Qualifications, skills, experience and knowledge of Senior Management	Complied	The Company adopts a stringent procedure in recruiting all Senior Management position as described in the HR Policy. Predefined qualifications, skills, knowledge and experience are stated in the respective job profiles. Independent roles related recruitments are referred to the respective Sub-Committee for their inputs. The approval for relevant senior management is obtained from CBSL in line with relevant regulations. All the Senior Management personnel possess necessary qualifications, skill, experience and knowledge to perform their functions.
d)	Oversight of the affairs of the Company by Senior Management	Complied	Oversight over the affairs of the Company is exercised by the Chief Executive Officer along with the Senior Management.
e)	Ensuring the Company has a succession plan for Senior Management	Complied	A Board approved succession plan is available for Senior Management and Key positions within the Company.
f)	Regular meetings with Senior Management to review policies and monitor the progress	Complied	Senior Management personnel make regular presentations to the Board and Board Sub-Committees on matters under their purview and the Board/Directors provide advice/guidance on same.
1.7 ADHERENCE TO THE EXISTING LEGAL FRAMEWORK			
a)	Ensuring that the Company does not act in a manner that is detrimental or prejudicial to the interests and obligations to stakeholders	Complied	Well-established systems and controls are in place for the Board to ensure that the Company carries out its activities to the best interest of and obligations to depositors, shareholders and other stakeholders. The Board affirms that the Company has not acted in a manner that is detrimental to the interest of and obligations to any stakeholder.
b)	Compliance with relevant laws, regulations, directions and ethical standards.	Complied	A fully fledged Compliance department has been established to ensure that the Company carries out its activities in adherence to the relevant laws, regulations, Directions and ethical standards. The Compliance Division acts as the second line of defense in ensuring that the regulatory requirements are disseminated to the operational units for compliance. Procedures are in place to obtain periodic assurance by the Board and the Board affirms that the Company adheres to relevant laws, regulations, Directions and ethical standards in its operations.
c)	Acting with due care and prudence and with integrity and avoid potential civil and criminal liabilities that may arise from Board's failure to discharge the duties diligently	Complied	The Board of Directors act with due care, prudence and with integrity to drive the Company for a sustainable growth.

Reference to CBSL Direction	Direction requirement	Status of Compliance	Extent of Compliance as at 31.03.2024
2. GOVERNANCE FRAMEWORK			
2.1	Development of a Governance Framework in line with the Direction.	Complied	The Board has developed and implemented a comprehensive Governance Framework which is in line with the CBSL Direction on Corporate Governance. The Framework outlines the role and responsibilities.
3. COMPOSITION OF THE BOARD			
3.1	Ensuring the Board composition ensures a balance of skills and experience as appropriate for the size, complexity and risk profile of the company	Complied	Appointments to the Board are recommended by the Bord Nomination and Governance Committee. The nominations to the Board are evaluated with due reference to the size, complexity, current risk profile and the strategic direction of the Company. The Directors including Non-Executive Directors are eminent persons with necessary qualifications, adequate skills and knowledge, expertise and experience to bring an independent judgment and their detailed profiles are on pages 52 to 56.
3.2	Number of Directors on the Board shall not be less than 07 and not more than 13	Complied	As at 31 March 2024, the Board of Directors comprised of ten (10) members which is within the statutory limit required by the Direction. The Company maintained a healthy balance between Executive, Non-Executive and Independent Directors with the majority being independent.
3.3	Service Period of Non-Executive Directors other than CEO/ Executive Director shall not exceed 09 years	Complied	The Service period any of the Non-Executive Directors did not exceed 9 years and was within the requirement of this Direction. The Director representing the major shareholder has received regulatory approval to continue as a Non-Executive Director.
3.4	Service period of Non-Executive Directors who holds 10% direct or indirect holding of the Company	Complied	Regulatory approval has been obtained for the Non-Executive Director representing the major shareholder to continue as a Non-Executive Director.
3.5 EXECUTIVE DIRECTORS			
a)	Only an employee of the Company shall be appointed, elected or nominated as an Executive Director, provided that number of Executive Director shall not exceed 1/3 of the number of Directors of the Board	Complied	One Director has been appointed as an Executive Director and he is an employee of the Company. The ratio of Executive Directors is well within the ratio provided.
b)	Shareholders who directly or indirectly hold more than 10% of the voting rights of Company, shall not be appointed as the Executive Director or as senior management	Complied	The Executive Director or Senior Management does not hold any voting rights of the Company, thus fulfilling the requirements of the Direction.
c)	One of the Executive Directors shall be appointed as MD/CEO	Complied	The Executive Director is the Chief Executive Officer of the Company.
d)	Availability of Functional reporting lines of Executive Directors	Complied	The Chief Executive Officer is the only Executive Director and he reports to the Board of Directors.
e)	Executive Directors are required to report to the Board of Directors	Complied	Executive Director/Chief Executive Officer reports to the Board of Directors.
f)	Executive Directors shall refrain from holding Executive Directorships and Senior Management positions of another entity.	Complied	The Executive Director does not hold any Executive Directorships or Senior Management positions in any other entity.

Reference to CBSL Direction	Direction requirement	Status of Compliance	Extent of Compliance as at 31.03.2024
3.6 NON-EXECUTIVE DIRECTORS			
a)	Non-Executive Directors shall have skills, experience and credible track records	Complied	All appointments to the Board are evaluated by the Board Nomination and Governance Committee, which ensures a balance in skills, experience and credible track record. Directors, including Non-Executive Directors are eminent persons who possess credible track records and have the necessary knowledge, skills, expertise and experience to bring an independent judgment on the issues of strategy, performance, resources and standards of business conducts. Please refer detailed profiles of the Board on pages 52 to 56.
b)	A Non-Executive Director cannot be appointed as the CEO/ Executive Director	Complied	The Executive Director functions as the CEO of the Company. No Non-Executive Director has been appointed or functioned as CEO or Executive Director of the Company.
3.7 INDEPENDENT DIRECTORS			
a)	Minimum number of Independent Directors of Board shall be at least 03 or 1/3 of the total numbers of directors, whichever is higher	Complied	Seven (07) out of Ten (10) Directors are Independent Directors which is well within the requirement of this direction.
b)	Independent Directors shall have sufficient qualifications and experience	Complied	The Independent Non-Executive Directors of the Company has a diverse range of skills & experience which enables them to provide valuable insights, independent judgment and constructively guide the executive management. The Non-Executive Directors' extensive professional backgrounds and experience in different sectors strengthen the Board's ability to navigate complex challenges, anticipate emerging trends and drive the Company's long-term success while upholding the highest standards of Corporate Governance. The Board Members' detailed profiles are on pages 52 to 56.
c)	As outlined in the Direction, criteria of Independent of Directors shall be considered	Complied	The independence of the Directors is evaluated annually based on the Directors' self-declarations. The criteria defined in this direction are taken into consideration when evaluating the independence of each Non-Executive Director.
d)	Determining any other factors affecting to the independence of the Directors	Complied	The Nomination and Governance Committee and the Board assess whether there are any circumstances or relationships, beyond those specified in the direction, that could potentially influence the Independence of a Director. However, no such circumstances were determined during the year.
e)	Immediate disclosure of circumstances that affect the independence of the Directors	Complied	A process is in place to disclose immediately to the Board on any change in circumstance that may affect the independence of an Independent Non-Executive Director. No such changes were reported to the Board during the year.
3.8	Alternate Directors		No alternate Directors have been appointed.

Reference to CBSL Direction	Direction requirement	Status of Compliance	Extent of Compliance as at 31.03.2024
3.9 COOLING OFF PERIODS			
a)	Cooling off period for Directors		
	There shall be a cooling off period of 06 months prior to appointment of any person as a director who was previously employed as a CEO/Director of another LFC. If any variation, LFC shall have a prior approval of Monetary Board	Complied	Board Nomination and Governance Committee monitors the requirement of cooling off period as per this direction. The Directors who were appointed to the Board during the year were not employed as a Director/ CEO of another LFC prior to their appointment.
b)	Cooling off period for Independent Directors -A director who fulfills the criteria to become an independent director shall only be considered for such appointment after a cooling off period of 01 year if such director has been previously considered as non independent under the provision of this Direction.	Complied	Board Nomination Committee and the Board monitor the requirement of cooling off period as per this direction. No Independent Directors were appointed during the year.
3.10	Common Directorships - Appointment of a Director or a KRP of the Company as a Director of another LFC is prohibited except in the circumstances given	Complied	No Director or KRP of the Company has been appointed as a Director of another LFC.
3.11	Limit on holding Directorships by a Director of the Company	Complied	No Director holds Directorships or any equivalent positions in more than 20 companies/ societies, bodies including subsidiaries of the Company.
4 ASSESSMENT OF FIT AND PROPER CRITERIA			
4.1	No person shall be nominated, elected or appointed as a director of LFC or continue as a director unless approved as a KRP as per the Direction on Assessment of fitness and propriety	Complied	Approval for all Directors have been obtained in terms of the Direction on Assessment of Fitness and Propriety of Directors and are also assessed annually in terms of the requirements of the Finance Business Act Direction No. 06 of 2021, Assessment of Fitness and Propriety of Key Responsible Persons.
4.2	Person over the age of 70 years shall not serve as a director of LFC	Complied	There are no Directors over the age of 70years on the Board. As per the Company's Framework of Corporate Governance, a Non-Executive Director shall retire upon reaching 70 years of age.
5 APPOINTMENT AND RESIGNATION OF DIRECTORS AND SENIOR MANAGEMENT			
5.1	The appointments, resignations or removals of Directors and Senior Management shall be made in accordance with Finance Business Act Direction on Fitness and Propriety of Key Responsible Persons	Complied	All the appointments and resignations to the Board and Senior Management are made in accordance with the applicable regulations on Fitness and Propriety of Key Responsible Persons.

Reference to CBSL Direction	Direction requirement	Status of Compliance	Extent of Compliance as at 31.03.2024
6 THE CHAIRPERSON AND THE CHIEF EXECUTIVE OFFICER			
6.1	Clear division of responsibilities between the Chairperson and CEO which is to be set out in writing	Complied	The positions of Chairperson of the Board and the Chief Executive Officer (CEO) are held by different individuals. Board approved Governance Framework provide clear division of responsibilities between the Chairperson and the CEO and each has been issued a job description in line with the duties assigned.
6.2	Chairperson shall be an independent director subject to the requirement to stipulated in the Direction	Complied	The Chairman of Board, Mr. Rajendra Theagarajah was an Independent Director as at 31st March 2024, in terms of criteria stipulated in the Direction.
6.3	Appointment of a Senior Director when the chairperson is not independent	Complied	The Chairman was an Independent Director as at 31.03.2024 requirement has arisen during the year.
6.4	Responsibilities of the Chairperson	Complied	The Chairman is responsible to provide leadership, guidance and oversight to the Board, ensuring that it operates effectively and fulfilling the responsibilities assigned to Board as outlined in this Direction. Board approved Governance Framework includes the Responsibilities of the Chairman and the TOR for the Chairman also covers his duties and responsibilities.
6.5	Responsibilities of the CEO	Complied	In terms of duties and responsibilities of the CEO, he is the apex executive who is in charge of the day-to-day management of the Company with the assistance of members of the Senior Management and is accountable to the Board on day-to-day operations of the Company and to recommend the Company's strategic decisions, ensure appropriate procedure are in place to assess supervisory concerns and non-compliance with regulatory requirements. Board approved Governance framework includes the Responsibilities of the CEO and the job description issued to him also covers the duties and responsibilities.
7 MEETINGS OF THE BOARD			
7.1	Regular Board meetings - Board shall meet at least 12 times a financial year at approximately monthly intervals. Obtaining the Board's consent through the circulation of papers should be avoided as much as possible.	Complied	The Board meets regularly at monthly intervals and in addition, as and when required. The Board met on twelve (12) occasions during the year 2023/24. All Board decisions are made subsequent to discussion at meetings, as much as possible. Any papers approved by circulation are tabled at regular Board Meetings for ratification.
7.2	Directors to include matters and proposals in the agenda	Complied	A process is in place which enable equal opportunities for all the Directors to include matters and proposals in the agenda for regular Board meetings. Monthly meetings are scheduled and informed to the Board at the beginning of each calendar year to enable submission of proposals to the agenda.
7.3	A notice of at least 03 days shall be given for a regular Board meeting.	Complied	Board meeting dates are agreed by the Board members in advance for the calendar year. Agenda and all Board papers are uploaded for the reference of Directors to access seven (7) days prior to the Board meetings, as far as possible.
7.4	Directors to devote sufficient time to prepare and attend to Board meetings	Complied	All the Directors actively contribute at the Board meetings by providing views and suggestions in the best interest of the Company.

Reference to CBSL Direction	Direction requirement	Status of Compliance	Extent of Compliance as at 31.03.2024
7.5	Board meetings shall not be duly constituted, although number of directors required to constitute quorum at such meeting is present unless at least 1/4 of directors that constitute quorum at meeting are independent directors	Complied	All Board meetings held during the financial year were duly constituted with one half (1/2) of the number of Directors present and one fourth (1/4) of the number of Directors constituting the quorum being Independent Directors.
7.6	Chairperson shall hold meetings with Non Executive Directors only, without the executive directors being present as necessary and at least twice a year	Complied	A necessary number of meetings were held by the Chairperson without the presence of the Executive Directors to facilitate effective communication, engagement and collaboration within the Board. This process supports the smooth functioning of the Board and enhances the overall Governance and decision-making processes.
7.7	Directors shall abstain from voting relating to matters of relating to him	Complied	Board approved conflict of interest Policy is in place where a Director is required to abstain from voting in relation to a matter in which such Director or his/her relatives or a concern in which he has substantial interest.
7.8	A Director who has not attended at least 2/3 of Board meeting in past 12 months immediately preceding or has not attended 03 consecutive meetings held, shall cease to be a director. Participation to Board through an alternate director shall be acceptable as attendance subject to applicable directions for alternate directors	Complied	All Directors have attended at least two-third of the meetings held during the year and no Director has been absent from three consecutive regular Board meetings during the financial year 2023/24. Please refer page 80 for details of individual Directors' attendance at Board meetings.
8. COMPANY SECRETARY			
8.1 (a)	Appointment of a Company Secretary shall be completed as per the transitional provision stated in the Direction.	Complied	Janashakthi Corporate Services Limited functions as the Company Secretary of the Company.
8.1 (b)	Qualifications of Company Secretary	Complied	In house Company Secretary will be appointed subject to transitional provisions outlined in Section 19.2 in this Direction, within the stipulated timeline.
8.2	Access to advice and services of the Company Secretary	Complied	The Board-approved Governance Framework enables all Directors to access the Company Secretary with a view to ensuring that Board procedures and all applicable laws, directions, rules and regulations are followed.
8.3	Delegating responsibilities to the Company Secretary	Complied	Preparation of the agenda of the meetings of Board and its sub-committees (except meeting agendas of BIRMC and BAC) are delegated to the Company Secretary and is approved by the Chairman.
8.4	Company Secretary should maintain Board minutes with all submission to Board voice/video recording for 06 years	Complied	The Company Secretary maintains meeting minutes and circulates them to all Board members which shall be open for inspection at any reasonable time to any Director. Additionally, the Directors have access to past Board papers and minutes through a web-based format. The Company Secretary maintains records of all Board meeting minutes and all submissions.
8.5	Maintenance of Board minutes in an orderly manner	Complied	The Company Secretary maintains meeting minutes in an orderly manner and follows the proper procedures laid down in the Articles of Association of the Company.

Reference to CBSL Direction	Direction requirement	Status of Compliance	Extent of Compliance as at 31.03.2024
8.6	Recording minutes of Board meetings with sufficient details	Complied	Company Secretary maintains Board minutes with sufficient details as outlined in this Direction.
8.7	Minutes shall be open for inspection of Directors	Complied	As per the Board approved Governance Framework, Board minutes are open for inspection of Directors at any time. The Minutes are maintained in electronic format and is accessible to the Directors at all times.
9. DELEGATION OF FUNCTIONS BY THE BOARD			
9.1	Board shall review and approve delegation of authority and give clear direction to KPMs	Complied	Board approved Delegation of Authority is in place to give clear directions to the Senior Management.
9.2	Board should ensure to have stipulated functions of such committees in the absence of Board Sub Committees	Complied	All the required Sub Committees are in place with Board approved TOR as required by the Direction.
9.3	Board may establish appropriate senior management level sub committees	Complied	The Board has established management level committees such as the Executive Committee, ALCO, Management Credit Committee, Procurement Committee and Investment Committee to assist the Board in effective decision making.
9.4	Board shall not delegate any matters to a board committee, CEO , executive directors or senior managers, to an extent that such delegation would reduce the ability of Board as a whole to discharge its functions	Complied	Board approved Governance Framework includes key areas assigned for the Board and they cannot be delegated to Board Sub Committees.
9.5	Board shall review the delegation process on a periodic basis	Complied	Delegation arrangements are reviewed periodically.
10. BOARD SUB-COMMITTEES			
10.1 BOARD SUB-COMMITTEES BASED ON ASSET BASE			
	FCs with asset base of more than Rs. 20 billion		
a)	Establishment of Board Sub Committees – by 31.07.2024	Complied	The Following Board Sub-Committees have already been established by the Board in line with the best practices on good governance and each such committee reports to the Board. 1. The Board Audit Committee - Details of the activities of the Board Audit Committees is given on page 110 2. The Board Integrated Risk Management Committee (BIRMC) - Details of the activities of the Board Integrated Risk management committee is given on page 112 3. Nomination (and Governance) Committee - Details of the activities of the Board Nomination committee is given on page 116 4. Human Resources and Remuneration Committee - Details of the activities of the Human resource and Remuneration committee is given on page 114 5. Related Party Transactions Review Committee - Details of the activities of the Related party transactions review committee is given on page 111 Meetings are held as defined in the respective TOR of each Sub-Committee. Recommendations of these committees are addressed directly to the Board and minutes of meetings are submitted and discussed at the Board meetings.

Reference to CBSL Direction	Direction requirement	Status of Compliance	Extent of Compliance as at 31.03.2024
b)	Each Sub Committee shall have Board approved Terms of reference	Complied	Board Approved TOR is available for each Board Sub Committee.
c)	Report on performance of duties and functions of Sub Committees shall be presented by Board at the AGM	Complied	The Company has presented reports on the performance, duties and functions of each Committee in the Annual report for the financial year 2023/24, for the information of shareholders. Please refer respective Board Sub-Committee reports for more details, as above.
d)	Appointment of a Secretary to Sub Committees	Complied	Company Secretary functions as the Secretary for the Board Sub Committees except the Board Audit Committee and the BIRMC. Secretary for these sub-committees have been appointed in line with the requirements of the Direction.
e)	Each BOD Sub committee shall consist of at least 03 members of Board who have skills, knowledge and experience relevant to duties of the Committee.	Complied	Each Committee comprises at least three (03) Board members who possess skills, knowledge and experience required for the responsibilities of the Board Sub Committees. Composition of the Board Sub Committees are disclosed in the pages 110 to 116 of the annual report.
f)	BOD may consider the occasional rotation of members and Chairperson of Board Sub-Committees	Complied	Occasional rotation of members and Chairpersons of the Board Sub Committees are considered by the Board as and when required.
10.2 BOARD AUDIT COMMITTEE			
a)	Chairperson of BAC shall be an Independent Director who possesses qualifications and experience in accountancy and audit (applicable from 01.07.2024)	Complied	Chairperson of the Audit Committee is an Independent Director with qualifications and ample expertise in the field of finance and accounting.
b)	Board members appointed to the BAC shall be Non Executive Directors and majority shall be independent	Complied	All members of the Committee are Non-Executive Directors while the majority is Independent Directors.
c)	Secretary of the BAC shall preferably be the Chief Internal Auditor or the Company Secretary	Complied	The Chief Internal Auditor has been appointed as the Secretary to the Committee.
d)	External Audit Function		
i)	BAC shall make recommendation on matters regarding appointment of external auditors in compliance with relevant statutes, service period, audit fee and resignation or dismissal of auditors.	Complied	M/S BDO Partners, Chartered Accountants acts as External Auditor for audit services. The relevant requirements are contained in the TOR of the Board Audit Committee and overseen by the Committee.
ii)	Engagement of an audit partner shall not exceed 5 years.	Complied	Engagement period of current audit partner does not exceed the stipulated period.
iii)	The External Audit Partner shall not be a shareholder, Director, Senior Management or employee of any LFC.	Complied	The Audit Partner is not a Director or employee and does not hold any Senior Management position of the Company. A declaration has been obtained confirming that the audit partner does not hold any shares of the Company.
iv)	BAC shall review the independence and objectivity of the External Auditor and effectiveness of the audit process.	Complied	In order to safeguard the objectivity and independence of the External Auditor, the Board Audit Committee reviewed the nature and scope taking in to account the regulations and guidelines.

Reference to CBSL Direction	Direction requirement	Status of Compliance	Extent of Compliance as at 31.03.2024
v)	BAC shall develop and implement a policy with approval of Board on engagement of an external auditor to provide permitted non-audit services (NAS)	Complied	Board of Directors developed and implemented a policy for engagement of auditors to provide non-audit services with the approval of BAC in order to ensure that the non-audit services do not impair the independence and objectivity of the External Auditor. The policy addresses the skills and experience of the auditor, requirements to ensure independence, objectivity and fee for the non-audit services.
vi)	BAC shall determine the nature and scope of the audit	Complied	The External Auditors make a presentation at the BAC including following; 1. Details of the proposed audit plan and scope 2. Assessment of Company's compliance with regulatory requirements 3. Internal controls over financial reporting 4. Preparation of financial statements in conformity with relevant accounting principles Members of the BAC shall obtain clarifications in respect of the contents of the presentation.
vii)	Review of financial information of the company by the Board Audit committee	Complied	Annual and interim financial statements are submitted to the BAC prior to the submission to CSE / Stakeholders. Following are focused by BAC before being recommended for Board approval 1. A detailed discussion focused on major judgment areas 2. Changes in accounting policies, significant audit judgment in the financial statements 3. Going concern assumptions and compliance with accounting standards and other legal requirements. 4. Contingent liabilities requiring disclosure.
viii)	Discussion of issues, problems and reservations arising from the interim and final audits	Complied	BAC had a meeting with the External Auditors without the presence of the Executive Directors and Senior Management during the financial year 2023/24.
ix)	BAC shall review of external Auditor's management letter and management response	Complied	The BAC has reviewed the management letter for year 2022/23 and Senior management responses there to at next BAC meeting, and subsequently reported to the Board.
e)	BAC shall review the effectiveness of the system of internal controls	Complied	Internal Audit Department reviews the compliance and effectiveness of the Internal control system of the Company and reports are submitted to BAC periodically.
f)	BAC to ensure that senior management takes necessary corrective actions on findings made on internal auditor by the auditors and supervisory bodies	Complied	BAC follows up that senior management is taking necessary actions in a timely manner to address Internal control weaknesses, non-compliance with policies, laws and regulations and other discrepancies identified by the External Auditor, supervisory bodies and the Internal Audit function.
g)	Internal Audit function:		
i)	Establishment of an independent Internal Audit function	Complied	An Internal Audit Department (IAD) is in place to provide independent assurance to the BAC on the quality and effectiveness of the existing internal control systems of the Company, risk management, governance practices and internal controls.

Reference to CBSL Direction	Direction requirement	Status of Compliance	Extent of Compliance as at 31.03.2024
ii)	Internal Audit function shall have a clear mandate, independence and reporting line	Complied	The Chief Internal Auditor directly reports to the BAC. Internal Audit function carries out its functions within the Company in accordance with the Internal Audit Charter and the Internal Audit Plan.
iii)	Review of internal audit function shall be carried out by BAC	Complied	The BAC has reviewed the information provided in the risk-based audit plan and assessed the scope, functions, skills and resources of the Internal Audit Department (IAD) are sufficient to carry out its functions. The Committee ensured that the internal audit function is independent of the activities it audits and provided necessary authority to perform it duties effectively and objectively. The BAC has reviewed and approved the Internal Audit Plan for the Financial Year. BAC has evaluated the performance of Chief Internal Auditor. Whenever a need arises, The BAC and Senior Management assigns special internal investigations on certain matters to the Internal Audit Department and reviews major findings with the management responses thereto and ensures that the recommendations are implemented.
h)	Review of statutory examination reports of CBSL	Complied	The progress of implementing the time-bound action plan (TBAP) on supervisory concerns report issued by CBSL on-site examination report has been reviewed at BAC meetings and ensured that corrective actions are taken in a timely and effective manner.
i)	Meetings of the Committee		
i)	Meetings of the Board Audit Committee shall be held once in two months	Complied	The BAC meeting dates were agreed to by Committee members in advance for the calendar year. The Committee meets 02 times per quarter and the agenda, minutes and all other Committee papers are uploaded through a web based platform for the review of Committee members prior to the BAC meetings.
ii)	Other Board members, senior management or any other employee may attend BAC meeting upon the invitation of the BAC	Complied	Members of the BAC, Chief Internal Auditor attend to the meeting. CEO and other Senior Management personnel attended the meeting by invitation.
iii)	BAC shall meet at least twice a year with external auditors without any other Directors/senior management/ employee being present	Complied	One (01) meeting was held with the External Auditors during the year without the presence of any other Directors, Senior Management or employees.
10.3 BOARD INTEGRATED RISK MANAGEMENT COMMITTEE (BIRMC)			
a)	BIRMC shall be chaired by an Independent Director. Board members appointed to BIRMC shall be Non Executive Directors with experience and knowledge in banking, finance , Risk Management issues and practices. CEO and Chief Risk Officer may attend the meetings upon invitation. BIRMC shall work with senior management closely and make decisions on behalf of Board within the authority and responsibilities assigned to BIRMC	Complied	The Chairman of the Committee is an Independent Non-Executive Director. The Committee members are Non-Executive Director and they have sufficient knowledge and experience in banking, finance, risk management issue and practices. The Committee members including the Chairman are Independent Non-Executive Directors. The CEO, the Chief Risk Officer and relevant Senior Management personnel attended the meetings by invitation. The Committee makes decisions on behalf of the Board within the Board approved Terms of Reference of the Committee.

Reference to CBSL Direction	Direction requirement	Status of Compliance	Extent of Compliance as at 31.03.2024
b)	Secretary of the Board Integrated Risk Management Committee shall be the Chief Risk Officer	Complied	The Chief Risk Officer functions as the Secretary to the Committee.
c)	BIRMC shall assess the Risk Assessment Process and make recommendation on risk strategies and risk appetite to the Board	Complied	The Committee has Board approved policy and framework on Enterprise Risk Management which provide a guidance for management on assessment of risks. Accordingly, monthly and quarterly reports on quantitative and qualitative risks are presented to BIRMC including appropriate risk indicators, management information and make recommendations on strategies. Subsequently, recommendation of BIRMC are submitted to the Board for its recommendations. Please refer the BIRMC report on page 112 for more details.
d)	Development of a Risk Appetite Statement	Complied	Board approved RAS is in place which provide a guidance to identify the risk tolerance limits of the Company. RAS includes quantitative measures in relation to earnings, capital, liquidity etc.
e)	BIRMC shall assess review of Risk policies and Risk Appetite statement	Complied	Risk policies and RAS will be reviewed by the BIRMC on an annual basis.
f)	BIRMC shall review the adequacy and effectiveness of Senior Management level Committees	Complied	The Committee reviews the adequacy and effectiveness of Senior Management level Committees to address specific risks and manage those risks within quantitative and qualitative risk limits as specified by the Committee.
g)	BIRMC shall assess of all aspects of risk management including business continuity and disaster recovery plans	Complied	Business Continuity Plan and disaster recovery plan are reviewed by the BIRMC.
h)	Assessment of performance of Compliance Officer and Chief Risk Officer	Complied	The Committee will assess the performance of the Head of Compliance and the Chief Risk Officer.
i)	Compliance function		
i)	BIRMC shall establish an independent compliance function	Complied	An Independent Compliance function is in place to assess the Compliance with laws, regulations, rules, directions, guidelines and Board approved policies.
ii)	Appointment of a dedicated Compliance Officer	Complied	A dedicated compliance officer has been appointed who is a Senior Management Officer with appropriate seniority. To avoid conflict of interest, Head of Compliance reports directly to the BIRMC and does not engage in any operational activities, or income-generating functions.

Reference to CBSL Direction	Direction requirement	Status of Compliance	Extent of Compliance as at 31.03.2024
iv)	BIRMC shall ensure that responsibilities of the Compliance Officer broadly encompass the responsibilities stipulated in the Direction	Complied	The Job Description of the Compliance Officer has been reviewed by the BIRMC in Compliance with in this direction and best practices. The Compliance Officer's JD and Compliance Management Policy cover the following; Minimizing the risk of non-compliance by developing and implementing policies and procedures. Establishing Compliance culture through proper communication. Regular reviews on regulatory rules and internal Compliance policies. Implementation of new legal and regulatory developments applicable to the Company Early involvement in ensuring conformity with regulatory, internal Compliance and ethical standard requirements when designing new products or systems. Addressing serious or persistent compliance issues within acceptable timeline, in concurrence with the management Maintaining good working relationship with the regulators.
j)	Risk management function		
i)	Establishment of an independent risk management function	Complied	The BIRMC has established an independent risk management function for managing the risk of the Company.
iii)	Implementing the risk management policies and processes including RAS	Complied	Chief Risk Officer has taken measures to implement the Risk management policies and monitor the Risk Appetite based on the Board approved RAS.
iv)	Developing and implementing a Board approved integrated risk management framework shall be the primary responsibility of CRO	Complied	Board approved policies exist on enterprise risk management which provide a framework for management and assessment of risks. Accordingly, regular reports on quantitative as well as qualitative risks are being reviewed by the Committee in discharging its responsibilities as per the terms of reference. The risk management framework covers: potential risks and frauds, possible sources of such risks and frauds, process of identifying, assessing, monitoring and reporting risks, controls and mitigating factors and accountabilities. The BIRMC reviews and updates the framework at least on an annual basis.
v)	CRO participates in decision making related to capital and liquidity planning and new product/ service development	Complied	The Risk Officer participates in Management Committee meetings where developing and implementing strategy, is planned relating to capital and liquidity. Importantly, any new products and services are referred for review by the Risk Management Division in order to identify and mitigate the risks.
vi)	CRO shall maintain an updated risk register and it shall be submitted to BIRMC on quarterly basis	Complied	The updated risk register/summary is submitted to the BIRMC on quarterly basis.
vii)	Submission or risk assessment report by BIRMC to the Board meeting	Complied	Board was informed by BIRMC of their risk assessment of the Company by forwarding the risk report and recommendation made by BIRMC for upcoming Board meeting seeking Board's views.

Reference to CBSL Direction	Direction requirement	Status of Compliance	Extent of Compliance as at 31.03.2024
10.4 BOARD NOMINATION AND GOVERNANCE COMMITTEE			
a)	The Nomination and Governance Committee shall be constituted with Non-Executive Directors and preferably majority may be independent directors. An independent director shall chair the committee. CEO may be present at meeting by invitation of committee	Complied	The Committee comprised of Non-Executive Directors out of whom majority are independent. An Independent Non-Executive Director has been appointed as the Chairman of the Committee.
b)	Secretary of the Board Nomination Committee	Complied	Company Secretary functions as the Secretary to the Committee.
c)	BNC shall implement a formal and transparent procedure to select/ appoint new Directors and Senior Management	Complied	A formal and transparent procedure to select/appoint new Directors and Senior Management is adopted. The Senior Management are appointed with the recommendation of Chief Executive Officer except CIA and Head of Compliance and Chief Risk Officer.
d)	Fitness and propriety of Directors and Senior Management	Complied	Fitness and propriety of Board of Directors and Senior Management are evaluated at the time of appointment and on an on-going basis as required under the Direction.
e)	The selection process of Directors shall include reviewing whether proposed directors have knowledge, skills, experience, good integrity and reputation, sufficient time to fully carry on their responsibilities	Complied	The criteria set out in this direction are considered at the selection and recommendation process of Directors by the Committee and the Board.
f)	The Committee shall strive to ensure that the Board composition is not dominated by any individual or a small group of individuals	Complied	The Committee ensured that the composition of the Board is not dominated by any individual or a group of individuals in a manner that is detrimental to the interest of the stakeholders of the Company.
g)	Criteria on qualification, experience and key attributes required to be appointed to the post of CEO and Senior Management	Complied	Qualifications, experience and key attributes required for eligibility for the appointment to the post of CEO and Senior Management positions has been developed. The Committee ensured the availability of adequate qualifications, experience, skills and eligibility to discharge duties as CEO, Directors and Senior Management personnel.
h)	Disclosures to shareholder upon the appointment of a new Director	Complied	Details of new Directors are disclosed to the shareholders at the time of their appointment by way of announcements made to the Colombo Stock Exchange (CSE). Prior approval for appointment of new Directors is obtained from the Director of Department of Supervision of Non-Bank Financial Institutions of Central Bank of Sri Lanka and notification is sent to CSE.
i)	The Nominations and Governance Committee shall consider the re-election of current Directors, taking into account the combined knowledge, performance towards strategic demand faced by the Company and the contribution made by the director towards the discharge of the Board's overall responsibility.	Complied	Nominations and Governance Committee makes recommendations to the Board considering the combined knowledge of the Board, performance towards strategic demands faced by the Company and contribution made by each Director towards discharge of Board's overall responsibilities. The Committee takes into account the self-assessment carried out by each Director in this regard.

Reference to CBSL Direction	Direction requirement	Status of Compliance	Extent of Compliance as at 31.03.2024
j)	The Nomination and Governance Committee shall consider additional/ new expertise and the succession arrangements for retiring Directors and Senior Management	Complied	The Committee considers the succession arrangements for retiring Directors and Senior Management and makes arrangements to name suitable successors.
k)	Members of nomination committee shall not participate in decision making relating to own appointment/ reappointment	Complied	The members of the Committee do not participate in decision making relating to own appointments or reappointments. Further, Chairman of the Board abstains from the meeting when matters related to his successor is discussed.
10.5 BOARD HUMAN RESOURCES AND REMUNERATION COMMITTEE:			
a)	BHRRC shall be chaired by Non Executive Directors and majority of members shall be Non Executive Directors	Complied	All members of the Committee are Non-Executive Directors, out of which the majority are Independent Directors. The Committee is chaired by an Independent Non-Executive Director.
b)	Secretary of the BHRRC may preferably be the company secretaries	Complied	The Company Secretary functions as the Secretary to the Committee.
c)	BHRRC shall determine the remuneration policy for Directors and Senior Management	Complied	Salaries and allowances of Executive Directors, Senior Management and Non-Executive Directors are decided by the BHRRC. Please refer BHRRC Report on page 114 for more details on the remuneration policy of the Company.
d)	There shall be a formal and transparent procedure in developing the remuneration policy.	Complied	The policy was recommended by the Human resource and remuneration committee and approved by the Board of Directors. Please refer Board Human Resources and Remuneration Committee Report on page 114 for more details.
e)	BHRRC shall recommend the remuneration policy for employees of the Company	Complied	The Remuneration Policy is reviewed periodically and recommended by the Committee for the approval of the Board on paying salaries, allowances and other financial incentives for employees of the Company.
f)	Remuneration structure to be in line with the business strategy, objectives, values, long-term interests and cost structure of the Company	Complied	The remuneration structure is in line with the business strategy, objectives, values. Long-term interests and cost structure of the Company and it also incorporated measures to avoid conflict of interest.
g)	BHRRC shall review the performance of Senior Management	Complied	The performance of the Senior Management (excluding CIA and Head of Risk & Compliance) against the set targets and goals will be reviewed by the BHRRC. Basis for revising remuneration and other performance-based benefits for the Senior Management will be done as per the annual evaluation process.
h)	Senior Management abstain from attending meetings when matters related to them are being discussed	Complied	Respective Senior Management Personnel shall abstain from attending meetings, when matters related to them are discussed. BHRRC reviewed and ensured the Compliance of such requirement.

Reference to CBSL Direction	Direction requirement	Status of Compliance	Extent of Compliance as at 31.03.2024
11. INTERNAL CONTROLS			
11.1	LFC shall adopt a well-established internal control system including organization structure, segregation of duties, clear management reporting lines & adequate operating procedures to mitigate operational risks	Complied	Company has a well-established internal control system which includes organization structure and segregation of duties, clear reporting lines for management and operational procedures in order to mitigate the operational risks.
11.2	Expected outcomes of an internal control system	Complied	The Board has established an internal control system which ensured the promoting effective and efficient operation, providing reliable financial information, safeguarding the Company's assets, minimizing the operational risks, ensuring effective risk management system and compliance with laws, regulations, directions and internal procedures.
11.3	Responsibilities of employees on internal control	Complied	All employees were made accountable and responsible for internal controls as part of their routine functions through the various policies and procedures of the Company. Adherence to the internal controls are reviewed by the IAD.
12. RELATED PARTY TRANSACTIONS			
12.1	Board shall establish a policy and procedures for Related Party Transactions	Complied	A Board approved procedure for Related Party Transactions is available for monitoring the related party transactions.
a)	LFC shall establish a RPT Review Committee and the chairperson shall be an independent director and members shall consist of Non Executive Directors	Complied	The Committee comprised of three (03) Non-Executive Directors all of whom are Independent Directors. The Committee is chaired by an Independent Non-Executive Director.
b)	All related party transactions shall be prior reviewed and recommended by RPTRC	Complied	The Board approved policy is in place for governing the Related Party Transactions. All RPTs are reviewed and recommended by RPTRC.
c)	Types of related party transactions	Complied	Board approved RPT Procedure provides a guidance for the transactions that can be carried out by the Company to avoid any non-compliance and conflicts of interest.
12.2	Avoiding conflicts of interest from List of identified related parties	Complied	The Board appointed RPTRC ensures that the transactions with RPs are in accordance with best practices. The RRPT Review Policy is in place which describes the related parties, types of related party transactions and disclosure and reporting requirements. Importantly, no Director shall participate in any discussion of a proposed related party transaction for which he or she is a related party, provided however he or she may participate in discussion to express, propose and providing information concerning to RPTRC. No favourable transaction has been entered in to with RPs during the period in the ordinary course of business (Recurrent transactions) and they are disclosed in the Financial Statements on 'Related Party Disclosures' under Note 38 on page 177 in Financial Statements. The RPTRC has identified a list of related parties and periodic reviews are conducted as and when need arises.

Reference to CBSL Direction	Direction requirement	Status of Compliance	Extent of Compliance as at 31.03.2024
12.3	Avoiding more favorable treatments at the time of engaging in business transactions with related parties	Complied	The Board-approved Related Party Transactions Review Procedure contains guidelines to ensure compliance with regulatory requirements and the RPTRC ensures that all the transactions with RPs are conducted on arm's length basis. RPTRC reviews all related party transactions and ensured that they are not entered into on more favorable terms than those offered to others and where applicable relevant approvals of the RPTRC/Board are obtained.
13. GROUP GOVERNANCE			
13.1	Responsibilities of the FC as a Holding Company	NA	Orient Finance PLC does not have any subsidiary/associate companies and hence this section is not applicable.
14. CORPORATE CULTURE			
14.1	Code of Conduct	Complied	Board approved Code of Conduct and Conflict of Interest Policies are in place issuing guidelines on appropriate conduct on confidentiality, conflict of interest, integrity of reporting, protection and proper use of Company assets and fair treatment of customers. These policies are monitored by the Human Resources Division.
14.2	Records of breaches of code of conduct	Complied	If a breach of the Code of Conduct is reported, the Human Resources Division maintains records on such breaches of Code of Conduct.
14.3	Whistleblower Policy	Complied	The Company has a Board-approved Whistleblower Policy whereby employees of the Company are entitled to raise concerns about any misconduct/misappropriation or other such irregularity observed in the Company. With the recommendation of BAC, Whistleblower Policy has been approved by the Board and ensures that a proper process is in place in line for a fair and independent investigation on such matters.
15. CONFLICTS OF INTEREST			
15.1			
a)	Avoiding conflicts of interest by Directors	Complied	A Board approved conflict of interest policy is in place that covers the stipulated requirements. The Company Secretaries obtained disclosure of interest from Directors at every Board meeting and conflict of interest (if any). Directors abstain from voting in such a situation and they are not counted in the quorum.
b)	Conflict of Interest Policy	Complied	A Board approved Conflict of Interest Policy is in place covering all aspects of this direction and best practices.

Orient Finance PLC

From 01st April 2023 to 31st March 2024

	Name of the Directors	Date: 25.04.2023	Date: 31.05.2023	Date: 27.06.2023	Date: 25.07.2023	Date: 29.08.2023	Date: 26.09.2023	Date: 31.10.2023	Date: 28.11.2023	Date: 21.12.2023	Date: 30.01.2024	Date: 07.02.2024	Date: 27.02.2024	No. of Meetings attended	% of attendance
		Attendance at Board Meetings													
1	Mr. Rajendra Theagarajah	√	√	√	Excused	√	√	√	√	√	√	√	√	11	91.67
2	Mr. Prakash Schaffter	√	√	Excused	√	√	Excused	√	√	√	√	√	√	10	83.33
3	Ms. Minette Perera	√	√	√	√	√	√	√	√	√	√	√	√	12	100.00
4	Ms. Indrani Goonesekera	√	√	√	√	√	√	√	√	√	√	√	√	12	100.00
5	Mr. Sriyan Cooray	√	√	√	√	√	Excused	√	√	√	√	√	√	11	91.67
6	Mr. Darshana Ratnayake	√	√	√	√	√	√	√	√	√	√	√	√	12	100.00
7	Mr. K. M. M. Jabir	√	√	√	√	√	√	√	√	√	√	√	√	12	100.00
8	Mr. Nalin Karunaratne	√	√	√	Excused	Excused	√	√	√	√	√	√	√	10	83.33
9	Ms. Manohari Abeyesekera (Appointed on 26.03.2024)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
10	Ms. Sandamali Chandrasekera (Appointed on 26.03.2024)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Orient Finance PLC - Nomination and Governance Committee Meeting Attendance from 01st April 2023 to 31st March 2024

Name of Members	Date: 19.06.2023	Date: 05.12.2023	Date: 12.01.2024	% of attendance
Mr. Darshana Ratnayake (Chairman)	√	√	√	100%
Ms. Minette Perera	√	√	√	100%
Mr. Prakash Schaffter	√	√	√	100%
Ms. Indrani Goonesekera (Appointed on 11.12.2023)	NA	NA	√	100%

Orient Finance PLC - Human Resources and Remuneration Committee Meeting Attendance from 01st April 2023 to 31st March 2024

Name of Members	Date: 05.09.2023	Date: 30.10.2023	Date: 01.12.2023	% of attendance
Mr. Rajendra Theagarajah	√	√	√	100%
Mr. Prakash Schaffter	√	√	√	100%
Mr. Darshana Ratnayake	√	√	√	100%
Mr. Nalin Karunaratne	√	√	√	100%
Mr. K. M. M. Jabir (by Invitation)	√	√	√	100%

Orient Finance PLC - Related Party Transaction Review Committee Meeting Attendance from 01st April 2023 to 31st March 2024

Name of the Members	Date: 27.06.2023	Date: 26.09.2023	Date: 21.12.2023	Date: 26.03.2024	% attendance
Ms. Indrani Goonesekera	√	√	√	√	100%
Mr. Sriyan Cooray	√	Excused	√	√	75%
Mr. Nalin Karunaratne	√	√	√	√	100%

Attendance at Board Integrated Risk Management Committee Meetings

Name of Members	16.05.2023	15.08.2023	07.12.2023	08.02.2024	% of attendance
Mr. Rajendra Theagarajah	√	√	√	√	100%
Mr. Darshana Ratnayake	√	√	√	√	100%
Ms. Indrani Goonesekera	√	√	√	√	100%

Attendance at Board Audit Committee Meetings

Name of Members	21st April 2023	26th May 2023	14th June 2023	10th Aug 2023	19th Oct 2023	30th Nov 2023	17th Jan 2024	9th Feb 2024	Attended	% of attendance
Ms. Minette Perera	Y	Y	Y	Y	Y	Y	Y	Y	8	100%
Mr. Darshana Ratnayake	Y	Y	Y	Y	Y	Y	Y	Y	8	100%
Mr. Sriyan Cooray	Y	Y	Ex	Y	Y	Ex	Y	y	6	75%

BDO

Tel : +94-11-2421878-79-70
+94-11-2387002-03
Fax : +94-11-2336064
E-mail : bdopartners@bdo.lk
Website : www.bdo.lk

Chartered Accountants
"Charter House"
65/2, Sir Chittampalam A Gardiner Mawatha
Colombo 02
Sri Lanka

AGREED-UPON PROCEDURES REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED 31ST MARCH 2024 OF ORIENT FINANCE PLC

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

Dear Sirs,

PURPOSE OF THIS AGREED-UPON PROCEDURES REPORT AND RESTRICTION ON USE AND DISTRIBUTION

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

RESPONSIBILITIES OF THE ENGAGING PARTY AND THE RESPONSIBLE PARTY

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

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

PRACTITIONER'S RESPONSIBILITIES

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

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

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

PROFESSIONAL ETHICS AND QUALITY CONTROL

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

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

PROCEDURES AND FINDINGS

We report our findings in the Annexure.

BDO Partners

CHARTERED ACCOUNTANTS
10th June 2024
HSR/cc

STATUS OF COMPLIANCE WITH CSE LISTING RULE NO. 9 – CORPORATE GOVERNANCE

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

Rule No.	Requirement	Status of Compliance
9.3	Board Committees: Establish the following Board Committees: a). Nominations & Governance Committee b). Remuneration Committee c). Audit Committee d). Related Party Transactions Review Committee	Complied The required Committees have been established and functioning as per the required Terms of Reference (TOR).
9.3.2	Comply with the composition, responsibilities and disclosures required in respect of the above Board Committees as set out in the Rules	Complied Each Board Committee has a TOR that includes the requirements specified in the Rules and the Committees function according to their respective TOR.
9.3.3	(Effective from 01.10.2024) The Chairperson of the Board of Directors shall not be the Chairperson of the Board Committees referred above.	Complied The Chairperson of the Board of Directors does not function as the Chairperson of the above-mentioned Committees.
9.4	Adherence to principles of democracy in the adoption of meeting procedures and the conduct of General Meetings with Shareholders: Maintain records of all resolutions	Complied The required information is recorded and will be available at the request of the Exchange or the SEC.
9.4.2	Communication and relations with shareholders and investors: a). Have a policy on effective communication and relations with shareholders and investors b). Disclose the contact person for such communication	Complied A policy on communication with stakeholders is available. The Company Secretary is the contact point for communication with shareholders and investors. Their details are available on page Inner Back Cover.
9.5	Policy on Matters Relating to the Board of Directors	
9.5.1	Establish and maintain a policy governing matters relating to the Board of Directors	Complied A formal Framework of Corporate Governance, that includes the matters relating to the Board of Directors is in place. This policy has been complied with during the financial year.
9.6	Chairperson and CEO	
9.6.1	The Chairperson shall be a Non-Executive Director. The position of Chairperson and the CEO shall not be held by the same individual.	Complied The Chairperson is an Independent Non-Executive Director. The positions of Chairperson and the CEO are held by different individuals.

Rule No.	Requirement	Status of Compliance
9.7	Fitness of Directors and CEO	
	Take steps to ensure that Directors and the CEO are, at all times fit and proper persons as required under the Rules. Nominations and Governance Committee to ensure that Directors are fit and proper persons prior to appointment.	Complied The Directors' and CEO's fitness & propriety are assessed by the Nominations and Governance Committee prior to their appointment, in terms of the Rules and in terms of the CBSL Corporate Governance Regulations. Accordingly, the Directors and CEO have been determined as meeting the fitness and propriety criteria stipulated in the Rules at the time of appointment and at all times during the financial year.
9.8	Board Composition (effective from 01.10.2024)	
9.8.1	The Board of Directors of the Company shall, at a minimum, consist of 05 directors	Complied The Board of Directors of the Company consisted of ten Directors as at 31.03.2024
9.8.2	Minimum number of independent directors: The Board of the company to include at least two (02) independent directors or the equivalent of 1/3rd of the total number of directors of the company	Complied Out of the ten (10) Directors on the Board, seven (07) Directors were Independent Directors, meeting the requirement.
9.8.3	Criteria for determining independence of directors	
9.8.5	Each independent director to submit a declaration annually of his/her independence.	Complied A declaration has been obtained from all Directors on their compliance with the independence criteria stipulated in the Rules and the CBSL Corporate Governance Direction.
9.9	Alternate Directors	NA There were no alternate directors appointed.
9.10	Disclosures Relating to Directors	
9.10.1	Disclose the policy on maximum number of directorships the board members are permitted to hold	Complied Each Director shall not hold directorships in more than 20 companies including societies etc. in terms of the CBSL Direction on Corporate Governance. No Director of the Company has exceeded this limit.
9.10.2	Upon the appointment of a new director, make an immediate market disclosure, setting out details of such director	Complied Market disclosures have been made upon appointment of new Directors.
9.10.4	Information relating to Directors to be disclosed	Complied Please refer pages 52 to 56

The following table indicates the compliance with the Code of Best Practice on Corporate Governance 2023, issued by the Institute of Chartered Accountants and the SEC/CSE, with which OFP complies on a voluntary basis.

Reference to SEC/ICASL Code	Principle	Compliance Status	Extent of Compliance
SEC. 1	**THE COMPANY**		
A	**DIRECTORS**		
Code A.1	The Board The need for the Company to be headed by an effective Board, which should direct, lead and ensure effective controls for the Company.	Complied	The Company is headed by a dynamic Board with expertise in diverse fields. The Directors are well qualified and experienced with a thorough understanding of the business complexities and are prominent corporate personalities, with experience in different industries. Board responsibilities and other core functions are discussed in detail in this Report. The detailed individual profiles of Board members are provided on pages 52 to 56.
Code A1.1	The Board should meet regularly. Board meetings should be held at least once every quarter of a financial year in order to effectively execute Board's responsibilities, while providing information to the Board on a structured and regular basis.	Complied	The Board meets regularly and Board meetings are held on a monthly basis. The Board met 12 times during the year 2023/24. The Board approved the Company's business strategy for the year 2023/24 and for the next 3 years and was actively involved in monitoring the performance of both financial and non-financial objectives and targets. The Board also reviewed and approved policies and procedures related to risk management. The core focus at Board meetings was to review and discuss the Company's performance and to review achievement of strategy and to ensure target expectations are being met and to make relevant decisions at the highest level. In addition, the Board Sub-Committees were convened in relation to matters falling under the purview of each sub-committee. The Board Papers are forwarded to the Directors in advance of the meeting. Any additional information requested by the Board has always been provided within a short period in order for the Board to be prepared in making decisions at the meetings.
Code A.1.2	The Board's role is to provide entrepreneurial leadership to the Company within a framework of prudent and effective controls which enables risk to be assessed and managed. In performing its role, the Board should be responsible for matters including:		

Reference to SEC/ICASL Code	Principle	Compliance Status	Extent of Compliance
	Formulation and implementation of sound business strategy	Complied	The Board, in principle, is responsible for approving the business strategy and guiding the business operations of the Company in line with such strategy and ensuring that the management team possesses the expertise to implement same. Strategies formulated are implemented through the Chief Executive Officer and the Senior Management Team. Matters were discussed and debated by the Board, taking all aspects into consideration with emphasis on how it will impact stakeholder interest, in order to decide and approve the appropriate strategy. The 2023/24 business plan and annual budget were revisited and amended during the year, in the light of the changes to economic policies that were rolled out during the year. The Board advised and guided the management team on successful execution of strategy.
	Appointing the Chair and the Senior Independent Director, if relevant	Complied	The Chairperson of the Board is an Independent Non-Executive Director.
	Ensuring that the Chief Executive Officer (CEO) and management team possesses the skills, experience and knowledge to implement the strategy	Complied	The Company is steered by a team of multi-disciplinary professionals, led by a CEO with diversified qualifications and experience, who reports to the Board of Directors. The senior management team possess the necessary qualifications and skills to perform their respective roles.
	Ensuring the adoption of an effective CEO and Key Management Personnel succession strategy;	Complied	OFP has a succession planning process in place for identifying and grooming staff for key positions within the Company, in order to ensure the continuity of its operations.
	Approving budgets and major capital expenditure	Complied	The annual budget, prepared by the Management is submitted to the Board for its review and approval. Any major capital expenditure items are submitted to the Board for approval.
	Determining the matters expressly reserved for the Board and those delegated to the Management including limits of authority and financial delegation	Complied	The matters specifically reserved for the Board are specified in the Corporate Governance Framework of OFP. Other matters and limits of authority that are delegated to the Management are determined by the Board, from time to time.
	Ensuring effective systems to secure integrity of information, internal controls, cyber security and business continuity and Risk Management;	Complied	Integrity of information, internal controls, information security and cyber security are considered a key factor in OFP's operations. Such systems are continuously monitored by the management and verified by the internal and external auditors. Any breaches identified are reported to the Board Audit Committee periodically and the remedial action taken is reported to the Board for their decisions. Effective mechanisms are also in place to identify, assess and manage/mitigate risks faced by the Company which are discussed in detail in the Risk Management Report on pages 95 to 103. OFP duly reviews and updates its Business Continuity Plan to ensure the sustainability of operations.

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

Reference to SEC/ICASL Code	Principle	Compliance Status	Extent of Compliance
A1.3	Procedure to obtain independent professional advice where necessary	Complied	The Board and its Sub-Committees have the authority, to obtain independent professional advice, legal counsel, consultants or other external expert advisors as and when deemed necessary, at the Company's expense. This is embedded in the Corporate Governance Policy of the Company.
A1.4	All Directors have access to the advice and services of the Company Secretary	Complied	Janashakthi Corporate Services Ltd. serves as the Company Secretary for OFP, who ensures compliance with Board procedures, Companies Act & CSE regulations and other regulatory requirements. All Directors have access to the Company Secretary on any relevant matter. The Company Secretaries do not perform any functions that give rise to a conflict of interest.
A1.5	All Directors should bring independent judgment to bear on issues of strategy, performance, resource allocation and standards of business conduct.	Complied	The Directors of OFP are well qualified and experienced in their fields of expertise. They bring their independent judgment into matters relating to the affairs relating to the Company and are conscious of avoiding matters of potential or actual conflicts of interests. Further, all Directors use independent judgment in choices made by the Board on matters of strategy, performance, resource distribution and the conduct of operations. These view-points are discussed at Board meetings and decisions are arrived at. Each year the relevant senior management meet with the Board Members to review the previous year's results and progress to focus on goals and challenges of the upcoming year. Management also periodically updates the Board on progression of the business unit's focus goals.
A1.6	Every Director should dedicate adequate time and efforts to matters of the Board and the Company.	Complied	Board papers for discussion at a given meeting are circulated in advance of the said meeting, to provide Board members with sufficient time to study the material and request any additional information deemed necessary for the discussions. Board papers are discussed in detail and debated at the Board meeting before a final decision is made. Members of the Executive Committees are also requested to make presentations when needed to obtain clarity in order to analyse a given situation. Directors' time was spent on strategy evaluation, performance review, implementing necessary internal controls and directing corrective measures for fine tuning areas where it was deemed required. During the financial year under consideration, the Directors allocated a significant amount of time to address the strategies to meet the economic conditions that prevailed during the year and strategies to overcome the risks posed by the economic challenges.
A1.7	One third of Directors can call for a resolution to be presented to the Board	Complied	This is accommodated through the Corporate Governance Framework.

Reference to SEC/ICASL Code	Principle	Compliance Status	Extent of Compliance
A1.8	Every Director should receive appropriate training when first appointed to the Board and subsequently as necessary. The Board should regularly review and agree on the training and development needs of the Directors.	Complied	New Directors joining the Board are provided an induction to brief them on Company and industry specific matters as well as the regulatory environment. The Directors' knowledge and understanding of new areas relating to the matters of the Company is refreshed with briefings on relevant topics, as necessary.
A. 2	Chairperson & CEO Clear division of responsibility between conducting of the business of the Board and facilitating executive responsibility for management of the company's business. There should be a clear division of responsibilities at the head of the company, which will ensure a balance of power & authority so that no individual has unfettered power.	Complied	The positions of Chairperson and Chief Executive Officer are held by separate individuals, segregating the two functions. There is a clear division of responsibilities between the position of Chairperson and the CEO. The Chair ensures Board governance and that stakeholder expectations are met, while the CEO makes decisions on day-to-day operational matters of the Company. At the same time, the Chairman and CEO maintain an excellent working relationship facilitating the distinction between conduct of business operations and governance and authority.
A2.1	A decision to combine the posts of Chairman and the CEO as one person should be highlighted and justified.	Not Applicable	The Chairman and CEO positions are held by different individuals.
A3	Chairman's Role As the person responsible for running the Board, the Chairman should preserve order and facilitate the effective discharge of Board Functions	Complied	The Chairman is responsible for leadership of the Board, ensuring its effectiveness on all aspects of the Company's business and to the best interests of all stakeholders. The Chairman also ensures that the Directors receive accurate, timely and clear information and facilitates constructive relations between Executive and Non- Executive Directors.
A3.1	The Chairman conducts Board proceedings in a proper manner.	Complied	The Chairman ensures effective participation of both Executive and Non- Executive Directors in the conduct of Board meetings. The Chairman also ensures that the views of each Director on any issue under consideration are ascertained and also that the Board is in complete control of the affairs of the Company.
A4	Financial Acumen The Board should ensure the availability within it of those with sufficient financial acumen & knowledge to offer guidance on matters of finance.	Complied	The Board comprises of six (06) members with professional accounting qualifications and collectively possess a strong financial acumen and capability to assess the integrity of the Company's financial reporting systems & controls, continually review and critique these systems and make changes to them as necessary.
Code A5	Board Balance A balance of Executive and Non-Executive Directors such that no individual or small group of individuals dominate the Board Meetings.	Complied	As at 31st March 2024, the Board comprised of nine (09) Non- Executive Directors, out of a total of 10 Directors. This provides a 90% of Non-Executive Directors and the majority is Non-Executive Directors. The views of all Directors are taken into consideration at Board Meetings and no individual or group of individuals dominate.
A5.1	The Board should include at least three Non-Executive Directors or such number of one third of total number of Directors, whichever is higher.		

Reference to SEC/ICASL Code	Principle	Compliance Status	Extent of Compliance
A5.2	Three or two-thirds of the Non-Executive Directors appointed to the Board, whichever is higher, should be independent.	Complied	There were 7 Independent Directors out of the nine Non-Executive Directors as at 31st March 2024, complying with the requirement.
A5.3	Criteria for a Director to be deemed independent.	Complied	The independence of Non-Executive Directors is determined in line with the CBSL Direction No 5 of 2021 on Corporate Governance and the Listing Rules of the Colombo Stock Exchange.
Code A5.4	Non-Executive Directors should submit a signed declaration of their independence or non-independence.	Complied	Non-Executive Directors have submitted the declaration to determine their independence or non-independence, records of which is maintained by the Company Secretaries.
Code A 5.5	The Board should make a determination annually as to the independence or non-independence of Directors and set out in the Annual Report the names of Directors.	Complied	The Board has made a determination of the independency of the Directors. The information is disclosed in pages 52 to 56
Code A 5.6	Alternate directors - should not be an executive of the Company. An alternate director appointed to represent an independent director should fulfill the criteria for independent directors.	Not applicable	There were no alternate directors on the Board of OFP.
Code A. 5. 7	In the event the Chairman and CEO is the same person or the chairman is not an independent director, the Board should appoint one of the non-executive directors as the senior independent director.	Not applicable	As at 31st March 2024, the Chairman was an Independent Director and the positions of chairman and CEO were held by separate individuals.
Code A. 5. 9	The Chairman should hold meetings with the non-executive directors only, without the executive directors being present, as necessary and at least once a year.	Complied	The chairman held 2 meetings with the Non-Executive Directors only, without the Executive Director.
Code A5.10	Recording of Directors concerns on Board meetings in matters, which cannot be unanimously resolved.	Complied	Any significant concerns raised by the Directors at the Board Meetings, are recorded in the Minutes of the Board Meetings.
Code A6	Supply of Information The Board should be provided with timely information in a form and of a quality appropriate to enable it discharge its duties	Complied	The Board receives a standard set of timely, accurate and reliable information regularly. These include both financial and non-financial data and the Board at any given time could request for additional information in order to clarify or make a reliable judgment and discharge its duties effectively. The papers for each meeting is uploaded in advance enabling the Directors to prepare for the discussion at Board Meetings and to request for any additional information.
Code A6.2	The minutes, agenda and papers required for a Board meeting ordinarily be provided to Directors at least seven days before the meeting and the minutes of the meeting should be provided at least two weeks after the meeting date.	Complied	The Board is provided with materials in advance of any meeting for review and study. Members of management, depending upon items to be considered at the meeting, compile most material and submit seven days prior to a meeting.

Reference to SEC/ICASL Code	Principle	Compliance Status	Extent of Compliance
Code A.7	Appointments to the Board There should be a formal and transparent procedure for the appointment of new Directors to the Board	Complied	The Board Nomination and Governance Committee is in place with the mandate of ensuring the right balance of skills and knowledge on the Board. Names of Chairman and members of the Nomination Committee and details of meetings is available on page 116.
A7.1	A Nomination Committee comprising of a minimum of 3 members should be established to make recommendations to the Board on all new appointments. The Chairman and Members of the Nomination Committee should be disclosed in the Annual Report.		
Code A7.2	The Nomination Committee should annually assess Board composition to ascertain whether the combined knowledge and experience of the Board matches the strategic demands of the Company.	Complied	The strength and composition of the Board is assessed by the Nomination Committee to ensure that their knowledge and experience complement the vision and strategy of the Company.
Code A8	Re-election All Directors should be required to submit themselves for re- election at regular intervals and at least once in every three years	Complied	The Non-Executive Directors are subject to re-election by shareholders at the first AGM after their appointment and to re-election thereafter at intervals. This is ensured through the Company's Articles of Association.
Code A8.1	Non-Executive Directors should be appointed for specified terms subject to re-election and to the provisions in the Companies Act relating to the removal of a Director and their re-appointment should not be automatic.	Complied	One third of the total number of Directors commencing with the longest in office since their last election shall retire each year by rotation. CBSL regulations that apply to the appointment and removal of directors are adhered to.
Code A8.2	All Directors including the Chairman of the Board should be subject to election by shareholders at the first opportunity after their appointment, and to re-election thereafter at intervals of no more than three years.	Complied	This procedure is in place in the Articles of Association and is practiced.
Code A8.3	Resignation In the event of a resignation of the Director prior to completion of his appointed term, the Director should provide a written communication to the Board of his reasons for resignation.	Complied	The Directors who resigned during the year have provided written communication to the Board. In addition, the procedure outlined in the CBSL regulations are adhered to.
A9	**APPRAISAL OF BOARD PERFORMANCE** Boards should periodically appraise their own performance in order to ensure that Board responsibilities are satisfactorily discharged.		
A9.1	The Board should annually appraise itself on its performance in its key responsibilities.	Complied	The performance of the Board was assessed with regard to the performance of its key responsibilities.
A9.2	An annual self-evaluation of its own performance and that of its committees.	Complied	The Board Members carry out an annual self-assessment of the performance of the Board and of the sub-committees.

Reference to SEC/ICASL Code	Principle	Compliance Status	Extent of Compliance
A9.3	The Board should have a process to review the participation, contribution and engagement of each Director at the time of re-election	Complied	The Company Secretary maintains records of participation and engagement of each Director.
A9.4	Disclosure regarding the performance evaluation in the Annual Report.	Complied	A formal evaluation of the Board is conducted.
A.11	**APPRAISAL OF CEO** The Board should be required, at least annually, to assess the performance of the CEO.	Complied	The Board assesses the performance of the CEO annually in keeping with Board stipulated guidelines and regulatory requirements stipulated by CBSL.
A11.1	The Board in consultation with the CEO, should set, financial and non-financial targets that should be met by the CEO	Complied	The Board ensures that a business performance plan is compiled by the Management which is discussed and approved by the Board for each year of operation. This plan is developed to tie up with the corporate plan of the Company and Key Performance Indicators (KPIs) are drawn up to monitor the success of operations. The overall KPIs are used to evaluate the performance of the CEO against results achieved by the Company.
A11.2	The Board at the end of each fiscal year should evaluate the performance of the CEO.	Complied	The Board carries out this evaluation and submits their briefing to the Board, for any further discussion required.
B	**DIRECTORS' REMUNERATION**		
B1	**REMUNERATION PROCEDURE** Companies should establish a formal and transparent procedure for developing policy on executive remuneration	Complied	The Board has implemented a formal & transparent procedure for developing policies on remuneration by setting up a Human Resources and Remuneration Committee. The Committee is responsible for the development of executive remuneration and no Director is involved in deciding his/her own remuneration. The purpose of the Committee is to assist the Board in matters of compensation of the Company's Executive Directors, Corporate Management Team and other employees as determined by the Committee.
Code B2.1	Board should set up a Remuneration Committee	Complied	A Human Resources and Remuneration Committee has been established in this regard and functions within agreed terms of reference is disclosed on page 114.
Code B2.2	The committee should consist exclusively of Non-Executive Directors with a minimum of 3 non-executive directors of whom the majority should be independent.	Complied	The Remuneration Committee consists of Non-Executive Directors, the majority of whom are Independent. Please refer Remuneration Committee Report on page 114.
Code B 2.3	Consultation of Chairman/CEO in deciding the remuneration of executive directors and senior management and access to professional advice	Complied	The Remuneration Committee consults the Chairman and CEO where necessary and has access to professional advice within and outside the Company
Code B2.4	The Remuneration Committee should provide the packages needed to attract & retain Executive Directors and the chief executive	Complied	The Remuneration Committee reviews the market practices and industry remuneration levels and most importantly the Company performance in determining the remuneration of the Executive Directors and Senior Management Team.

Reference to SEC/ICASL Code	Principle	Compliance Status	Extent of Compliance
Code B2.5	Executive Director's remuneration should be designed to promote the short, medium and long-term performance of the Company	Complied	The remuneration levels are designed to attract and retain the best talent to ensure the optimal performance and sustainability of business in the short, medium and long term.
Code B2.15	The chairman and members of the Remuneration Committee should be listed in the Annual Report.	Complied	Details of the Remuneration Committee are provided in the Report of the Human Resources and Remuneration Committee on page 114.
C	**RELATIONS WITH SHAREHOLDERS**		
	Boards should use the AGM to communicate with shareholders and should encourage their participation.		
C.1	Constructive use of the AGM and conduct of General Meetings	Complied	All steps have been taken to protect shareholder rights at the AGM, including the receipt of notice of the AGM within the specified period, raising questions to the Board and various other committees, voting for the election of new Directors or any other issue of materiality that requires a shareholder resolution.
C.2	Communication with Share Holders -The Board should implement effective communication with shareholders	Complied	All information with regard to the Annual Report is disseminated through chief financial officer and all other changes through the Company Secretary – Janashakthi Corporate Services (Pvt) Ltd.
C.2.1	There should be a channel to reach all shareholders of the Company in order to disseminate timely information		
C3	**MAJOR MATERIAL TRANSACTIONS** Further to complying with the requirements under the Companies Act, Securities and Exchange Commission law and Colombo Stock Exchange regulations; as applicable, Directors should disclose to shareholders all proposed material transactions, which if entered into, would materially alter/vary the Company's net asset base	Complied	All transactions by Directors are reviewed by the Related Party Transactions Review Committee.
D	**ACCOUNTABILITY & AUDIT**		
D.1	**FINANCIAL REPORTING** The Board should present a balanced & understandable assessment of the Company's financial position, performance, business model, governance structure, risk management, internal controls and challenges, opportunities and prospects.	Complied	The Directors have taken all reasonable steps in ensuring the accuracy and timeliness of published information and in presenting a true & balanced assessment of the Company's position. The financial information is reviewed by the Board Audit Committee and the Board, prior to publishing. Company's position and future direction is discussed in detail in Chairman's & CEO's Reviews on pages 12 to 16 and Management Discussion & Analysis on page 27.

Reference to SEC/ICASL Code	Principle	Compliance Status	Extent of Compliance
D.2	**RISK MANAGEMENT & INTERNAL CONTROL** The Board should establish a policy for determining the nature and extent of the principal risks it is willing to undertake in achieving its strategic objectives. Have a process of Risk Management and a sound system of internal controls to safeguard shareholders' investments and the Company's assets.	Complied	The Board and the Board Integrated Risk Management Committee have the overall oversight of the system of internal control and of monitoring its effectiveness, while the implementation of the internal control system is the responsibility of the Risk Management Team. The detailed Risk Management Report is provided on pages 95 to 103.
Code D.2.2.2	Companies should have an internal audit function	Complied	The Company has an internal audit function, which acts as the third line of defense in the risk management process.
CODE D.3	**AUDIT COMMITTEE** The Board should establish formal and transparent arrangements for selecting and applying accounting policies for financial reporting, determine the structure and content of corporate reporting, implement internal control and risk management, ensure compliance with laws and regulations and ensuring the independence of the company's auditors	Complied	The Board has delegated their responsibility with regard to financial reporting, internal controls and maintaining appropriate relationships with External auditors to the Board Audit Committee. The Terms of Reference of the Audit Committee entrust the required responsibility to it.
Code D.3.1	Composition should be exclusively of Non-Executive Directors with a minimum of three Non-Executive Directors of whom at least two should be independent.	Complied	The Audit Committee comprises of Non-Executive Directors with a majority of Independent Directors. The composition of the Audit Committee is provided on page 110.
CODE D.5	**RELATED PARTY TRANSACTIONS REVIEW COMMITTEE**		
Principle D.5	The Board should establish a procedure to ensure that the Company does not engage in transactions with 'related parties' in a manner that would grant such parties 'more favourable treatment' than that accorded to third parties in the normal course of business.	Complied	This is achieved by having the Related Party Transactions Review Committee with an approved TOR in place.

RISK MANAGEMENT

Risk is an inherent element in finance business. Therefore, it is an indispensable element in our operations. Orient Finance has implemented risk management strategies to effectively manage and mitigate the risks arising out of its business operations and to ensure that the residual risk remains within the risk appetite for the Company.

Our success and the sustainability as a financial institution depends on our ability to manage multiple risk factors arising out of the complex and competitive markets across multiple locations, product categories, functional departments, customer segments and asset classes. In doing this we take an integrated approach to risk management.

The Board assumes overall responsibility for the management of risk and for reviewing the effectiveness of internal control processes. Risk Appetite is translated and cascaded to different business activities both quantitatively and qualitatively. We thus aim to deliver superior value to all our stakeholders while achieving an appropriate trade-off between risk and returns. Our approach to risk management is designed to provide reasonable assurance that our assets are safeguarded, the risks facing the business are being addressed and all information to be disclosed is reported to the senior management and the Board as appropriate.

Risk Management practices have been instilled into the core of every activity undertaken by the Company. The Risk Management process encompasses the identification, measurement, controlling, monitoring and reporting of each risk.

The Board of Directors is, in principle, responsible for maintenance of a prudent risk management mechanisms and orderly implementation of the risk framework in the Company. The Board approves the risk appetite, policies, strategies and systems and operational approach for risk management. The effective implementation of the risk management function is carried out through the Board Integrated Risk Management Committee (BIRMC) and the corporate management of the Company.

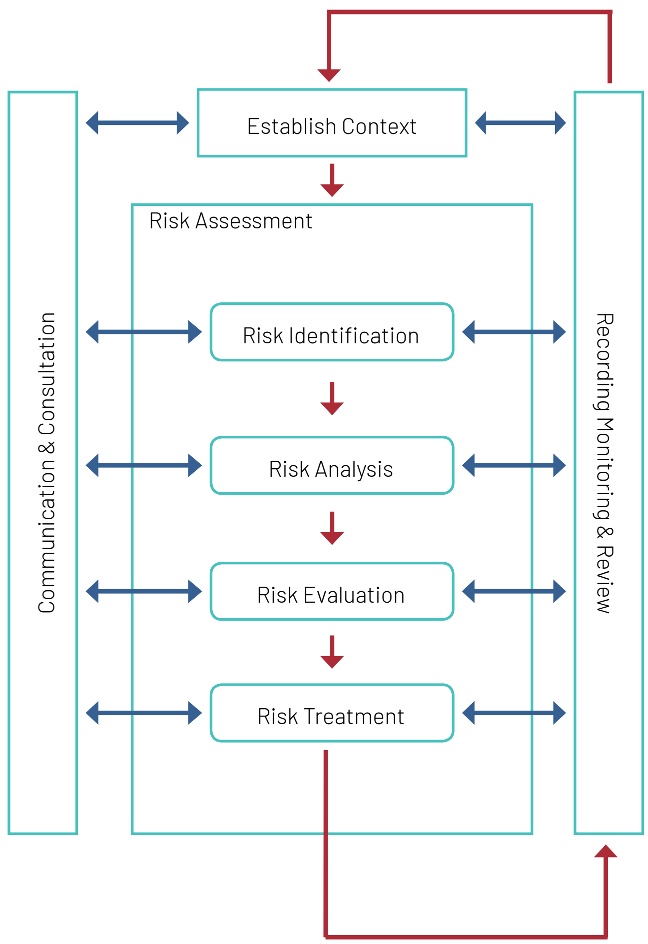
The BIRMC is the Board sub-committee, which oversees the risk management function in line with the Board approved policies and strategies. BIRMC provides the guidance for the policy and operations for Company-wide risk management. The CEO, Chief Risk Officer, Head of Finance, Head of Compliance and other senior management are invited to the meetings of the BIRMC, as required.

The Assets and Liabilities Committee (ALCO) is a management committee which is responsible for the asset-liability management and market risk management. The ALCO consists of the CEO, as the Chairperson and the key officials of the Company responsible for the management of assets and liabilities.

The Company's Risk function is independent from the risk assuming business functions. It provides an independent oversight function which coordinates, facilitates and oversees the integrity and effectiveness of the Company's Risk Management framework. It is tasked with the responsibility of assisting the business units and functional departments in identifying and managing risks related to their respective operations and processes. It also monitors the status and effectiveness of the mitigation action plans.

PROCESS FOR MANAGING RISK

The following diagram illustrates the process for managing risk that the corporate risk management is to facilitate / coordinate with respective Heads of Business Units/ Departments.



The risk management process at Orient Finance PLC is based on 3 lines of defense:

1. The first line of defense – the business units or the front line including the branch staff;
   - Compliance with operational policies and procedures
   - Proactive risk identification, assessment, control and escalation
   - Collaborative communication to promote a strong risk culture and risk awareness
2. Second line of defense – Integrated Risk Management Department;
   - Implementation of the Risk Management Governance Structure
   - Review and reporting of risks of the departments, branches, products, processes, systems to the Board Integrated Risk Management Committee, as required
   - Identification and assessment of risks and monitoring risks against the Board approved risk appetite
   - Recommending appropriate action to mitigate risks, if any, that have exceeded beyond tolerance levels
3. Third line of defense – Internal Audit that performs checks on the entire process to observe if the controls are in place;
   - Monitoring compliance with the Risk Management Governance Structure
   - Assessment of the effectiveness of risk management tools and techniques adopted

The Company has adopted a three-stage line of defense to manage risks, ensuring all categories and types of risks are considered for operating in an effectively risk-managed environment. The Company's Integrated Risk Management Department oversees the entire risk management process while business units and functional teams provide input regarding the various risks faced in the course of doing business. The internal Audit Department performs regular planned checks of the entire risk management process and verifies that all controls and mitigation measures are in place.

The risk management process is led by the Integrated Risk Management Department, while the risk identification is carried out in collaboration with the various departmental heads to identify existing or potential risks.

Any risks that would impact the Company beyond the pre-determined risk tolerance limits or the Company's risk appetite will be minimised or mitigated through risk minimisation/mitigation actions. Appropriate minimisation/mitigation actions will be applied until the risk falls within the risk appetite limits of the Company.

SUMMARY OF RISK APPETITE

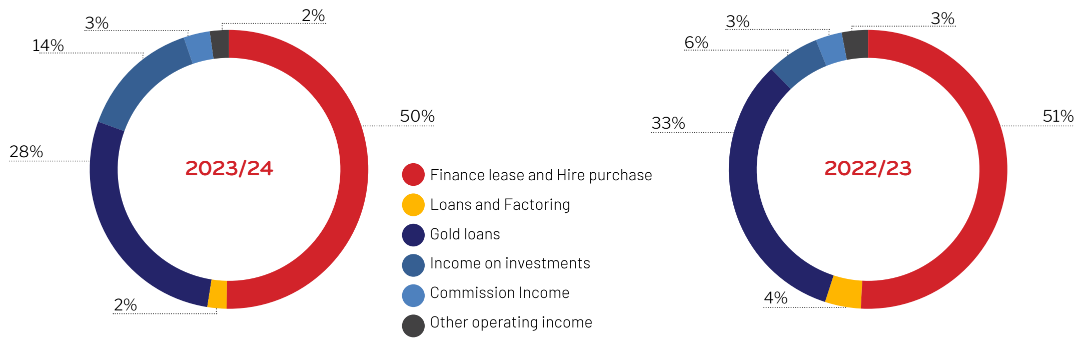
Low Risk Appetite	Moderate Risk Appetite	High Risk Appetite
Operational Risk – ICT Risk/Fraud/HR	Credit Risk/ Credit Concentration Risk	Nil
Compliance and AML Risk	Interest Rate Risk	
Reputational Risk	Commodity Price Risk	
Legal Risk	Strategic Risk	
Liquidity Risk	Capital Risk	

STRATEGIC RISK

Strategic Risk arises from failure to achieve strategic goals of the Company. Business strategies are adopted after evaluating the overall risks associated with such strategies.

A comprehensive, Board-approved strategic plan for the next three years is in place with quantitative targets. As the Company is operating in a challenging and dynamic market, the strategic plan of the Company is monitored periodically to assess the possible obstacles that could arise in achieving the strategic objectives.

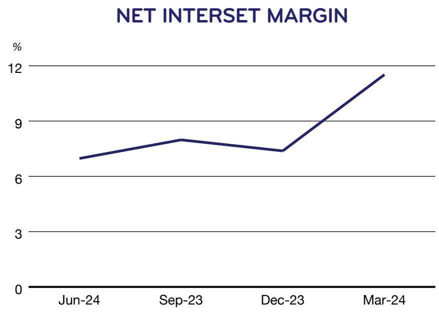
REVENUE COMPOSITION 2023/24 VS 2022/23



The contribution of income generated from investment has increased in 2023/24 compared to its contribution in 2022/23.

NET INTEREST MARGIN

NIM has been on a increasing trend, reporting 11.52% for the year ended 31st March 2024.



Total Assets base of OFP has increased during the financial year, from Rs. 17.47 Bn to Rs. 20.48 Bn, reporting a 17.22% improvement of the Total Assets base.

ACTIONS TAKEN BY THE COMPANY TO MANAGE THE STRATEGIC RISK

1. Maintaining the NIM of the main asset classes at the budgeted level
2. Focusing on the other type of income generation from the business lines such as alternative finance business etc.

CREDIT RISK

Credit risk is the potential loss Orient Finance PLC would have to bear should our borrowers fail to meet their obligations towards the Company. In our business, credit risk is inherently associated with our core lending model and hence constitutes the Company's largest risk exposure. Credit risk encompasses three broad categories: default, concentration and settlement risk. In the financing sector – settlement risk falls under the category of credit default risk.

At Orient Finance PLC, Credit is required to be granted according to the approved policies and procedures of the Company. A Board approved Credit Policy manual is in place to guide the business units. Special attention is given to Credit Risk Management in terms of analysing customer credit worthiness through rigorous customer evaluations before credit facilities are granted and review of the repayments thereafter. The key aim of this process is to assess the borrower's ability to meet obligations in an objective manner.

CREDIT POLICY

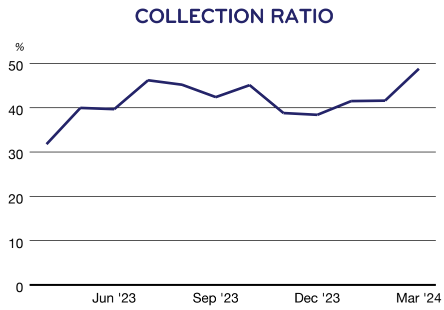
The purpose of the Credit Policy is to streamline the loan origination process. It serves as a guide for Marketing Officers by detailing the credit facilities / products offered by the Company along with the credit granting criteria under each lending category. It also captures the respective due diligence protocols that need to be carried out as part of the initial customer on-boarding process for new lending activities.

HOW CREDIT RISK IMPACTS OUR BUSINESS

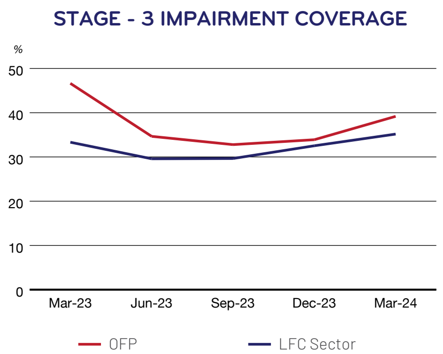
When borrowers are unable to meet their debt commitments towards the Company, Orient Finance's earning capacity is affected, triggering margin pressure as a result of the increase in impairment. In addition, this causes a disruption in the planned cash flow cycle and a liquidity mismatch.

COLLECTION RATIO

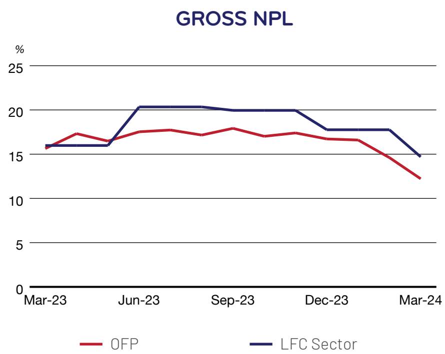
Overall collection ratio increased to 48.5% in March 2024 compared to 45.5% in March 2023.

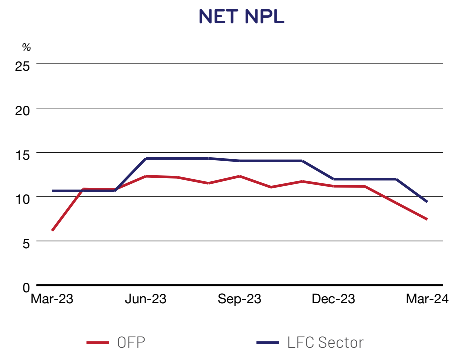


STAGE-3 IMPAIRMENT COVERAGE RATIO



The Company has adopted a prudent impairment policy and as result, the stage-3 impairment coverage ratio remained above the industry level.

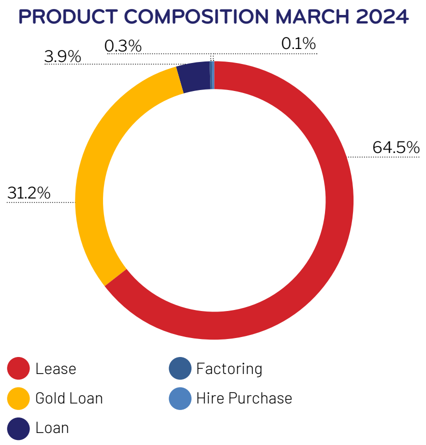




The non-performing loans ratio is a salient measure of the asset quality. Non-performing loans ratio is monitored on a regular basis at branch level, regional level and Company-wide level under the different product categories. During the year under review, the Company has reported the Gross NPL ratio of 12.22% as at 31.03.2024 whilst the industry Gross NPL was 14.70%

The challenging economic environment that prevailed at the beginning of the financial year increased the credit risk of the industry and the company. The improved economic conditions that set in towards the latter part of the year paved the way for higher credit growth and improvements to credit quality.

The Company monitors concentrations of credit risk by sector and by geographic location. An analysis of concentrations of risk from loans and advances and investment securities at the reporting date is shown below:



As at 31st March 2023, 64.5% of the total portfolio consists of Lease facilities where as the gold loan portfolio contribute to 31.2% of the total portfolio.

ACTIONS TAKEN BY THE COMPANY TO MANAGE THE DEFAULT CREDIT RISK

1. Maintaining the single client exposure at a manageable level
2. Maintaining a proper balanced portfolio in terms of the concentration of asset category.
3. Close monitoring of arrears customers and intensified follow- up actions.
4. Strengthening credit underwriting standards and post disbursement monitoring
5. Increased efforts on collection of overdues.
6. Follow up actions by the Recoveries Department.
7. The Board Credit Committee periodically reviews and updates the credit policy and lending guidelines issued to business segments.

LIQUIDITY RISK

Liquidity Risk refers to the risk when the Company does not have sufficient financial resources to meet obligations, without incurring excessive cost. In the case of Orient Finance this relates mainly to the ability to meet refund of deposits obtained from the public as they fall due and settlement of installments on bank and other borrowings as well as meeting other obligations.

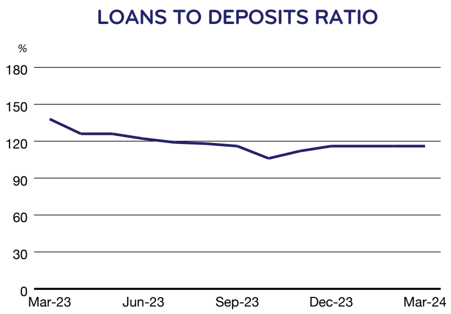
- Market liquidity: Market liquidity risk is the inability to easily exit a position. The Company's market liquidity risk is low if assets can be liquidated without swaying the price.
- Funding liquidity: - Funding liquidity risk means the Company's inability to finance assets continuously at an acceptable borrowing rate and it arises when creditors either withdraw credit or change the terms on which it is granted in such a way they are no longer profitable.

Management of mismatches in the timing of cash flows, effective management of liquidity is considered of the utmost importance in order to ensure smooth functioning of Company's operations. Therefore, the Company monitors a number of liquidity risk indicators to assess the efficacy of the comfort provided by its liquid assets. Key focus is given to liquid asset ratio, maturity gap analysis and funding concentration.

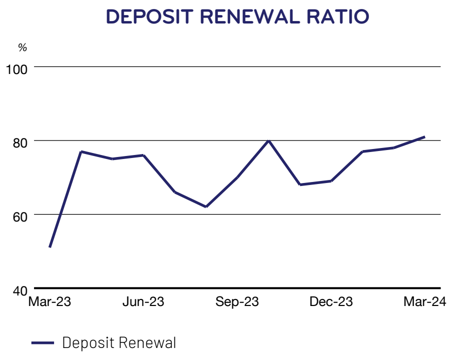
MONITORING AND GOVERNANCE OF LIQUIDITY RISK

The Asset-liability committees (ALCO) is responsible for monitoring liquidity risk, reporting and analysing, making proposals, setting limits and guidelines and formulating and implementing plans relating to liquidity risk management. Daily funding requirements are closely monitored by the Treasury Department taking into consideration routine cash flows as well as one-off outflows of large single obligations.

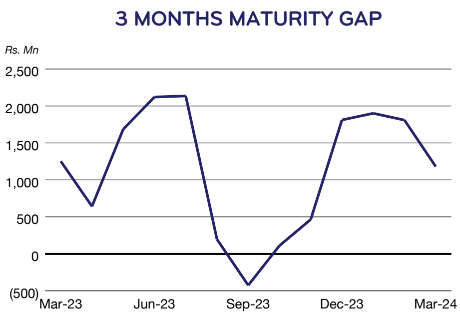
LOANS TO DEPOSIT RATIO



The Loans to Deposit ratio of the Company recorded 116% at the end of financial year, indicating that the Company is making the optimum use of deposit financing by transforming them into interest earning assets.



Despite the somewhat depressed market situation that prevailed during the year, due to lingering economic uncertainty as well as the fall in interest rates towards the end of the year, OFP managed to maintain a deposit renewal ratio of 81% at the end of financial year.



The Company recorded a positive 3-months cumulative gap of Rs. 1.1. Billion at the of financial year.

ACTIONS TAKEN BY THE COMPANY TO MANAGE LIQUIDITY RISK

1. Availability of funding pipeline with alternative funding sources and credit lines.
2. Establishing early warning signals for ensuring that the liquidity position continues to be consistently well managed under both normal and stressed conditions, based on the cash flow analysis.
3. Increased emphasis on collections and FD mobilisation.
4. Building up the contingency funding arrangements.

MARKET RISK

Market risk is the risk arising from fluctuations in market variables such as interest rates, foreign currencies, equity prices and gold prices. As the Company's operations involve granting accommodations, accepting deposits and obtaining funding facilities, the movements in interest rates risk and commodity price risk constitute the most critical market risk categories for Orient Finance PLC.

Excessive movements in market risk indicators could bring severe volatility to the Company's net interest income and net interest margin. Therefore, Orient Finance PLC focuses on maintaining an adequate Net Interest Margin so that increases in interest expenses can be absorbed to a certain extent.

This risk is reviewed periodically by ALCO and the Board Integrated Risk Management Committee.

INTEREST RATE RISK

Interest rate risk is the potential negative impact on the net interest income based on rate fluctuations and impact to the profitability of the Company. The movements in interest rates expose to fluctuations in Net Interest Income (NII) and have the potential to impact the underlying value of interest earning assets and interest-bearing liabilities and off-balance sheet items.

The main types of IRR to which the Company is exposed to are repricing risk, yield curve risk and basis risk. All facilities granted by OFP are on fixed interest rates. During the financial year, we witnessed a steady decline in interest rates from the previously high levels, which was supported by easing of policy rates by the Central Bank.

ACTIONS TAKEN BY THE COMPANY TO MANAGE THE INTEREST RATE RISK

1. Closely monitoring the interest rate movements and issues directions to lending and borrowing units on interest rate strategies.
2. Conducting regular stress testing to assess interest rate sensitivity on Company's asset and liability portfolios.

COMMODITY PRICE RISK

The potential risk of the volatility in world Gold prices. Frequent fluctuations in world Gold prices impacted earnings in Gold Loan operation.

The Company's lending strategy on gold loans is to maintain a healthy Loan to Value ratio on gold loan advances based on the gold market prices and a mix of the Advances portfolio. Advance offered for gold loans is frequently adjusted in line with the gold market prices.

During the year under review, the Company managed to maintain a prudent Loan to Value ratio on new disbursements by dynamically adjusting the advanced value.

OPERATIONAL RISK

Operational risk is the potential losses caused by flawed or ailed processes, policies, systems or events that disrupt business operations. Operational risk exposures are managed through a consistent set of management processes that drive risk identification, assessment, control and monitoring.

Compliance with Company standards is periodically reviewed by internal audit. The results of internal audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the senior management and the Board audit committee of the Company.

Taking into consideration the nature, scope and scale of OFP's business, the following indicators are covered under Operational Risk.

1. Frauds, damages and misappropriation of assets : The risk of misappropriation of assets by third parties and risk of damage to OFP's physical assets due to accidents, natural disasters, riots, terrorism, etc.
2. Internal control weaknesses identified at Branches and Administration Departments: Internal control weaknesses highlighted during the Internal audit investigations
3. Effectiveness of responses for Customer Complaints.
4. Ongoing court cases and excessive legal charges; contingent liabilities that could result in significant losses to OFP
5. Branch Performance analysis : Considering NPL, Cost to Income ratio, Collection and GP margin for the assessment of branch performance

ACTIONS TAKEN BY THE COMPANY TO MANAGE THE OPERATIONAL RISK:

1. Reviewing and updating internal manuals and process, conduct periodic and surprise branch audits, periodic monitoring & evaluations of internal controls
2. Transferring insurable risk by obtaining insurance policies
3. Installing access controls to identified high impact areas
4. Staff training on technical aspects to comply with regulatory requirements
5. Assessing the adequacy and effectiveness of the insurance coverage periodically
6. Conducting post completion audits after a successful implementation of system change/modification
7. Disaster Recovery (DR) planning and Business Continuity Planning (BCP)

COMPLIANCE RISK

Compliance Risk is defined as the potential threat to earnings or business resulting from violations or infringement of laws, regulations or stipulated practices and standards within the Company, industry and Government. Failure to comply with laws and regulations could expose the Company to civil and/or criminal actions leading to damages, fines and regulatory sanctions and/ or its employees with possible consequences for its corporate reputation.

The Company has established a Compliance Division, in line with the CBSL regulations on Corporate Governance in order to oversee the compliance of the Company with Central Bank directions, Colombo Stock Exchange regulations and other applicable regulations. The Compliance Department disseminates the regulatory directives through internal communication to relevant staff members. Regulatory requirements are incorporated into policies & procedures of the Company for effective compliance.

OFP's compliance with key prudential requirements is given below:

Key Prudential Requirements	Regulatory Requirement	Actual as at 31st March 2024	Status of Compliance
Stage 3 Impairment Coverage		39.18%	Complied
Liquid Assets Ratio	Fixed Deposits - 10% or more Savings -15% or more Unsecured Borrowings -10% or more Approved securities - 7.5% or more	123.47%	Complied
Liquid Assets	10% of Total time deposits and non-transferable certificate of deposits Rs. 1,349.66 Mn	Rs. 1,695.83Mn	Complied
	15% of savings deposits Rs. 8.97 Mn		
	10% of the stipulated borrowings rupees zero		
	Required Minimum Amount of Liquid Assets Rs. 1,358.63 Mn		
	Required minimum amount of approved securities should be maintained at the minimum of 7.5% of average month end total deposits and borrowings in the previous financial year. Rs. 735.37 Mn	Rs. 932.76 Mn	Complied
SINGLE BORROWER LIMIT			
To a single customer	Aggregate of accommodation granted to a single customer should not be more than 15% of capital funds of LFC's as of the last audited financial statements	The largest facility outstanding - Rs. 50.00 Mn.	Complied
	As per the last audited FS of the Company, maximum amount shall be Rs. 519.41 Mn		
CAPITAL ADEQUACY RATIO			
Core capital ratio	More than or equal to 8.50%	15.22%	Complied
Total risk weighted capital ratio	More than or equal to 12.50%	15.63%	Complied
Capital Funds (Rs.)	Capital Funds shall be more than 10% of total deposit liabilities	Rs. 3.46 Bn	Complied
	As at 31st March 2024, 10% of total deposit liability was Rs. 1,355.64 Mn	Total Deposit Liability was Rs. 13.56 Bn and 10% of total deposit liability is Rs. 1,355.64 Mn	
Contribution to the Deposit Insurance Scheme	Finance Business Act Direction No.02 of 2021	All the payments to Sri Lanka Deposit Insurance Scheme have been transferred within the given time period.	Complied
Submission of Periodical returns to CBSL	Finance Business Act No. 42 of 2011 and Directions thereunder	All Periodical Returns due for the period under consideration have been submitted within the given time period.	Complied
FINANCE TRANSACTIONS REPORTING			
Submission of Cash Transaction Report (CTR) and Electronic Funds Transfer Report (EFT) through goAML system to the FIU on all cash and EFT transactions which exceed Rs. 1 Mn	Financial Transactions Reporting Act No. 6 of 2006	All the reports due for the period under consideration have been submitted within the given time period.	Complied

MITIGATION ACTIONS:

In order to mitigate and manage the Compliance Risk, Orient Finance PLC established relevant Compliance Policies and Processes. The Annual Compliance Programme outlines the systematic approach to compliance within the organisation.

- Periodic review of applicable regulatory requirements by the management.
- Developing and adapting strategies on a continuous basis to meet the situation.
- Engaging with the regulator on a frequent basis with regard to issues faced

DEPOSIT RISK

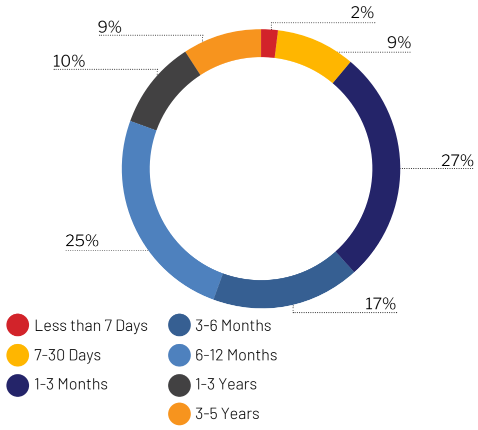
Deposit risk is the threat of probable cash outflows from a financial institution that is caused by changes in depositors' behaviour. It consists of early withdrawal (depositors withdraw their deposits from an account before the agreed-upon maturity date) and rollover risk (depositor does not roll over his or her time deposit on maturity).

Due to the economic and market conditions that prevailed during the year, increasing the FD portfolio was a challenging task. However, Orient Finance PLC achieved an increase of 26% during the year.

DEPOSIT BASE

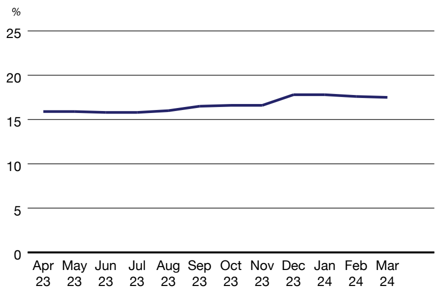
- Overall, the FD and Saving base has increased by 26% during the financial year, amounting Rs. 13.6 Bn as at 31st March 2024.
- The number of FD accounts recorded 8,228 at the end of the financial year. The increase in the number of accounts and the increase in the deposit base indicate a decrease in the concentration risk in the deposit base.

FD MATURITY PROFILE AS AT 31ST MARCH 2024



As per the FD maturity profile, 80.58% of the FD base reaches the maturity period within 12 months. This specific risk is mitigated by the 81% Deposits Renewal Ratio,

TOP 20 CUSTOMERS' CONCENTRATION



Concentration level of the top 20 depositors as at 31st March 2024 reported 17.5% at the end of the financial year, recording a low risk position as per the risk tolerance.

RISK MITIGATION ACTIONS

1. FD marketing campaigns
2. Increased focus on branch FD mobilisation
3. Diversifying the deposit base and attract smaller deposits to provide a more stable deposit base.

CAPITAL MANAGEMENT

The Company manages its capital base to comply with regulatory capital requirements and to maintain a solid fund base.

In the year under review, OFP's Capital Adequacy levels further strengthened owing to the profits during the year. As per the CBSL directive, NBFI's with an asset base less than 100 Bn are required to ensure Tier
I capital of 8.50% and total capital adequacy of 12.50% .

The Company's Capital Adequacy Ratios as at 31st March 2024 were 15.39% Tier I Capital Ratio and 15.99% Total Capital Ratio.

Category	As at 31.03.2024	As at 31.03.2023
Tier I Capital (Rs. Mn)	**2,282.12**	1,944.79
Total Capital (Rs. Mn)	**2,344.46**	2,079.71
Total Risk Weighted Assets (Rs. Mn)	**14,996.04**	12,543.82
Core Capital Ratio (Minimum 8.50%)	**15. 22%**	15.50%
Total Capital Adequacy Ratio (Minimum 12.50%)	**15. 63%**	16.58%

CBSL has set minimum capital requirements for the finance companies as discussed below:

Tier I Capital Ratio, which includes stated capital, perpetual bonds (which are classified as innovative tier 1 securities), retained earnings, translation reserve and non-controlling interests after deductions for goodwill and intangible assets and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes; and

Total Capital Ratio, which includes qualifying subordinated liabilities, collective impairment allowances (limited to those credit portfolios where the standardized approach is used under Basel II) and the element of the fair value reserve relating to unrealised gains/losses on equity instruments measured at fair value through other comprehensive income.

HUMAN RESOURCE RISK

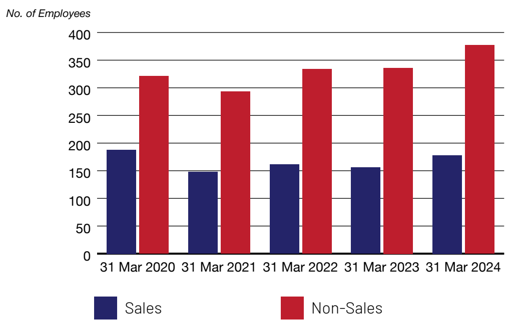
Being a service-oriented Company, its main processes revolve around people. Therefore, people become the most important and the most valuable asset of the Company. The Company's ability to attract, develop and retain the right number of appropriately skilled people is critical if we are to compete and grow effectively.

ACHIEVEMENT OF "GREAT PLACE TO WORK" CERTIFICATION

Great Place to Work is the global authority on workplace culture, employee experience and the leadership behaviors proven to deliver market-leading revenue and increased innovation. Achievement of "Great Place to Work" Certification facilitates companies around the world to survey their employees, benchmark their results, identify gaps and improve their workplace culture.

As the sales industry moves towards a technology-based platform rather than face-to-face sales meetings, it is essential to the success of sales teams that the sales leader has a solid understanding of the many non-sales related technical skills. Active listening, product knowledge (FD, Leasing, Loans, Factoring, etc), leadership skills, marketing and industry insight, communication skill, technology expertise and reporting skills are the essential competencies expected from sales team

SALES & NON SALES EMPLOYEES



Failure to employ suitable personnel for relevant tasks, lack of proper performance recognition mechanisms and losses arising from misconduct of employees mainly give rise to people risk.

Therefore, the Company ensures that adequate processes are in place to understand and respond to employee needs.

The staff recognition and rewarding are done through the annual performance appraisals. Further the Company ensures adherence to minimum qualification based on the positions filled, pre-employment screening, employer feedback and exit interviews as mitigating activities of people's risk.

Improving competencies and skills are recognised as another vital factor in managing human capital risk. The Company achieves this through targeted, business focused training and development programmes available to all employees across the Company, on a need basis.

REPUTATIONAL RISK

Reputational Risk is the potential damage to the Company, resulting in loss of earnings or adverse impact on market capitalisation as a result of stakeholders taking a negative view of the Company or its actions. Reputational risk could arise from the failure of the Company to effectively mitigate the risks in its businesses including credit, liquidity, market, regulatory, or other operational risks. Damage to the Company's goodwill could cause existing clients to reduce or cease to do business with the Company and prospective clients to be reluctant to do business with the Company.

ACTIONS TAKEN BY THE COMPANY TO MANAGE THE REPUTATIONAL RISK

1. Implementation of good governance practices.
2. Implementation of the efficient process for resolving customer complaints.
3. Training employees on work place professionalism, behaviour and educate them on business ethics.
4. Focusing on efficient and timely communication among all stakeholders.

TECHNOLOGY RISK

Technological Risk arises due to increasing complexity of cyber-attacks, obsolescence, unexpected break down of ICT systems and loss of sensitive and valuable information. These possibilities can have an adverse impact on the financial position and lead to Operational Risk to the Company. The Company's ICT risk raises with the increase of dependency on automated systems and processes.

The Company has identified information as a vital business resource and a key asset to the organisational sustainability. Head of Information Communication Technology and the ICT team monitors and controls the integrity of the ICT infrastructure and data.

ACTIONS TAKEN BY THE COMPANY TO MANAGE THE TECHNOLOGY RISK

1. Special attention has been given for the risk related to the possibility of cyber attacks.
2. Business continuity plans has been established recognising the threats and risks that the Company faces.

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

The Board of Directors of Orient Finance PLC have pleasure in presenting its the Annual Report on the state of affairs of the Company to the shareholders of Orient Finance PLC for the Financial Year ended 31st March 2024 together with the audited financial statements of the Company and the Auditors' Report on those Financial Statements, conforming to all statutory requirements. The Audited Financial Statements reviewed and recommended by the Board Audit Committee were approved by the Board of Directors on 10th June 2024. The Annual Report of the Board of Directors on the Affairs of the Company was also approved by the Board of Directors on 28 June 2024. The details contained in this Report provide the relevant information as required by the Companies Act No.7 of 2007, Finance Business Act No. 42 of 2011, Finance Business Act Direction No.05 of 2021 on Corporate Governance and the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance.

This report was approved by the Board of Directors on 28 June 2024. The appropriate number of copies of the Annual Report will be submitted to the Central Bank of Sri Lanka, the Colombo Stock Exchange, the Registrar of Companies and the Securities and Exchange Commission of Sri Lanka within the statutory deadlines.

As per the requirements set-out in Section 168 of the Companies Act No. 07 of 2007, the following information is disclosed in this Report for the year under review.

Information required to be disclosed	Reference the Companies Act	Extent of compliance by the Company
The nature of the business of the Company, together with any change thereof during the accounting period.	Section 168 (1)(a)	Refer page 131
Completed and signed Financial Statements of the Company for the accounting period completed.	Section 168 (1)(b)	Refer pages 128
Auditor's Report on Financial Statements of the Company.	Section 168 (1)(c)	Refer pages 122
Any changes made to the accounting policies during the year under review	Section 168 (1)(d)	Refer page 133
Particulars of the entries in the Interests Registers of the Company during the accounting period.	Section 168 (1)(e)	Refer page 107
Remuneration and other benefits paid to the Directors of the Company during the period.	Section 168 (1)(f)	Refer page 151
Total amount of donations made by the Company during the period.	Section 168 (1)(g)	Refer page 106
Information on Directorate of the Company during and at the end of the accounting period.	Section 168 (1)(h)	Refer pages 52 to 56
Separate disclosure on amounts payable by the Company to the Auditor as Audit Fees and fees for other services rendered during the accounting period.	Section 168 (1)(i)	Refer page 109
Auditors' relationship or any interest with the Company	Section 168 (1)(j)	Refer page 109
Acknowledgment of the contents of this report/signatures on behalf of the Board by two Directors and the Secretary of the Company	Section 168 (1)(k)	Refer page 109

LEGAL FORM

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

PRINCIPAL ACTIVITIES

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

REVIEW OF OPERATIONS

A review of the operations of Orient Finance PLC during the financial year 2023/24 is contained in the Chairman's Message, CEO's Review and Management Discussion and Analysis (pages 12, 14 and 27 to 50). These reports form an integral part of this Annual Report.

STATED CAPITAL

The Company's Stated Capital stood at Rs. 2,431,879,039 at 31st March 2024.

RESERVES

The Company's retained earnings and other reserves as at 31st March 2024 amount to Rs. 1,171,051,187. Movements of reserves and the break up are given in Statement of Changes in Equity on page 129.

SHAREHOLDING AND SHARE INFORMATION

The Company had 903 registered ordinary shareholders as at 31st March 2024. The distribution of shareholding and major shareholders are given on pages 191 to 192.

FUTURE DEVELOPMENTS

An overview of the future developments of the Company is given in the Chairman's Message (pages 12 to 13), the Chief Executive Officer's Review (pages 14 to 16) and Management Discussion and Analysis (pages 27 to 50).

FINANCIAL STATEMENTS

The Financial Statements of the Company have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs & LKASs) laid down by the Institute of Chartered Accountants of Sri Lanka and in compliance with the requirements of the Companies Act No. 07 of 2007, the Finance Business Act No. 42 of 2011 and regulatory requirements inclusive of specific disclosures.

The aforementioned Financial Statements for the year ended 31st March 2024, duly signed by the Head of Finance, Chief Executive Officer and two Directors of the Company are given on page 128. These Financial Statements form an integral part of this Annual Report of the Board of Directors.

SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies adopted by the Company in the preparation of the Financial Statements are given on pages 131 to 147.

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

FINANCIAL PERFORMANCE

INTEREST INCOME

Total interest income of the Company for the year ended 31st March 2024 was Rs. 4,601,526,873 (Rs. 3,593,058,853 in 2023). An analysis of the interest income is given in Note 05 to the Financial Statements.

PROFIT AND APPROPRIATIONS

The Company has recorded a profit of Rs. 348,527,150 after tax compared to the loss of Rs. 72,045,612 in the previous year. The Company's Total Comprehensive Income (net of tax) for the year was Rs. 321,924,060 (Total Comprehensive Expense for 2023: Rs. 50,873,169). A detailed breakup of the profits and appropriations of the Company is given below.

INCOME, PROFIT AND APPROPRIATIONS

Provided below is a summary of the financial results of the Company's operations during the year ended 31st March 2024.

	2024 (Rs. Mn)	2023 (Rs. Mn)
Income	**4,868.24**	3,820.23
Profit/(Loss) Before Taxation	**349.48**	(69.57)
Less: Income Tax (Expense)/Reversal	**(0.95)**	(2.48)
Profit/(Loss) for the Year	**348.53**	(72.04)
Transferred to Statutory Reserve Fund	**(17.43)**	-
Retained Profit Brought Forward from the Previous Year	**332.27**	383.14
Other Comprehensive Income Net of Tax	**(26.60)**	21.17
Retained Earnings carried forward	**636.77**	332.27

INDEPENDENT AUDITOR'S REPORT

The Auditors of the Company Messrs. BDO Partners, Chartered Accountants carried out the audit on the Financial Statements of the Company for the year ended 31st March 2024 and their report on the said Financial Statements is given on pages 122 to 125.

EVENTS AFTER BALANCE SHEET DATE

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

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

DIVIDENDS

The Board of Directors does not recommend a dividend to the shareholders for the financial year ended 31st March 2024.

CORPORATE DONATIONS

Donations amounting to Rs. 172,300 were paid during the year ended 31st March 2024 (No Donations were paid in the year 2023).

TAXATION

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

STATUTORY PAYMENTS

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

PROPERTY, PLANT & EQUIPMENT

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

OUTSTANDING LITIGATION

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

GOING CONCERN

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

THE BOARD OF DIRECTORS

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

The Board of Directors of the Company comprises of ten Directors with proven experience in the fields of banking and finance, law, marketing, human resources, sector specific and general business skills and with many years of experience in leading businesses. Their brief profiles are given on pages 52 to 56 of the Annual Report. The names of the Directors of the Company during the period 1 April, 2023 to 31st March, 2024 (who held office as at the end of the financial year) including dates of appointment to the Board, are tabulated below in terms of Section 168(1) (h) of the Companies Act No. 07 of 2007. Further, the categorisation of Executive and Non-Executive, Independent and Non-Independent is given against their names as per Finance Companies (Corporate Governance) Direction No. 05 of 2021 issued by the Central Bank of Sri Lanka.

The followings were the Directors of the Company during the year

Mr. Rajendra Theagarajah
Chairman, Independent, Non-Executive Director

Mr. Prakash Anand Schaffter
Non-Independent, Non-Executive Director

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

Ms. Indrani Goonesekera
Independent Non-Executive Director

Mr. Sriyan Cooray
Independent Non-Executive Director

Mr. Darshana Joseph Ratnayake
Independent Non-Executive Director

Mr. Nalin Brian Karunaratne
Independent Non-Executive Director

Ms. Manohari P. Abeyesekera
Appointed w.e.f. 26th March 2024

Independent Non-Executive Director

Ms. D.L.M. Sandamali Chandrasekera
Appointed w.e.f. 26th March 2024
Independent Non-Executive Director

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

The profiles of the Directors are given in pages 52 to 56 of the Annual Report.

RETIREMENT/ CESSATION AND NEW APPOINTMENT OF DIRECTORS

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

Ms. Manohari P. Abeyesekera was appointed to the Board in the capacity of Independent Non-Executive Director of the Company w.e.f. 26th March 2024

Ms. D.L.M. Sandamali Chandrasekera was appointed to the Board in the capacity of Independent Non-Executive Director w.e.f. 26th March 2024

INTEREST REGISTER

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

DIRECTORS' REMUNERATION

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

DIRECTORS' INTEREST IN SHARES OF THE COMPANY

Name of the Director	No. of Shares	
	31st March 2024	31st March 2023
Mr. R. Theagarajah	Nil	Nil
Mr. P. A. Schaffter	10	10
Ms. M. D.A. Perera	Nil	Nil
Ms. N. I. Goonesekara	Nil	Nil
Mr. N. S. S. Cooray	Nil	Nil
Mr. R. M. D. J. Ratnayake	Nil	Nil
Mr. K.M.M. Jabir	Nil	Nil
Mr. N. B. Karunaratne	Nil	Nil
Ms. M. P. Abeyesekera	Nil	Nil
Ms. D. L. M. S. Chandrasekara	Nil	Nil

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of the financial statements of the Company to reflect a true and fair view of its state of affairs. The Directors are of the view that these Financial Statements have been prepared in conformity with the requirements of Sri Lanka Accounting Standards and Sri Lanka Financial Reporting standards and Companies Act No. 7 of 2007. The statement of Directors' Responsibilities given on page 121 forms an integral part of the Annual Report of the Board of Directors.

RELATED PARTY TRANSACTIONS

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

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

ENVIRONMENT

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

CORPORATE GOVERNANCE

The Directors of the Company are committed to maintaining an effective Corporate Governance Framework by implementing processes required to ensure that the Company is compliant with the Finance Business Act Direction No.05 of 2021 and subsequent amendments thereto issued by the CBSL and Requirements of Section 9 of the Listing Rules of the Colombo Stock Exchange and endeavours to comply with the Code of Best Practice on Corporate Governance issued jointly by the Securities and Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka. Details are contained in the Corporate Governance Report on pages 61 to 94 of this Annual Report.

COMPLIANCE WITH LAWS AND REGULATIONS

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

The Company is in compliance with the Listing Rules of the Colombo Stock Exchange (CSE), except the requirement for the minimum public float under CSE Rule 7.14.1.i.b as described in page 192.

EQUITABLE TREATMENT FOR STAKEHOLDERS

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

RISK AND INTERNAL CONTROLS

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

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

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

DIRECTORS' DECLARATION

The Directors declare their directorships as follows:

NAME OF DIRECTOR	DIRECTORSHIPS AS AT 31.03.2024	Position
Mr. R Theagarajah	• Orient Finance PLC • Engenuityai Pvt Limited • Payable Pvt Ltd • BCAS Pvt Ltd • Carson Cumberbatch PLC • Siam City Cement (Lanka) Ltd • Professional Insurance Corporation Zambia	• Independent Non-Executive Director/Chairperson • Non-Executive Director/Chairperson • Non-Executive Director/Chairperson • Non-Executive Director/Chairperson • Independent Non-Executive Director • Independent Non-Executive Director • Independent Non-Executive Director
Mr. P A Schaffter	• Janashakthi Insurance PLC • Orient Finance PLC • Acland Insurance Services Ltd • Janashakthi Capital Ltd • Janashakthi Limited • Loland Holdings Ltd • Pan Nippon Development • Janashakthi Business Services (Pvt) Ltd • Rock Foundation Ltd • Schaffters Pvt Ltd • Serendib Land PLC • Beckett Capital Pvt Ltd • Janashakthi Foundation (Gtee) Ltd • Espalier Futures Ltd	• Executive Director/Deputy Chairman • Non-Executive Director • Non-Executive Director • Non-Executive Director • Non-Executive Director/Deputy Chairman • Non-Executive Director • Non-Executive Director • Non-Executive Director • Non-Executive Director • Non-Executive Director • Non-Executive Director • Non-Executive Director • Non-Executive Director • Non-Executive Director
Ms. M D A Perera (retired from the Board with effect from 28.04.2024)	• Orient Finance PLC • First Capital Markets Ltd • First Capital Treasuries PLC • First Capital Asset Management Ltd • First Capital Equities Pvt Ltd • Habitat for Humanity Pvt Ltd • Dilmah Ceylon Tea Company PLC • Forbes and Walkers Pvt Ltd • Kahawatta Plantations PLC • Talawakale Tea Estates PLC • Tea Trails Pvt Ltd • Hayleys Plantation Services Ltd • Janashakthi Ltd	• Non-Independent Non-Executive Director • Non-Executive Director • Non-Executive Director • Non-Executive Director • Non-Executive Director • Non-Executive Director • Non-Executive Director • Non-Executive Director • Non-Executive Director • Non-Executive Director • Non-Executive Director (Alternate Director to Mr Dilhan C Fernando) • Alternate Director to Mr Malik J Fernando • Non-Executive Director
Ms. N I Goonesekera	• Orient finance PLC	• Independent Non-Executive Director
Mr. N S S Cooray	• NDB PLC • Orient Finance PLC	• Chairman/Independent Non-Executive Director • Independent Non-Executive Director
Mr. R M D J Ratnayake	• Orient Finance PLC • Idal Estates Pvt Ltd	• Independent Non-Executive Director • Chairman/ Director
Mr. K M M Jabir	• Orient Finance PLC	• Executive Director/Chief Executive Officer

NAME OF DIRECTOR	DIRECTORSHIPS AS AT 31.03.2024	Position
Mr. N B Karunaratne	• Orient Finance PLC • Ceylon Biscuits Ltd and CBL Exports Pvt Ltd • CBL Foods International Pvt Ltd • Ceylon Biscuits Bangladesh Pvt Ltd	• Independent Non-Executive Director • Executive Director/Chief Executive Officer • Non-Executive Director • Non-Executive Director
Ms. M P Abeyesekera	• Orient Finance PLC • Kapruka Holdings PLC • Sri Lanka Accounting Standards and Monitoring Board	• Independent Non-Executive Director • Independent Non-Executive Director • Independent Non-Executive Director
Ms. D L M S Chandrasekera	• Orient Finance PLC • The Capital Maharaja Group	• Independent Non-Executive Director • Executive Director (Non-Board position)(Director Corporate Affairs and Legal)

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

HUMAN RESOURCES

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

The number of employees as at 31st March 2024 was 555 (31st March 2023 – 487).

AUDITORS

The Company's Auditors during the period under review were, M/s BDO Partners, (Chartered Accountants). The Board has authorised the payment of Rs. 2,166,110 as Audit Fees for the year 2023/24. (The Auditors were paid Rs. 1,841,209 as Audit Fees for the year 2022/23).

The retiring Auditors, M/s BDO Partners, have expressed their willingness to continue in office for the financial year 2024/25. A resolution to re-appoint, M/s BDO Partners, (Chartered Accountants) and to authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting to be held on 28th August 2024.

ANNUAL GENERAL MEETING

The Annual General Meeting to be held on 28th August 2024. The notice of the meeting relating to the 41st Annual General Meeting is given on page 198.

ACKNOWLEDGMENT OF THE CONTENT OF THE REPORT

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

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

Mr. Rajendra Theagarajah
Chairman
28th June 2024

Mr. P.A. Schaffter
Director
28th June 2024

Janashakthi Corporate Services Limited
Company Secretaries
28th June 2024

BOARD AUDIT COMMITTEE REPORT

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

COMPOSITION OF THE COMMITTEE

The Audit Committee has been appointed by the Board of Directors of the Company. As at 31st March 2024 it comprised of the following Directors:

Ms. Minette Perera
Chairperson of the Committee - Non-Independent, Non-Executive Director (Resigned from 28/04/2024)

Mr. Sriyan Cooray
A member of the Committee - Independent, Non-Executive Director

Mr. Darshana Ratnayake
A member of the Committee - Independent, Non-Executive Director

Ms. Manohari Abeyesekera
Independent, Non-Executive Director (Appointed as Chairperson of the Committee w.e.f. 02/04/2024)

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

The profiles of the members are given on pages 52 to 56 in this Annual Report.

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

TERMS OF REFERENCE OF THE COMMITTEE

Board appointed Audit Committee was established by the Board of Directors, in compliance with Direction No. 5 of 2021, on "Corporate Governance" issued by the Central Bank of Sri Lanka and the Rules on Corporate Governance as per section 9.13 of Listing Rules issued by the Colombo Stock Exchange. The composition and the scope of work of the Committee is in conformity with the provisions of the aforesaid Direction and the Listing Rules.

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

COMMITTEE MEETINGS

The Committee held eight meetings during the year under review. Chief Executive Officer, Chief Internal Auditor, Head of Finance and AGM- Compliance attended the meetings by invitation. The Committee also invited members of the Senior Management of the Company to participate in the meetings from time to time based on necessity. The proceedings of the Committee meetings which mainly included activities under its terms of reference were regularly reported to the Board of Directors. The minutes of the committee meetings were also tabled at the Board meetings enabling all Board members to have access to the same. The attendance of members is listed on page 81 of the Annual Report.

ROLES AND RESPONSIBILITIES OF THE COMMITTEE

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

FINANCIAL REPORTING SYSTEM

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

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

INTERNAL AUDIT

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

EXTERNAL AUDIT

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

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

The fees payable to the auditors have been recommended by the Committee to the Board for approval. The Audit Committee also recommended to the Board of Directors that Messrs. BDO Partners be reappointed as Auditors for the financial year ending 31st March 2025, subject to the approval of the shareholders at the Annual General Meeting.

On behalf of the Board Audit Committee

MP Abeyesekera

Ms. Manohari Abeyesekera
Chairperson
Board Audit Committee
31st July 2024

BOARD RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

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

COMPOSITION

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

Ms. Indrani Goonesekera
Chairperson - Independent Non-Executive Director

Mr. Sriyan Cooray
Member - Independent Non-Executive Director

Mr. Nalin B. Karunarathne
Member - Independent Non-Executive Director

SECRETARY

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

INVITEES

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

POLICY AND PROCEDURES

The Company subscribes to the policy that any transaction with a Related Party shall be at arm's length and shall not grant such related party more favorable treatment than what is extended to an unrelated third party in the normal course of business. Accordingly, the Company has adopted a procedure to identify and manage conflicting interests in transactions. This was with the view of structuring the Company's policies and procedures to uphold good governance. The Policy has been formulated in accordance with the Direction on Corporate Governance issued by the Central Bank of Sri Lanka, under Finance Business Act, considering the Listing Rules (Section 9) of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance pertaining to RPTs.

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

SCOPE OF THE COMMITTEE

Scope of the Committee includes:

- To manage relationships with related parties to uphold good governance and the best interests of the Company
- To provide an independent review, approval and oversight of Related Party Transactions (RPTs)(except those expressly exempted by the Charter) on terms set forth in greater detail in the Policy
- To review the Charter and Policy annually and recommend amendments to the Charter and the Policy to the Board as and when determined to be appropriate by the Committee.
- To determine whether Related Party Transactions that are to be entered into by the Company require the approval of the Board or Shareholders of the Company;
- To establish guidelines in respect of Recurrent Related Party Transactions, for the Management to follow in its ongoing dealings with the relevant related parties
- To ensure that no Director of the Company shall participate in any discussion of a proposed Related Party Transaction for which he or she is a related party, unless such Director is requested to do so by the Committee for the express purpose of providing information concerning the Related Party Transaction to the Committee
- To ensure that immediate market disclosures and disclosures in the Annual Report are made in a timely and detailed manner as required by the applicable rules/ regulations.

ACTIVITIES DURING THE YEAR

The Committee reviewed the related party transactions entered into with related parties of the Company during the year under review. The Committee also reviewed the performance of RPTs already entered into prior to the year under review and those that existed. Where relevant, the Committee's comments/ observations were communicated to the Board. Details of related party transactions are disclosed under Note 38 on page 177 of the Financial Statements.

COMMITTEE MEETINGS

The Committee met once in every calendar quarter and accordingly held four (04) meetings during the year under review. Attendance of the members at each of these meetings is given in the table on page 81 of this Annual Report. The proceedings of the Committee meetings which mainly included activities within the scope of the Committee Charter were regularly reported to the Board of Directors. The minutes of the Committee meetings were properly documented and were also tabled at the monthly Board meetings and recorded.

On behalf of the Board Related Party Transactions Review Committee,

Ms. Indrani Goonesekera
Chairperson Related Party Transactions Review Committee for the period under review
31st July 2024

BOARD INTEGRATED RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors of the Company has established the Board Integrated Risk Management Committee (BIRMC), conforming to the CBSL Direction No. 05 of 2021 on Corporate Governance, to assess and oversee the management of all risks within the Company. The ultimate responsibility for managing the risks of the Company remains with the Board of Directors. Reporting to the Board, the BIRMC acts within the scope provided in the Terms of Reference of BIRMC, which has been approved by the Board. The function of the BIRMC is primarily one of oversight. Working closely with the top management, the BIRMC assess all risks faced by the Company and makes recommendations for improvements to the risk management, mitigation and controls.

COMPOSITION

The Integrated Risk Management Committee comprised the following members:

Mr. Rajendra Theagarajah
Chairman - Independent Non-Executive Director

Ms. Indrani Goonesekera (Resigned with effect from 01.06.2024)
Member - Independent Non-Executive Director

Mr. Darshana Joseph Ratnayake
Member - Independent Non-Executive Director

Ms. Sandamali Chandrasekera **
Member - Independent Non-Executive Director

The Chief Risk Officer functions as the Secretary to the Board Integrated Risk Management Committee.

** Ms. Sandamali Chandrasekera was appointed as a member the Board Integrated Risk Management Committee with effect from 30th April 2024.

TERMS AND REFERENCE OF THE COMMITTEE

The Board Integrated Risk Management Committee was established by the Board of Directors in compliance with Direction No. 05 of 2021 on "Corporate Governance for Finance Companies" issued by the Monetary Board of the Central Bank of Sri Lanka, issued under the Finance Business Act No. 78 of 1988. The composition and the scope of work of the Committee is in conformity with provisions of the said Direction. Terms of Reference of BIRMC sets out the membership, sources of authority, duties and the responsibilities of the Committee. Terms of Reference of the BIRMC has been approved by the Board of Directors and is subject to annual review.

COMMITTEE METHODOLOGY

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

ACTIVITIES OF THE COMMITTEE

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

- Oversight and review of the implementation of risk management as well as compliance procedures and internal control systems.
- Assess all key risks the Company is exposed to, on a monthly basis through appropriate risk indicators and management information, along with a detailed risk assessment on a quarterly basis.
- Take prompt corrective action to mitigate the effects of specific risks. In the event such risks are at levels beyond prudent levels decided by the Committee, it was required to address those risks and manage them within specific quantitative and qualitative risk parameters decided by the Committee and the Board.
- Review the sufficiency of personnel, systems, procedures and other issues impacting the risk profile of the Company.
- Monitor changes anticipated in the economic and business environment, including emerging trends, organisational and regulatory changes as well as other factors considered relevant to the operating environment of the organisation and its risk profile.
- Review and approve Company's Disaster Recovery and Business Continuity Plan.
- Review the adequacy and effectiveness of all management level committees including the Credit Committee and the Assets and Liability Committee to address specific risks and to manage those risks within quantitative and qualitative risk parameters specified by the Committee.
- Review the compliance related reports submitted periodically (quarterly) by the Risk and Compliance Department.
- Take appropriate action against the officers responsible for failure to identify specific risks and take prompt corrective action as recommended by the DSNBFI of the Central Bank of Sri Lanka.

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

ACTIVITIES OF THE BIRMC IN FY 2023/24

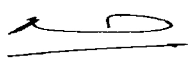
- Reviewed the business strategy of the Company in the light of the developments in the economy;
- Reviewed the asset quality covering non-performing advances, product-wise credit quality, impairment coverage and compared against industry and peers.
- Reviewed the impact on net interest income due to macro-economic conditions and changes to the economic environment.
- Reviewed the impact of risks to the Company, including credit, market, liquidity, operational, strategic, compliance and technology and make recommendations on the risk strategies and the risk appetite to the Board.
- Assessed the Company's compliance with laws, regulations and regulatory guidelines and internal policies in all areas of business operations.
- Reviewed the internal controls relating to the Company's operations and made appropriate changes to the systems and controls.
- Reviewed the Company's risk appetite against the tolerable Risk Appetite including individual and aggregate level and types of risk that the Company will accept, or avoid in order to achieve its strategic business objectives
- Approved the Internal Capital Adequacy Assessment Process (ICAAP) to determine the level of capital that the Company shall maintain against all risks and ensure that capital is adequate to support possible shocks that may arise
- Reviewed the updated risk register which was submitted to the BIRMC on a quarterly basis and submitted a risk assessment report for the upcoming Board meeting seeking the Board's views, concurrence and/or specific directions
- Assessed the business lines and their impact on the organisation's operational effectiveness.
- Reviewed the effectiveness of the strategies in place to minimise the liquidity risk arising from maturity mismatches.
- Reviewed the operational and legal risks faced by the Company and assessed the effectiveness and sufficiency of mitigation actions initiated.
- Reviewed the Statutory Examination Report of the Department of Supervision of Non-Bank Financial Institutions of CBSL and reviewed and recommended action to respond to the observations raised therein within the agreed timeliness.

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

COMMITTEE MEETINGS

The Committee held four (04) Meetings during the year under review to discuss and make recommendations relating to risk exposure of the Company. The attendance of the Members is given in page 81 of the Annual Report. The Minutes of the BIRMC Meetings and its recommendations were forwarded to the Board after each meeting.

On behalf of the Board Integrated Risk Management Committee,



Mr. Rajendra Theagarajah
Chairman
Board Integrated Risk Management Committee
31st July 2024

BOARD HUMAN RESOURCES AND REMUNERATION COMMITTEE REPORT

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

COMPOSITION

The Human Resources and Remuneration Committee comprised 04 Non-Executive Directors as set out below:

Mr Nalin Karunaratne
Chairman - Independent Non-Executive Director

Mr. Rajendra Theagarajah
Member - Independent Non-Executive Director

Mr. Darshana Ratnayake
Member - Independent Non-Executive Director

Mr. Prakash Schaffter
Member - Non-Independent Non-Executive Director

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

TERMS OF REFERENCE

The Human Resources and Remuneration Committee operates within Board approved terms of reference and assists the Board of Directors in ensuring that remuneration is structured at the Company to align reward with corporate and individual performance. The Committee is authorised to look into matters within its scope and make recommendations to the Board enabling the Board to take relevant decisions on such matters. The role and functions of the Committee are regulated by the relevant statutes.

FUNCTIONS

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

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

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

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

REMUNERATION POLICY

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

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

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

FEES AND REMUNERATION

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

PROFESSIONAL ADVICE

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

COMMITTEE MEETINGS

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

During the year, the Committee held four (04) meetings, and the attendance of the Committee Members at these meetings is given in the table on page 80 of the Annual Report.

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

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

On behalf of the Board Human Resources and Remuneration Committee.

Nalin Karunaratne
Chairman Human Resources and Remuneration Committee for the period under review
31st July 2024

NOMINATION & GOVERNANCE COMMITTEE REPORT

The Board Nomination and Governance Committee (the Committee) is appointed by the Board of Directors of Orient Finance PLC (the Company) to which it is responsible. The Committee operates within the agreed Terms of Reference and work closely with the Board in identifying and nominating Board appointments. The Committee has complied with the applicable provisions of the Finance Business Act Direction No. 05 of 2021 on Corporate Governance.

During the year, the nomination committee was renamed as nomination and governance committee in line with the amendments to the CSE Rules".

COMPOSITION

The Board Nomination Committee comprised 03 Non-Executive Directors as set out below:

Mr. Darshana Ratnayake
Chairman - Independent Non-Executive Director

Mr. Prakash Schaffter
Member - Non-Independent Non-Executive Director

Ms. Minette Perera
Member - Non-Independent Non-Executive Director (Retired from the Board with effect from 28.04.2024).

Ms. Indrani Goonesekera
Independent Non-Executive Director - Appointed as a member w.e.f. 11.12.2023 (Resigned from the Board w.e.f. 01.06.2024)

Brief profiles of the Members are given on pages 54 to 57 of the Annual Report and the Company Secretaries function as the Secretary to the Committee.

ROLES AND RESPONSIBILITIES

The duties of the Committee shall be to make recommendations on the following matters:

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

PROFESSIONAL ADVICE

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

MEETINGS

During the year, the Committee held two (02) meetings and the attendance of the Committee Members at these meetings is given in the table on page 80 of the Annual Report. The CEO attends meetings of the Committee by invitation except when matters relating to him are reviewed.

REPORTING TO THE BOARD

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

On behalf of the Board Nomination & Governance Committee.

Darshana Ratnayake
Chairman Board Nomination Committee for the period under review
31st July 2024

FINANCIAL STATEMENTS

DIRECTORS' STATEMENT ON INTERNAL CONTROL

RESPONSIBILITY

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

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

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

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

- Establishment of various sub-committees to assist the Board with a view to ensuring the effectiveness of the Company's daily operations and such operations conform to Company's corporate objectives, strategies and the annual budget as well as policies and business directions approved by the Board.
- Policies are developed to capture all functional areas of the Company, which are recommended by the relevant Board Sub Committees and approved by the Board. These Policies are reviewed periodically and approved by Board.
- The Internal Audit Department of the Company verifies whether the policies and procedures of the Company are being complied with, while ascertaining the effectiveness of the internal control mechanism, on an ongoing basis during their regular reviews. A risk-based auditing approach is adopted by the Company and the entire audit universe is reviewed annually in accordance with the annual audit plan approved by the Board Audit Committee. Initiatives have been taken by Internal Audit Department to apply data analytics to review large volumes of transactions in a systematic manner and to enhance real time monitoring. Independent and objective reports covering significant observations of the Internal Audit Department are also tabled for review by the Board Audit Committee, at their periodic meetings.
- The Board Audit Committee also reviews the internal audit functions, with particular reference to the scope and quality of the audits. Minutes of all the Board Audit Committee meetings are submitted to the Board for review. In addition, periodical summaries submitted by the Internal Audit Department indicating the functions carried out are reviewed by the Board Audit Committee.
- Evaluation of adequacy and effectiveness of internal controls over financial reporting is carried out by the Board Audit Committee through the review of internal control issues identified by the Internal Audit Department, the External Auditors, regulatory authorities, and the management.
- In order to assess the internal control mechanism, all procedures and controls which are connected with significant accounts and disclosures of the Financial Statements of the Company are being continuously reviewed and updated by the identified officers of the Company. The Internal Audit Department verifies the suitability of design and operating effectiveness of such procedures and controls, on an ongoing basis
- The Company further strengthened its internal control processes to ensure that the impact of the current economic condition is accurately captured in the financial reporting by providing adequate impairment provisions for expected credit losses.

CONFIRMATION

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

EXTERNAL AUDITORS' CERTIFICATION

The external Auditors, Messrs. BDO Partners, have reviewed the above Directors' statement on Internal Control over Financial Reporting included in this Annual Report of the Company for the year ended 31st March 2024 and reported to the board that nothing has come to their attention that caused them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in the review of the design and effectiveness of the internal Controls over Financial Reporting of the Company.

Their report on the statement of Internal Control over Financial Reporting is given on page 120 of this Annual Report.

By order of the Board;

Mr. Rajendra Theagarajah
Chairman
29th July 2024

Ms. Manohari Abeyesekera
Chairperson
Audit Committee
29th July 2024

INDEPENDENT ASSURANCE REPORT TO THE DIRECTORS

BDO

Tel : +94-11-2421878-79-70
+94-11-2387002-03
Fax : +94-11-2336064
E-mail : bdopartners@bdo.lk
Website : www.bdo.lk

Chartered Accountants
"Charter House"
65/2, Sir Chittampalam A Gardiner Mawatha
Colombo 02
Sri Lanka

TO THE BOARD OF DIRECTORS OF ORIENT FINANCE PLC

REPORT ON THE DIRECTORS' STATEMENT ON INTERNAL CONTROL

We were engaged by the Board of Directors of Orient Finance PLC ("the Company") to provide assurance on the Directors' Statement on Internal Control ("the Statement") over financial reporting of the Company included in the annual report for the year ended 31st March 2024.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for the preparation and presentation of the Statement in accordance with the "Guidance for Directors of License Finance Company/ Finance Leasing Company on the Directors' Statement on Internal Control" issued in compliance with the Section 16 (1) (ix) of Finance Companies Corporate Governance Direction No. 05 of 2021, by the Institute of Chartered Accountants of Sri Lanka.

OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants Sri Lanka, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Sri Lanka Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

OUR RESPONSIBILITIES AND COMPLIANCE WITH SLSAE 3051

Our responsibility is to assess whether the Statement is both supported by the documentation prepared by of for directors and appropriately reflects the process the directors have adopted in reviewing the design and effectiveness of the internal control of the Company.

We conducted our engagement in accordance with Sri Lanka Standard on Assurance Engagements (SLSAE) 3051, Assurance Report for License Finance Company/ Finance Leasing Company on Directors' Statement on Internal Control, issued by the Institute of Chartered Accountants in Sri Lanka.

This Standard required that we plan and perform procedures to obtain limited assurance about whether Management has prepared, in all material respects, the Statements on Internal Control.

For purpose of this engagement, we are not responsible for updating or reissuing any reports, nor have we, in the course of this engagement, performed an audit or review of the financial information.

SUMMARY OF WORK PERFORMED

We conducted our engagement to assess whether the Statement is both supported by the documentation prepared by or for directors and appropriately reflects the process the directors have adopted in reviewing the system of internal control for the Company.

The procedures performed were limited primarily to inquiries of the Company personnel and existence of documentation on a sample basis that supported the process adopted by the Board of Directors.

SLSAE 3051 does not require us to consider whether the Statement covers all risks and controls, or to form an opinion on the effectiveness of the Company's risk and control procedures. SLSAE 3051 also does not require us to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Company, the event or transaction in respect of which the Statement has been prepared.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

OUR CONCLUSION

Based on the procedures performed, nothing has come to our attention that causes us to believe that the Statement included in the annual report is inconsistent with our understanding of the process the Board of Directors have adopted in the review of the design and effectiveness of internal control system over the financial reporting of the Company.

BDO Partners

CHARTERED ACCOUNTANTS
Colombo 02
10th June 2024
HSR/kp

DIRECTORS' RESPONSIBILITY STATEMENT

This Statement of Directors' Responsibilities is made to distinguish the respective responsibilities of the Directors and of the Auditors in relation to the Financial Statements of the Company for the year ended 31st March 2024.

The Directors are required by the Companies Act No. 07 of 2007 to prepare Financial Statements for each financial year, which give a true and fair view of the statement of affairs of the Company as at the end of the financial year and the income and expenditure of the Company for the financial year. The Directors are also responsible to ensure that the financial statements are prepared and presented in compliance with the required standards and any other requirements, which apply, to the Company's financial statements under any other law. The financial statements comprise of the statement of financial position as at 31st March 2024, income statement, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended together with notes thereto. The responsibilities of the External Auditors in relation to the Financial Statements are set out in the Auditors' Report in pages 122 to 125 of the Annual Report.

The Directors confirm that the Financial Statements of the Company for the year ended 31st March 2024 have been prepared and presented in conformity with the requirements of the Sri Lanka Accounting Standards, the regulations and directions of the Central Bank of Sri Lanka, the Listing Rules of the Colombo Stock Exchange and the Companies Act No. 07 of 2007. In preparing the Financial Statements, the Directors have selected the appropriate accounting policies and have applied them consistently. Reasonable and prudent judgements and estimates have been made and applicable accounting standards have been followed and the Financial Statements have been prepared on a going concern basis.

The Directors are of the view that adequate funds and other resources are available within the Company for the Company to continue in operation for the foreseeable future and have applied the going concern basis in the preparation of these financial statements.

The Directors have taken all reasonable steps expected from them to safeguard the assets of the Company and to establish appropriate systems of internal controls in order to prevent, deter and detect any fraud, misappropriation or other irregularities. The Directors have also taken all reasonable steps to ensure that the Company maintains adequate and accurate accounting books of records, which reflect the transparency of transactions and provide an accurate disclosure of the Company's financial position and also to ensure that the Financial Statements of the Company meet with the requirements of the Companies Act, Directions issued by the Central Bank of Sri Lanka and generally accepted accounting policies and principles.

The Directors are required to provide the Auditors with every opportunity to take whatever steps and undertake whatever inspection they consider appropriate for the purpose of enabling them to give their Audit Report. The Directors are of the view that they have discharged their responsibilities in this regard.

The Directors confirm that, to the best of their knowledge, all taxes and levies payable by the Company and all contributions, levies and taxes payable on behalf of the employees of the Company, and all other known statutory obligations as at the balance sheet date have been paid or provided for in the Financial Statements, and also confirm that they have discharged their responsibilities as stated in this statement.

Janashakthi Corporate Services Limited
Company Secretaries
29th July 2024

INDEPENDENT AUDITOR'S REPORT

BDO

Tel : +94-11-2421878-79-70
+94-11-2387002-03
Fax : +94-11-2336064
E-mail : bdopartners@bdo.lk
Website : www.bdo.lk

Chartered Accountants
"Charter House"
65/2, Sir Chittampalam A Gardiner Mawatha
Colombo 02
Sri Lanka

TO THE SHAREHOLDERS OF ORIENT FINANCE PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Orient Finance PLC ("the Company"), which comprise the statement of financial position as at 31st March 2024, and the income statement, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information as set out on pages 131 to 147.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st March 2024, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, are of the most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

KEY AUDIT MATTER 1: IMPAIRMENT OF LOANS AND RECEIVABLES

The Company's gross loans and receivables amount to Rs.16.79 billion as at 31st March 2024 (2023: Rs.13.98 billion) and impairment allowance for the year amounts to Rs.1,129 million at 31st March 2024 (2023: Rs.1,040 million).

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

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

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

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

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

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

- Determine if the loan or advance is credit impaired
- Evaluate the adequacy and recoverability of collateral
- Determine the expected cash flows to be collected
- Estimate the timing of the future cash flows

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

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

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

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

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

Our procedures included the following:

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

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

For loans and receivables collectively assessed for impairment:

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

For loans and receivables individually assessed for impairment:

- We assessed the main criteria used by the management for determining whether an impairment event had occurred.
- Where impairment indicators existed, we assessed the reasonableness of management's estimated future recoveries including the expected future cash flows, discount rates and the valuation of collateral held.
- We evaluated the reasonableness of the provisions made with particular focus on the prevailing macroeconomic conditions on elevated risk industries, strategic responsive actions taken, collateral values, and the value and timing of future cashflows.

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

- We assessed the appropriateness of judgments, reasonableness of calculations and data used to determine whether the customer contracts had been substantially modified or not and to determine the resulting accounting implications; and
- Evaluated the reasonableness of the interest income recognised on such affected loans and advances.
- We also assessed the adequacy of the related financial statement disclosures.

KEY AUDIT MATTER 2: IMPAIRMENT OF GOODWILL AND BRAND VALUE

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

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

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

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

Based on the impairment test performed for the goodwill and the brand value as explained above, the Company concluded that both the goodwill and the brand value had not been impaired as at 31st March 2024.

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

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

We have tested management's assessment of the impairment of the goodwill and the brand value as at 31st March 2024.

Our work included the following procedures:

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

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available to us and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise whether it appears to be materially misstated.

If, based upon the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact, we have nothing to report in this regard.

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

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures, are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide Those Charged with Governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine that those matters were of the most significance in the audit of the financial statements of the current period and are, therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 4324.

BDO Partners

CHARTERED ACCOUNTANTS
Colombo
10th June 2024
HSR/cc

INCOME STATEMENT

For the year ended 31st March	Note	2024 Rs.	2023 Rs.
Income	4	**4,868,237,960**	3,820,227,393
Interest income	5	**4,601,526,873**	3,593,058,853
Interest expenses	6	**(2,807,119,126)**	(2,600,022,595)
Net interest income		**1,794,407,747**	993,036,258
Fee and commission income	7	**162,374,288**	105,891,972
Other operating income	8	**104,336,799**	121,276,568
Total operating income		**2,061,118,834**	1,220,204,798
Impairment charges for loans and receivables at amortised cost	9	**(140,178,886)**	(103,023,791)
Net operating income		**1,920,939,948**	1,117,181,007
Operating expenses			
Personnel expenses	10	**(666,359,880)**	(620,552,380)
Depreciation and amortisation		**(83,285,795)**	(117,865,289)
Other operating expenses	11	**(621,594,068)**	(401,717,744)
Operating profit/(loss) before Value Added Tax		**549,700,205**	(22,954,406)
Tax on financial services		**(200,218,616)**	(46,611,266)
Profit/(loss) before income tax		**349,481,589**	(69,565,672)
Income tax expense	12	**(954,439)**	(2,479,940)
Profit/(loss) for the year		**348,527,150**	(72,045,612)
Basic earnings per share (Rs.)	13.1	**1.65**	(0.34)
Dividend per share (Rs.)	14	**-**	-

Figures in brackets indicate deductions.

The accounting policies and notes on pages 131 to 186 form an integral part of these financial statements.

Colombo
10th June 2024

STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31st March	Note	2024 Rs.	2023 Rs.
Profit/(loss) for the year		**348,527,150**	(72,045,612)
Other comprehensive income			
Other comprehensive income to be re-classified to profit or loss in subsequent periods			
Fair value gain/(loss) on investment in treasury bonds /quoted shares		**(17,700,712)**	19,193,999
		(17,700,712)	19,193,999
Other comprehensive income not to be re-classified to profit or loss in subsequent periods			
Actuarial gain/(loss) on retirement benefit plan	32.1	**(6,847,983)**	1,521,880
Deferred tax effect on above	22	**(2,054,395)**	456,564
		(8,902,378)	1,978,444
Other comprehensive income/(expense) for the year net of tax		**(26,603,090)**	21,172,443
Total comprehensive income/(expense) for the year net of tax		**321,924,060**	(50,873,169)

Figures in brackets indicate deductions.

The accounting policies and notes on pages 131 to 186 form an integral part of these financial statements.

Colombo
10th June 2024

STATEMENT OF FINANCIAL POSITION

As At 31st March	Note	2024 Rs.	2023 Rs.
ASSETS			
Cash and cash equivalents	16	**420,293,003**	307,893,891
Financial assets - fair value through other comprehensive income	17	**932,991,845**	1,262,913,731
Loans and receivables at amortised cost	18	**15,658,738,877**	12,941,011,251
Placements with banks and other financial institutions at amortised cost	19	**342,772,502**	236,013,310
Other assets	20	**940,364,676**	657,440,798
Real estate stock	21	**10,968,258**	10,656,618
Deferred tax asset (net)	22	**366,568,600**	369,577,434
Goodwill	23	**564,545,746**	564,545,746
Brand value	23	**235,880,000**	235,880,000
Other intangible assets	24	**12,685,655**	25,097,945
Property, plant and equipment	25	**143,654,165**	70,733,416
Right-of-use of assets	26	**126,493,713**	96,792,682
Investment properties	27	**721,400,000**	690,316,465
Total assets		**20,477,357,040**	17,468,873,287
LIABILITIES			
Due to banks - bank overdrafts	16	**233,790,663**	240,846,238
Deposits from customers	28	**13,556,431,012**	10,759,498,577
Interest bearing borrowings	29	**2,115,120,468**	2,606,632,095
Lease liability - Right-of-use assets	30	**60,455,219**	46,222,825
Other liabilities	31	**843,358,580**	482,218,634
Retirement benefits obligation	32	**65,270,872**	52,448,752
Total liabilities		**16,874,426,814**	14,187,867,121
EQUITY			
Stated capital	33	**2,431,879,039**	2,431,879,039
Statutory reserve fund	34	**393,163,104**	375,736,747
Revaluation reserve	35	**141,120,773**	141,120,773
Retained earnings		**636,767,310**	332,269,607
Total equity		**3,602,930,226**	3,281,006,166
Total equity and liabilities		**20,477,357,040**	17,468,873,287
Net assets per share		**17.07**	15.54

Figures in brackets indicate deductions.

The accounting policies and notes on pages 131 to 186 form an integral part of these financial statements.

The financial statements are in compliance with the requirements of the Companies Act No. 07 of 2007.

M A M Arshath
Head of Finance

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

The Board of Directors is responsible for the preparation and presentation of these financial statements.

Approved and signed for and on behalf of the Board.

Rajendra Theagarajah
Chairman

Prakash Schaffter
Director

Colombo
10th June 2024
HSR/cc

STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March 2024	Stated capital	Statutory reserve fund	Revaluation reserve	Retained earnings	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 31st March 2022	2,431,879,039	375,736,747	141,120,773	383,142,776	3,331,879,335
Loss for the year	-	-	-	(72,045,612)	(72,045,612)
Other comprehensive income net of taxes	-	-	-	21,172,443	21,172,443
Balance as at 31st March 2023	2,431,879,039	375,736,747	141,120,773	332,269,607	3,281,006,166
Profit for the year	-	-	-	348,527,150	348,527,150
Transfer to statutory reserve (Note 34)	-	17,426,357	-	(17,426,357)	-
Other comprehensive income/(expense) net of taxes	-	-	-	(26,603,090)	(26,603,090)
Balance as at 31st March 2024	2,431,879,039	393,163,104	141,120,773	636,767,310	3,602,930,226

Figures in brackets indicate deductions.

The accounting policies and notes on pages 131 to 186 form an integral part of these financial statements.

Colombo
10th June 2024

STATEMENT OF CASH FLOWS

For the year ended 31st March	2024 Rs.	2023 Rs.
Cash flows from operating activities		
Profit/(loss) before income tax	349,481,589	(69,565,672)
Adjustment for:		
Depreciation and amortisation	83,285,795	117,865,289
Profit on disposal of property, plant and equipment	-	(1,017)
Impairment charges for loans and receivables at amortised cost	140,178,886	103,023,791
Finance expenses	2,807,119,126	2,600,022,595
Fair value gain on investment properties	(31,083,535)	(41,250,002)
Investment income	(692,272,117)	(218,411,364)
Provision for gratuity	16,620,968	14,355,236
Operating profit before working capital changes	2,673,330,712	2,506,038,856
Change in loans and receivables to customers	(2,857,906,512)	1,081,776,957
Change in other assets	(282,923,878)	(402,028,844)
Change in deposits from customers	2,691,130,325	1,215,290,906
Change in other liabilities	388,545,836	(32,689,618)
	2,612,176,483	4,368,388,257
Rent paid	(92,512,776)	(79,099,385)
Interest paid	(2,259,329,579)	(1,337,431,605)
Gratuity paid	(10,646,831)	(4,488,584)
Net cash from operating activities	249,687,297	2,947,368,683
Cash flows from investing activities		
Acquisition of property, plant and equipment and intangible assets	(94,156,005)	(50,527,364)
Proceeds from sale of property, plant and equipment	-	113,350
Proceeds from sale of investment property	-	21,500,000
Expenses incurred for real estate stock	(311,640)	(1,318,525)
Net change in financial assets-FVTOCI	304,872,353	(518,014,983)
Net change in investments with bank and other financial institutions	(111,283,752)	7,177,152
Investment income received	704,145,498	15,737,151
Net cash generated from/(used in) investing activities	803,266,454	(525,333,219)
Cash flows from financing activities		
Interest bearing borrowings obtained	5,346,000,000	682,934,628
Repayment of interest bearing borrowings	(5,831,475,900)	(1,826,049,192)
Interest paid on borrowings	(448,023,164)	(827,741,341)
Net cash used in financing activities	(933,499,064)	(1,970,855,905)
Net change in cash and cash equivalents	119,454,687	451,179,559
Cash and cash equivalents at the beginning of the year	67,047,653	(384,131,906)
Cash and cash equivalents at the end of the year	186,502,340	67,047,653
Note A		
Analysis of cash and cash equivalents at the end of the year		
Cash in hand	350,986,607	222,627,839
Cash at bank	69,306,396	85,266,052
Bank overdrafts - secured	(233,790,663)	(240,846,238)
	186,502,340	67,047,653

Figures in brackets indicate deductions.

The accounting policies and notes on pages 131 to 186 form an integral part of these financial statements.

Colombo
10th June 2024

MATERIAL ACCOUNTING POLICY INFORMATION

1. REPORTING ENTITY

1.1 CORPORATE INFORMATION

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

The registered office of the Company is located at No. 02, Deal Place, Colombo 03 and the business is carried out at 61, Dharmapala Mawatha, Colombo 07.

1.2 PRINCIPAL ACTIVITIES AND NATURE OF OPERATIONS

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

1.3 PARENT ENTITY AND ULTIMATE PARENT ENTITY

In the opinion of the directors, the Company's immediate parent is Janashakthi Limited and its ultimate parent is Schaffters (Private) Limited.

1.4 DIRECTORS' RESPONSIBILITY STATEMENT

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

1.5 DATE OF AUTHORISATION

The financial statements of the Company for the year ended 31st March 2024 were authorised for issue by the Board of Directors on 10th June 2024.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

The statement of financial position as at 31st March 2024, the income statement, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows, and the summary of material accounting policy information and other explanatory information to the financial statements ("financial statements") of the Company for the year then ended, comply with the Sri Lanka Accounting Standards (SLFRSs/LKASs) as laid down by the Institute of Chartered Accountants of Sri Lanka ("CA Sri Lanka") and the requirements of the Companies Act No. 07 of 2007 and the Finance Business Act No. 42 of 2011 and amendments thereto, and provide appropriate disclosures as required by the Listing Rules of the Colombo Stock Exchange.

2.2 BASIS OF MEASUREMENT

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

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

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

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

2.4 PRESENTATION OF FINANCIAL STATEMENTS

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

2.5 MATERIALITY AND AGGREGATION

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

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

2.6 COMPARATIVE INFORMATION

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period in the financial statements in order to enhance the understanding of the current period's financial statements and to enhance the inter-period comparability. The presentation and classification of the financial statements of the previous year are amended, where relevant, for better presentation and to be comparable with those of the current year.

2.7 GOING CONCERN

The directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. The assessment took into consideration the existing and potential implications of the economic condition on the business operations and performance of the Company and the measures adopted by the government to support recovery of the economy. The Board is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

2.8 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

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

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

2.8.1 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

2.8.2 CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

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

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

2.8.3 IMPAIRMENT LOSSES ON FINANCIAL ASSETS

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

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

2.8.4 IMPAIRMENT OF GOODWILL AND BRAND

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

2.8.5 DEFINED BENEFIT OBLIGATIONS

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

In determining the appropriate discount rate, management considers the interest rates of Sri Lanka government bonds with extrapolated maturities corresponding to the expected duration of the defined benefits obligation.

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

2.8.6 USEFUL ECONOMIC LIVES OF PROPERTY, PLANT AND EQUIPMENT

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

2.8.7 SLFRS 16 – LEASES

2.8.7.1 DETERMINATION OF THE LEASE TERM FOR LEASE CONTRACTS WITH RENEWAL AND TERMINATION OPTIONS (COMPANY AS A LESSEE)

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company has several lease contracts that include extension and termination options. The Company applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination option. After the commencement date, the Company re-assesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation of the leased asset).

2.8.7.2 ESTIMATING THE INCREMENTAL BORROWING RATE

As the Company cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate ("IBR") to measure the lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds is necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR, therefore, reflects what the Company "would have to pay", which requires estimation when no observable rates are available (or when they need to be adjusted to reflect the terms and conditions of the lease). The Company estimates the IBR using observable input when available and is required to make certain entity-specific adjustments.

2.8.8 IMPACT OF PREVAILING MACROECONOMIC CONDITIONS

In the current year, the Sri Lankan economy demonstrates positive development, marking a significant turn around from challenges stemming from the Covid-19 pandemic, tax cuts and substantial sovereign debt repayments. Supported by vital measures, including financial assistance from the International Monetary Fund (IMF), the Sri Lankan economy shows clear signs of recovery.

Challenges faced in the previous year, such as inflation, higher interest rates, increased taxes, power cuts and shortages in essential supplies, have been successfully mitigated. Government actions, coupled with international support, have fostered a more conducive business environment. The Central Bank of Sri Lanka (CBSL) reduced the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) by 100 basis points each in October and November 2023. Consequently, the SDFR and SLFR rates reached 9.00% and 10.00%, respectively, while prime lending rates dipped below 12%. The CBSL has indicated a pause in any additional monetary policy easing in the near term, allowing market interest rates to fall further in line with easing measures. The prevailing macroeconomic conditions and their related implications have increased the uncertainty of estimates made in the preparation of the Financial Statements. The estimation uncertainty is associated with:

Proactive measures taken by the board have played a crucial role in ensuring smooth operations and business continuity during the year. Furthermore, accounting assumptions and estimates used in the preparation of financial statements including the adequacy of provision for Expected Credit Loss (ECL) recognised in the financial statements have been carefully evaluated given the movements in macroeconomic variables. While acknowledging positive changes, we remain vigilant, monitoring the evolving economic landscape. The future impact on our business hinges on the sustained recovery of the Sri Lankan economy, consumer spending patterns and the overall resurgence of the country's enterprises. Recognising the external factors' influence on operations, the board remains committed in taking proactive steps to navigate potential challenges.

2.9 CHANGES IN ACCOUNTING POLICIES

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

2.10 CHANGES TO ALREADY EXISTING ACCOUNTING STANDARDS

The Company applied certain standards and amendments for the first time, which were effective for annual periods beginning on or after 1 January 2022.

2.10.1 AMENDMENTS TO SLFRS 16 COVID-19 RELATED RENT CONCESSIONS BEYOND 30 JUNE 2021

The amendments provide relief to lessees from applying SLFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification.

A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession in the same way it would account for the change under SLFRS 16, if the change were not a lease modification. The Company has applied practical expedients for Covid-19 related rent concessions which were extended up to March 2024.

2.10.2 NEW ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below.

The Company intends to adopt this amended standard and interpretation, if applicable, when it becomes effective.

- SLFRS 17 – Insurance contract
- Liability in a Sale and Leaseback (Amendments to SLFRS 16 Leases) – Mandatorily effective for periods beginning on or after 1 January 2024
- Classification of Liabilities as Current or Non-Current (Amendments to LKAS 1 Presentation of Financial Statements) - Mandatorily effective for periods beginning on or after 1 January 2024)
- Non-current Liabilities with Covenants (Amendments to LKAS 1 Presentation of Financial Statements) – Mandatorily effective for periods beginning on or after 1 January 2024
- Supplier Finance Arrangements (Amendments to LKAS 7 Statement of Cash Flows and SLFRS 7 Financial Instruments: Disclosures) - Mandatorily effective for periods beginning on or after 1 January 2024
- Lack of Exchangeability (Amendments to LKAS 21 The Effects of Changes in Foreign Exchange Rates) – Mandatorily effective for periods beginning on or after 1 January 2025

The assessment of the impact on the Company does not have material impact on the Financial Statements of the company.

3. MATERIAL ACCOUNTING POLICY INFORMATION

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

3.1 FINANCIAL INSTRUMENTS – INITIAL RECOGNITION, CLASSIFICATION AND SUBSEQUENT MEASUREMENT

3.1.1 DATE OF RECOGNITION

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

3.1.2 INITIAL MEASUREMENT OF FINANCIAL INSTRUMENTS

The classification of financial instruments at initial recognition depends on their cash flow characteristics and the business model for managing the instruments. Refer Note 3.1.3 and 3.1.4 for further details on classification of financial instruments.

A financial asset or financial liability is measured initially at fair value plus or minus transaction costs that are directly attributable to its acquisition or issue, except in the case of financial assets and financial liabilities at fair value through profit or loss as per SLFRS 9 and trade receivables that do not have a significant financing component as defined by SLFRS 15.

Transaction costs in relation to financial assets and financial liabilities at fair value through profit or loss are dealt with through the income statement.

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

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

3.1.2.1 "DAY 1" PROFIT OR LOSS

When the transaction price of the instrument differs from the fair value at origination and fair value is based on a valuation technique using the only inputs observable in market transactions, the Company recognises the difference between the transaction price and fair value in net gains/(losses) from trading. In those cases, where the fair value is based on models for which some inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

3.1.3 CLASSIFICATION AND SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS

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

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

The subsequent measurement of financial assets depends on their classification.

3.1.3.1 BUSINESS MODEL ASSESSMENT

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

The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue or maintaining a particular interest rate profile or matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods and the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing the newly originated or newly purchased financial assets going forward.

3.1.3.2 ASSESSMENT OF WHETHER CONTRACTUAL CASH FLOWS ARE SOLELY THE PAYMENTS OF PRINCIPAL AND INTEREST (SPPI TEST)

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

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/ discount).

"Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs as well as the profit margin.

In contrast, contractual terms that introduce a more than deminimising exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely the payments of principal and interest on the principal amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

In assessing whether the contractual cash flows are solely the payments of principal and interest on principal amount outstanding, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains such a contractual term that could change the timing or amount of contractual cash flows that it would not meet this condition. In making the assessment, the Company considers the following.

- contingent events that would change the amount and timing of cash flows
- leverage features
- prepayment and extension terms
- terms that limit the Company's claim to cash flows from specified assets
- features that modify consideration of the time value of money

Refer Notes 3.1.3.3 and 3.1.3.4 below for details on different types of financial assets recognised in the Statement of Financial Position (SOFP).

3.1.3.3 FINANCIAL ASSETS MEASURED AT AMORTISED COST

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as at FVTPL

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows.
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely the payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortised cost are given in Notes 3.1.3.3.1 to 3.1.3.3.4 below.

3.1.3.3.1 LOANS AND ADVANCES AT AMORTISED COST

Loans and advances at amortised cost include loans and advances, and lease and hire purchase receivables of the Company

Details of "Loans and advances at amortised cost" are given in Note 18.

3.1.3.3.2 INVESTMENT IN REVERSE REPURCHASE AGREEMENT AGAINST THE TREASURY BILLS AND BONDS

When the Company purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a similar asset) at a fixed price on a future date (reverse repo), the agreement is accounted for as a financial asset in the SOFP reflecting the transaction's economic substance as a loan granted by the Company. Subsequent to initial recognition, these securities issued are measured at amortised cost using the EIR with the corresponding interest income/receivable being recognised as interest income in profit or loss.

Details of "Investment in reverse repurchase agreement against the treasury bills and bonds" are given in Note 17.

3.1.3.3.3 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, placements with banks and loans at call and at short notice that are subject to an insignificant risk of changes in their fair value and are used by the Company in the management of its short-term commitments. They are brought to the financial statements at their face values or the gross values, where appropriate. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

Details of "Cash and cash equivalents" are given in Note 16.

3.1.3.3.4 PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS AT AMORTISED COST

Details of "placements with banks and other financial institutions at amortised cost" are given in Note 19.

3.1.3.4 FINANCIAL ASSETS MEASURED AT FVTOCI

Financial assets at FVOCI include debt and equity instruments measured at fair value through other comprehensive income.

3.1.3.4.1 DEBT INSTRUMENTS MEASURED AT FVTOCI

Debt instruments are measured at FVTOCI if they are held within a business model whose objective is to hold for collection of contractual cash flows and for selling financial assets, where the asset's cash flows represent payments that are solely the payments of principal and interest on principal outstanding.

FVTOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses and ECL and reversals are recognised in profit or loss. On de-recognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

These instruments comprise Government Securities that had previously been classified as available for sale.

Details of "Debt instruments at FVTOCI" are given in Note 17.

3.1.3.4.2 EQUITY INSTRUMENTS DESIGNATED AT FVTOCI

Upon initial recognition, the Company elects to classify irrevocably some of its equity investments held for strategic and statutory purposes as equity instruments at FVTOCI.

Details of "Equity instruments at FVTOCI" are given in Note 17.

3.1.4 CLASSIFICATION AND SUBSEQUENT MEASUREMENT OF FINANCIAL LIABILITIES

As per SLFRS 9, the Company classifies financial liabilities other than financial guarantees and loan commitments into one of the following categories:

- Financial liabilities at fair value through profit or loss, and within this category as –
  - Held-for-trading; or
  - Designated at fair value through profit or loss
- Financial liabilities measured at amortised cost

The subsequent measurement of financial liabilities depends on their classification.

3.1.4.1 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. The Company does not have any financial liabilities at fair value through profit or loss.

3.1.4.2 FINANCIAL LIABILITIES AT AMORTISED COST

Financial liabilities issued by the Company that are not designated at FVTPL are classified as financial liabilities at amortised cost under "Deposits from customers", "Due to banks" or "Other borrowings" as appropriate, where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity shares. The Company classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument.
After initial recognition, such financial liabilities are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

The EIR amortisation is included in "Interest expense" in the income statement. Gains and losses are also recognised in the income statement when the liabilities are derecognised as well as through the EIR amortisation process.

3.1.5 RECLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

As per SLFRS 9, Financial assets are not re-classified subsequent to their initial recognition, except and only in those rare circumstances when the Company changes its objective of the business model for managing such financial assets which may include the acquisition, disposal or termination of a business line.

Financial Liabilities are not re-classified as such re-classifications are not permitted by SLFRS 9.

3.1.5.1 MEASUREMENT OF RECLASSIFICATION OF FINANCIAL ASSETS

3.1.5.1.1 RE-CLASSIFICATION OF FINANCIAL INSTRUMENTS AT 'FAIR VALUE THROUGH PROFIT OR LOSS'

- To Fair value through other comprehensive income

The fair value on re-classification date becomes the new gross carrying amount. The EIR is calculated based on the new gross carrying amount. Subsequent changes in the fair value are recognised in OCI.

- To Amortised Cost

The fair value on re-classification date becomes the new carrying amount. The EIR is calculated based on the new gross carrying amount.

3.1.5.1.2 RECLASSIFICATION OF FINANCIAL INSTRUMENTS AT 'FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME'

- To Fair value through profit or loss

The accumulated balance in OCI is re-classified to profit and loss on the re-classification date.

- To Amortised Cost

The financial asset is re-classified at fair value. The cumulative balance in OCI is removed and is used to adjust fair value on the re-classification date. The adjusted amount becomes the amortised cost.

EIR determined at initial recognition, gross carrying amount is not adjusted as a result of re-classification.

3.1.5.1.3 RE-CLASSIFICATION OF FINANCIAL INSTRUMENTS AT "AMORTISED COST"

- To Fair value through other comprehensive income

The asset is re-measured to fair value with any difference recognised in OCI. EIR determined at initial recognition is not adjusted as a result of re-classification.

- To Fair value through profit or loss

The fair value on the re-classification date becomes the new carrying amount. The difference between the amortised cost and fair value is recognised in profit and loss.

3.1.6 DERECOGNITION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

3.1.6.1 FINANCIAL ASSETS

The Company derecognises a financial asset (or where applicable a part thereof) when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all risks and rewards of the ownership nor retains the control of the financial asset.

3.1.6.2 FINANCIAL LIABILITIES

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

3.1.7 MODIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

3.1.7.1 FINANCIAL ASSETS

If the terms of a financial asset are modified, the Company evaluates to ascertain whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

As per SLFRS 9, if the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in de-recognition of the financial asset. In this case, the Company re-calculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

3.1.7.2 FINANCIAL LIABILITIES

Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

3.1.8 OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount reported in the SOFP if, and only if, there is currently an enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Income and expenses are presented on a net basis only when permitted under SLFRSs, or for gains and losses arising from a group of similar transactions such as in the Company's trading activity.

3.1.9 AMORTISED COST AND GROSS CARRYING AMOUNT

The "amortised cost" of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the EIR method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any ECL allowance.

The "gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any ECL allowance.

3.1.10 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value measurement of financial instruments including the fair value hierarchy is explained in Note 47.

3.1.11 IDENTIFICATION AND MEASUREMENT OF IMPAIRMENT OF FINANCIAL ASSETS

3.1.11.1 OVERVIEW OF THE ECL PRINCIPLES

As per SLFRS 9, the Company records an allowance for expected credit losses for loans and advances to customers, debt and other financial instruments measured at amortised cost, debt instruments measured at fair value through other comprehensive income and loan commitments.

SLFRS 9 outlines a "three-stage" model for impairment based on changes in credit quality since initial recognition.

- Stage 1: A financial asset that is not originally credit-impaired on initial recognition is classified in Stage 1. Financial instruments in Stage 1 have their ECL measured at an amount equal to the proportion of lifetime expected credit losses (LTECL) that result from default events possible within the next 12 months (12M ECL).
- Stage 2: If a significant increase in credit risk (SICR) since origination is identified, it is moved to Stage 2 and the Company records an allowance for LTECL. Refer Note 3.1.11.2 for description on how the Company determines when a significant increase in credit risk has occurred.
- Stage 3: If a financial asset is credit-impaired, it is moved to Stage 3 and the Company recognises an allowance for LTECL, with probability of default at 100%. Refer Note 3.1.11.3 for a description on how the Company defines credit impaired and default.
- Purchased or originated credit impaired (POCI) financial assets: Financial assets which are credit impaired on initial recognition are categorised within Stage 3 with a carrying value already reflecting the lifetime expected credit losses. The Company does not have POCI loans as at the reporting date.

The key judgments and assumptions adopted by the Company in addressing the requirements of SLFRS 9 are discussed below:

3.1.11.2 SIGNIFICANT INCREASE IN CREDIT RISK

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportive information that is relevant and available without undue cost or effort. This includes both the quantitative and qualitative information analysis, based on the Company's historical experience and expert credit assessment including forward looking information.

The Company considers the exposure to have significantly increased credit risk when the contractual payments of a customer are more than 60 days past due in accordance with the rebuttable presumption in SLFRS 9.

The Company individually reviews at each reporting date, loans and advances above a predefined threshold to identify whether the credit risk has increased significantly since origination, before an exposure is in default. Such indicators include, inter alia:

- When reasonable and supportable forecasts of future economic conditions directly affect the performance of a customer/group of customers, portfolios or instruments
- When there is a significant change in the geographical locations or natural catastrophes that directly impact the performance of a customer/group of customers or instruments
- When the value of collateral is significantly reduced and/or realisability of collateral is doubtful
- When a customer is subject to litigation that significantly affects the performance of the credit facility
- Modification of terms resulting in concessions, including extensions, deferment of payments, waiver of covenants
- When the customer is deceased/insolvent
- When the Company is unable to contact or find the customer

Credit facilities/exposures which have one or more of the above indicators are treated as facilities with significant increase in credit risk and assessed accordingly in ECL computations. The Company regularly monitors the effectiveness of the criteria used to identify significant increase in credit risk to confirm that the criteria is capable of identifying a significant increase in credit risk before an exposure is in default.

For debt instruments having an external credit rating, which are measured at amortised cost or at FVOCI, the Company determines significant increase in credit risk based on the generally accepted investment/non-investment grade definitions published by international rating agencies. Debt instruments are moved to stage 2 if their credit risk increases to the extent that they are no longer considered investment grade.

3.1.11.3 DEFINITION OF DEFAULT AND CREDIT IMPAIRED ASSETS

The company considers loans and advances at amortised cost as defaulted when:

- The borrower is unlikely to pay its obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- The borrower becomes 120 days past due on its contractual payments.

In addition, the Company classifies the financial investments under stage 3 when the external credit rating assigned to the particular investment is in "default".

In assessing whether a borrower is in default, the Company reviews its individually significant loans and advances above a predefined threshold at each reporting date. The Company considers non-performing credit facilities/customers with one or more of indicators set out in Note 3.1.11.2 above as credit impaired.

3.1.11.4 MOVEMENT BETWEEN THE STAGES

Financial assets can be transferred between the different categories (other than POCI) depending on their relative change in credit risk since initial recognition. Financial instruments are transferred out of stage 2 if their credit risk is no longer considered to be significantly increased since initial recognition based on the assessments described in Note 3.1.11.2. Financial instruments are transferred out of stage 3 when they no longer exhibit any evidence of credit impairment as described above.

3.1.11.5 GROUPING FINANCIAL ASSETS MEASURED ON COLLECTIVE BASIS

The Company calculates ECLs either on a collective or an individual basis. Asset classes where the Company calculates ECL on individual basis include credit impaired facilities of individually significant customers.

Those financial assets for which, the Company determines that no provision is required under individual impairment, are then collectively assessed for ECL. For the purpose of ECL calculation on a collective basis, financial assets are grouped on the basis of similar risk characteristics. Loans and advances to customers are grouped into homogeneous portfolios based on a combination of product and customer characteristics.

3.1.11.6 THE CALCULATION OF EXPECTED CREDIT LOSS PRINCIPLE (ECL)

The Company calculates ECL based on 3 probability weighted scenarios to measure expected cash shortfalls, discounted at an approximation to the EIR.

A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanism of the ECL calculation are outlined below and the key elements are as follows:

- **PD**: The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
- **EAD**: Exposure At Default is the estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of the principal and interest, whether scheduled by contract or otherwise, expected draw down on committed facilities and accrued financing income from missed payments.
- **LGD**: Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lenders would expect to receive, including realisation of any collateral.

FORWARD-LOOKING INFORMATION

The Company incorporates forward-looking information into both its assessments as to whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

The Company has identified key drivers of credit risk both quantitatively and qualitatively for various portfolio segments. Quantitative economic factors are based on economic data and forecasts published by CBSL and supranational organisations such as IMF.

Quantitative drivers of credit risk	Qualitative drivers of credit risk
GDP growth	Status of industry business
Unemployment rate	Regulatory impact
Interest rate (AWPLR)	Government policies
Rate of inflation	
Exchange rate	

COVID - 19 IMPACT ON LOANS AND ADVANCES

The Company has provided relief such as deferment of repayment terms of credit facilities for the affected businesses and individuals due to Covid-19 in line with the directions issued by the CBSL. Utilisation of a payment deferral program does not, all else being equal, automatically trigger a SICR. As such, key issue will be to distinguish between the cases where the payment holidays provide relief from short-term liquidity constraints impacting the borrower that do not amount to a SICR. Given the high degree of uncertainty and unprecedented circumstances in the short-term economic outlook, the Management exercised judgments in the assessment of the impact of the Covid-19 outbreak on the loans and advances portfolio, relying more on the long-term outlook as evidenced by past experience and taking into consideration various relief measures including concessionary financing and payment moratorium.

The impact of the outbreak has been assessed and adjusted in these financial statements based on the available information and assumptions made as at reporting date in line with the guidelines issued by the CBSL and the CA Sri Lanka. In response to Covid-19 and expectations of economic impacts, key assumptions used in the calculation of ECL have been revised. As at the reporting date, the expected impacts of Covid-19 have been captured via the modelled outcome as well as a separate management overlay reflecting the considerable uncertainty remaining in the modelled outcome given the unprecedented impacts of Covid-19.

Accordingly, the Company took steps to identify the customers showing distress signs in identifying SICR under the individual impairment assessment. Under the individual assessment, customers operating in risk elevated industries including tourism, supplying hardware items, printing and publishing, tobacco related business, passenger transport and electronic items were assessed individually in ECL model. In addition, as expert credit judgment, the stressed ECL parameters such as PDs and LGDs to reflect the real economic scenario that is not reflected due to the deferrals and concessions granted due to Covid-19. Early observations of payment behavior of expiries for this year were considered in the assessment of the changes in the risk of default occurring over the expected life of a financial instrument when determining staging and is a key input in determining migration.

3.1.12 WRITE-OFF OF LOANS AND ADVANCES

Loans (and the related impairment allowance accounts) are normally written off, either partially or in full, when there is no realistic prospect of recovery. Where loans are secured, this is generally after receipt of any proceeds from the realisation of security.

3.2 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between the market participants at the measurement date.

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

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

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

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

LEVEL 1

When available, the Company measures fair value of an instrument using the active quoted prices or dealer price quotations (assets and long positions are measured at a bid price; liabilities and short positions are measured at an asking price), without any deduction for transaction costs. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

LEVEL 2

If a market for a financial instrument is not active, then the Company establishes fair value using a valuation technique. Valuation techniques include using the recent arm's length transactions between the knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses, credit models, option pricing models and other relevant valuation models.

The chosen valuation technique makes the maximum use of market inputs, relies as little as possible on estimates specific to the Company, incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument. The Company calibrates valuation techniques and tests them for validity using the prices from observable current market transactions in the same instrument or based on other available observable market data.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e. the fair value of the consideration given or received unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument, i.e. without modification or repackaging, or based on a valuation technique whose variables include only data from observable markets.

When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognised in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

LEVEL 3

Certain financial instruments are recorded at fair value using the valuation techniques in which the current market transactions or observable market data are not available. Their fair value is determined by using the valuation models that have been tested against prices or inputs to actual market transactions and also using the best estimate of the most appropriate model assumptions. Models are adjusted to reflect the spread for bid and ask prices to reflect costs to close out positions, credit and debit valuation adjustments, liquidity spread and limitations in the models. Also, profit or loss calculated when such financial instruments are first recorded ('Day 1' profit or loss) is deferred and recognised only when the inputs become observable or on de-recognition of the instrument.

3.3 INVENTORIES

Inventories consist of stationery purchased for the office use. Inventories are measured at lower of cost or net realisable value.

Cost of inventories is based on the first in first out principle, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

3.4 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible items that are held for use in the supply of services, or for administrative purposes and are expected to be used for more than a one year period.

3.4.1 RECOGNITION

Property, plant and equipment are tangible items that are held for use in the production or supply of services, for rental to others or for administrative purposes and are expected to be used during more than one period. The Company applies the requirements of the Sri Lanka Accounting Standard - LKAS 16 (Property, Plant and Equipment) in accounting for these assets. Property, plant and equipment are recognised if it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the asset can be reliably measured.

3.4.2 MEASUREMENT

Land and Buildings are stated at revalued amounts, net of accumulated depreciation.

Other property, plant and equipment are stated at cost or valuation less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the cost of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit and loss.

Purchased software that is integrated to the functionality of the related equipment is capitalised as intangible assets.

The Company applies the revaluation model to the entire class of freehold land and buildings. Such properties are carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Freehold land and buildings of the Company are revalued by independent professional valuers more frequently if the fair values are substantially different from carrying amounts, to ensure that the carrying amounts do not differ from the fair values as at the reporting date.

3.4.3 SUBSEQUENT EXPENDITURE

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalised. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item, if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The cost of the day-to-day servicing of property, plant and equipment is recognised in profit or loss as incurred. When replaced costs are recognised in the carrying amount of an item of property, plant and equipment, the remaining carrying amount of the replaced part is derecognised.

3.4.4 DEPRECIATION

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease terms and other useful lives unless it is reasonably certain that the Company will obtain the ownership by the end of the lease period.

The estimated useful lives are as follows:

Furniture and fittings	4 years
Office equipment	4 years
Computer equipment	4 years
Motor vehicles	4 years

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) and the date that the asset is derecognised.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted, if appropriate.

3.5 INVESTMENT PROPERTIES

Investment properties are the properties held either to earn rental income or for capital appreciation or for both. They are not properties held for sale in the ordinary course of business, used in the production or supply of goods or service or for administrative services.

3.5.1 BASIS OF RECOGNITION

Investment property is recognised if it is probable that future economic benefits that are associated with the investment property will flow to the Company and if the cost of the investment property can be measured reliably.

3.5.2 MEASUREMENT

An investment property is measured initially at its cost. The cost of a purchased investment property comprises its purchase price and any directly attributable expenditure. The carrying amount includes the cost of replacing part of an existing Investment property at the time that the cost is incurred if the recognition criteria are met, and excludes the cost of day-to-day servicing of an investment property.

Subsequent to initial recognition, investment properties are stated at fair value, which reflects the market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise. The Company revalues investment property at least once in three years.

3.5.3 DERECOGNITION

Investment Properties are derecognised when either they have been disposed of or when the Investment Property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gains or losses arising on the retirement or disposal of an Investment Property are recognised in the income statement in the year of retirement or disposal.

3.6 LEASES

3.6.1 RIGHT-OF-USE ASSETS – COMPANY AS A LESSEE

A) BASIS OF RECOGNITION

The Company applies the Sri Lanka Accounting Standard SLFRS 16 "Leases" (SLFRS 16) in accounting for all leasehold rights except for short-term leases, which are held for use in the provision for services.

B) BASIS OF MEASUREMENT

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

C) DEPRECIATION

Right-of-use assets are depreciated over the lease term of the assets as there is no reasonable certainty that the Company will obtain the ownership of such assets by the end of the lease term.

3.6.2 LEASE LIABILITY

At the commencement date of the lease, the Company recognises lease liabilities, measured at present value of lease payments to be made over the lease term. The present value of lease commitments has been calculated using the weighted average incremental borrowing rate.

Details of "Right-of-use asset" and "Lease liability" are given in Notes 26 and 30 respectively.

3.6.3 OPERATING LEASES – COMPANY AS A LESSOR

As per SLFRS 16, a lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. The Company recognises lease payments from operating leases as income on a straight-line basis. Initial direct costs incurred in negotiating the operating leases are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3.7 INTANGIBLE ASSETS

Intangible assets acquired separately are measured initially at cost. Following the initial recognition of the intangible assets, the cost model is applied requiring the assets to be carried at cost less any accumulated amortisation and accumulated impairment losses.

3.7.1 INTANGIBLE ASSETS WITH FINITE LIVES AND AMORTISATION

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function/ nature of the intangible asset. Amortisation commences when the assets are available for use.

3.7.1.1 COMPUTER SOFTWARE

Computer software is amortised over four years from the date of acquisition.

3.7.2 INTANGIBLE ASSETS WITH INDEFINITE LIVES AND AMORTISATION

Intangible assets with indefinite useful lives are not amortised but are tested for impairment annually either individually or at the CGU level as appropriate, when circumstances indicate that the carrying value is impaired. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

3.7.2.1 BRAND VALUE

Brand value is not amortised and is tested for impairment annually.

3.7.3 DERECOGNITION OF INTANGIBLE ASSETS

Intangible assets are de-recognised on disposal or when no future economic benefits are expected from its use. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net proceeds and the carrying amount of the asset and are recognised in the income statement.

3.8 IMPAIRMENT OF NON-FINANCIAL ASSETS

3.8.1 RECOGNITION

The carrying values of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment.

If any such indication exists, the asset's recoverable amount is estimated (see below). An impairment loss is recognised whenever the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

For the assets that have indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each reporting date.

3.8.2 CALCULATION OF RECOVERABLE AMOUNT

The recoverable amount is the greater of their fair value less cost to sell and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects the current market assessment of their time value of money and the risk specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

3.8.3 REVERSAL OF IMPAIRMENT

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.9 DEPOSITS DUE TO CUSTOMERS

These include term deposits and certificates of deposits. Subsequent to initial recognition, deposits are measured at their amortised cost using the effective interest method, except where the Company designates liabilities at fair value through profit or loss. They are stated in the statement of financial position at the amount payable. Interest paid / payable on these deposits based on the effective interest rate is charged to the income statement.

3.10 OTHER LIABILITIES

Other liabilities are recorded at amounts expected to be payable at the reporting date.

3.11 EMPLOYEE BENEFITS

3.11.1 DEFINED CONTRIBUTION PLANS

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

3.11.1.1 EMPLOYEES' PROVIDENT FUND (EPF)

The Company and employees contribute 12% and 8% respectively on the salary of each employee to the approved Provident Fund.

3.11.1.2 EMPLOYEES' TRUST FUND (ETF)

The Company contributes 3% of the salary of each employee to the Employees' Trust Fund.

3.11.2 DEFINED BENEFIT PLANS

3.11.2.1 RETIREMENT BENEFIT OBLIGATIONS

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that the employees have earned in return for their service in the current and prior periods and that benefit is discounted to determine its present value. Any unrecognised past service costs are deducted.

The calculation is performed by a qualified actuary using a "Projected Unit Credit" method. For the purpose of determining the charge for any period before the next regular actuarial valuation falls due, an approximated estimate provided by the qualified actuary is used. The assumptions based on which the results of actuarial valuation were determined are included in the Note 32 to the financial statements.

The Company recognises all actuarial gains and losses arising from the defined benefit plan and all expenses related to defined benefit plans in the income statement and actuarial gains and losses in the other comprehensive income.

This retirement benefit obligation is not externally funded.

However, according to the payment of Gratuity Act No. 12 of 1983, the liability for the gratuity payment to an employee arises only on the completion of 5 years of continued service with the Company.

3.11.3 SHORT-TERM EMPLOYEE BENEFITS

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

3.12 PROVISIONS

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of the provision can be measured reliably in accordance with the Sri Lanka Accounting Standard - LKAS 37 on 'Provisions, Contingent Liabilities and Contingent Assets'.

The amount recognised is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation at that date. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is determined based on the present value of those cash flows.

3.13 CAPITAL COMMITMENTS AND CONTINGENCIES

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured.

Capital commitment and contingent liabilities of the Company are disclosed in the respective notes to the financial statements.

3.14 EVENTS OCCURRING AFTER THE REPORTING DATE

Events after the reporting period are those events, favorable and unfavorable, that occur between the reporting date and the date when the financial statements are authorised for issue.

In this regard, all material and important events that occurred after the reporting period have been considered and appropriate disclosures are made in the financial statements, where necessary.

3.15 INCOME STATEMENT

3.15.1 REVENUE RECOGNITION

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

3.15.1.1 INTEREST INCOME AND INTEREST EXPENSE

Interest income and expense are recognised in the Income Statement using the effective interest rate (EIR) method.

As per SLFRS 9, the interest income and expense presented in the Income Statement include:

- Interest on financial assets measured at amortised cost calculated using EIR method;
- Interest on financial liabilities measured at amortised cost calculated using EIR method.

As per LKAS 39, the interest income and expense recognised in the Income Statement included:

- Interest on loans and receivables calculated using EIR method;
- Interest on financial liabilities measured at amortised cost calculated using EIR method.

EFFECTIVE INTEREST RATE (EIR)

The EIR is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the EIR for financial instruments other than credit-impaired assets, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses (ECLs). For credit-impaired financial assets which are classified under Stage 3, a credit-adjusted EIR is calculated using the estimated future cash flows including ECLs. The credit-adjusted EIR is the interest rate that, at original recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost.

The calculation of the EIR includes transaction costs and fees and points paid or received that are an integral part of the EIR.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted EIR to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

3.15.1.2 DIVIDEND INCOME

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

3.15.1.3 FEES AND COMMISSION INCOME AND EXPENSE

Fees and commission income and expense that are integral to the EIR on a financial asset or liability are included in the measurement of the EIR. Other fees and commission income are recognised as the related services are performed.

3.15.1.4 INTEREST ON OVERDUE RENTALS

Overdue interest is charged on loans and advances which are not paid on the due date and accounted for on cash basis.

3.15.1.5 PROFIT OR LOSS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

Profits or losses resulting from disposal of property, plant and equipment have been accounted for in the income statement.

3.15.1.6 RECOVERY OF BAD AND DOUBTFUL DEBTS WRITTEN OFF

Recovery of amounts written off as bad and doubtful debts are recognised on a cash basis.

3.15.2 EXPENDITURE

All expenditure incurred in running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to revenue in arriving at the profit/(loss) for the year.

Expenditure incurred for the purpose of acquiring, expanding or improving the assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenditure.

Repairs and renewals are charged to revenue in the year in which the expenditure is incurred.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability.

The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

The profit earned by the Company before taxation as shown in the Income Statement is after making provision for all known liabilities and for the depreciation of property, plant and equipment.

3.15.2.1 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets that take a substantial period of time to get ready for the intended use or sale, are capitalised as part of the asset.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3.16 TAXES

3.16.1 INCOME TAX EXPENSE

Income tax on the profit for the year comprises current and deferred tax. Income tax is recognised directly in the income statement except to the extent that it relates to items recognised directly in equity, in which case, it is recognised in equity.

CURRENT TAXES

Current tax assets and liabilities consist of amounts expected to be recovered from, or paid to the taxation authorities in respect of the current as well as prior years. The tax rates and tax laws used to compute the amounts are those that are enacted or substantially enacted by the reporting date. Accordingly, provision for taxation is made on the basis of the accounting profit for the year as adjusted for taxation purposes in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and the amendments thereto, at the rates specified in the Note 12 to the financial statements. This note also includes the major components of tax expense, the effective tax rates and a reconciliation between the profit before tax and tax expense as required by the Sri Lanka Accounting Standard – LKAS 12 on 'Income Taxes'.

DEFERRED TAX

Deferred tax is provided on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base of assets and liabilities, which is the amount attributed to those assets and liabilities for tax purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the tax rates enacted by the reporting date.

Deferred tax assets including those related to temporary tax effects of income tax losses and credits available to be carried forward, are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.16.2 VALUE ADDED TAX ON FINANCIAL SERVICES

VAT on financial services is calculated in accordance with the amended VAT Act No.07 of 2003. The base for the computation of VAT on financial services is the accounting profit before income tax is adjusted for the economic depreciation and emoluments of employees computed on prescribed rate.

3.16.3 CROP INSURANCE LEVY (CIL)

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

3.16.4 SOCIAL SECURITY CONTRIBUTION LEVY (SSCL)

Social Security Contribution Levy (SSCL) was imposed with effect from October 01, 2022, at the rate of 2.5% by the Social Security Contribution Levy Act, No. 25 of 2022 (SSCL Act).

3.17 EARNINGS PER SHARE

The financial statements present basic earnings per share (EPS) for its ordinary shareholders. The basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares.

3.18 CASH FLOW STATEMENT

The cash flow statement has been prepared using the "indirect method". Interest paid is classified as operating cash flows, interest and dividend received are classified as investing cash flows while dividends paid are classified as financing cash flows for the purpose of presenting of the cash flow statement.

3.19 REGULATORY PROVISIONS

3.19.1 DEPOSIT INSURANCE SCHEME

In terms of the Finance Companies Direction No 02 of 2010 "Insurance of Deposit Liabilities" issued on 27th September 2010, all registered finance companies are required to insure their deposit liabilities in the deposit insurance scheme operated by the Monetary Board in terms of Sri Lanka Deposit Insurance Scheme Regulations No 01 of 2010, issued under Sections 32A to 32E of the Monetary Law Act with effect from 01st October 2010. Deposits to be insured include demand, time and savings deposit liabilities and exclude the following.

- Deposit liabilities to member institutions
- Deposit liabilities to Government of Sri Lanka
- Deposit liabilities to shareholders, directors, key management personnel and other related parties as defined in Finance Companies Act Direction No 03 of 2008 on Corporate Governance of registered finance companies
- Deposit liabilities held as collateral against any accommodation granted
- Deposit liabilities falling within the meaning of dormant deposits in terms of the Finance Companies Act, funds of which have been transferred to the Central Bank of Sri Lanka

Registered finance companies are required to pay a premium of 0.15% on eligible deposit liabilities as at the end of the month to be payable within a period of 15 days from the end of the respective month.

3.20 RESERVES

3.20.1 STATUTORY RESERVE FUND

The statutory reserve fund is maintained in terms of a licensed finance company (Capital Funds) direction No.01 of 2003. Accordingly, the Company should transfer funds out of net profits of each year in the following manner, after due provision has been made for taxation and bad and doubtful debts.

- If capital funds are not less than twenty five percent of total deposit liabilities, a sum equal to not less than five percent of the net profits
- If capital funds are less than twenty five percent of total deposit liabilities but not less than ten percent thereof, a sum equal to not less than twenty percent of the net profits
- If capital funds are less than ten percent of total deposit liabilities, a sum equal to not less than fifty percent of the net profits

3.20.2 FAIR VALUE / AVAILABLE FOR SALE RESERVE

This has been created in order to account the fair value changes of financial assets at Fair Value Through Other Comprehensive Income / Available for sale financial assets.

3.21 SEGMENT REPORTING

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, whose operating results are reviewed regularly by the Company's management to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

For each of the strategic divisions, the Company's management monitors the operating results separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profits or losses which, in certain respects, are measured differently from operating profits or losses in the financial statements. Income taxes are managed on a Company basis and are not allocated to operating segments.

NOTES TO THE FINANCIAL STATEMENTS

4. INCOME

For the year ended 31st March	2024 Rs.	2023 Rs.
Interest income (Note 5)	**4,601,526,873**	3,593,058,853
Fee and commission income (Note 7)	**162,374,288**	105,891,972
Other operating income (Note 8)	**104,336,799**	121,276,568
	4,868,237,960	3,820,227,393

5. INTEREST INCOME

For the year ended 31st March	2024 Rs.	2023 Rs.
Finance lease	**2,421,038,699**	1,965,886,663
Hire purchase	**49,296**	9,825
Factoring	**4,527,559**	4,315,133
Loans	**115,269,839**	142,672,558
Gold loans	**1,368,369,363**	1,261,763,310
Income on investments	**692,272,117**	218,411,364
	4,601,526,873	3,593,058,853

6. INTEREST EXPENSES

For the year ended 31st March	2024 Rs.	2023 Rs.
Interest expense on		
Borrowings	**441,987,437**	775,977,182
Customer deposits	**2,299,214,601**	1,677,376,263
Negotiable instruments	**-**	2,465,304
Overdraft interest	**38,511,198**	117,701,071
Interest expense on lease liabilities - Right-of-use asset	**27,405,890**	26,502,775
	2,807,119,126	2,600,022,595

7. FEE AND COMMISSION INCOME

For the year ended 31st March	2024 Rs.	2023 Rs.
Documentation income - Lease and hire purchases	74,387,831	25,598,880
Administration charges - Factoring	7,552,730	717,197
Charges on recovery follow up	51,435,410	41,953,688
Insurance commission	28,998,317	37,622,207
	162,374,288	105,891,972

8. OTHER OPERATING INCOME

For the year ended 31st March	2024 Rs.	2023 Rs.
Collections from written off contracts	20,995,082	44,349,645
Profit on disposal of property, plant and equipment	-	1,017
Rent income	9,382,703	11,435,732
Fair value gain on investment properties	31,083,537	41,250,002
Dividend income	418,500	1,810,933
Sundry income	42,456,977	22,429,239
	104,336,799	121,276,568

9. IMPAIRMENT CHARGES/(REVERSALS) FOR LOANS AND RECEIVABLES AT AMORTISED COST

For the year ended 31st March	2024 Rs.	2023 Rs.
Finance lease receivable		
Stage 01	(46,696,645)	(64,100,479)
Stage 02	4,623,709	(2,955,045)
Stage 03	223,401,789	134,930,062
	181,328,853	67,874,538
Hire purchase receivable		
Stage 01	-	-
Stage 02	-	-
Stage 03	3,532,941	459,384
	3,532,941	459,384

For the year ended 31st March	2024 Rs.	2023 Rs.
Other loans receivable		
Stage 01	(2,268,669)	(2,140,236)
Stage 02	(11,137,009)	7,253,782
Stage 03	(22,019,788)	25,499,747
	(35,425,466)	30,613,293
Factoring receivable		
Stage 01	-	(1,180)
Stage 02	(1,903,464)	1,903,464
Stage 03	(15,982,130)	4,428,775
	(17,885,594)	6,331,059
Gold loans receivable		
Stage 01	(931,783)	1,107,436
Stage 02	(928)	394,178
Stage 03	4,630,986	(5,342,593)
	3,698,275	(3,840,979)
Alternative finance		
Stage 01	3,786,089	422,824
Stage 02	1,897,410	-
Stage 03	(753,622)	1,163,672
	4,929,877	1,586,496
Total impairment charge	140,178,886	103,023,791

10. PERSONNEL EXPENSES

For the year ended 31st March		2024 Rs.	2023 Rs.
Salaries and other related expenses		585,512,326	551,366,676
Defined contribution plan	- EPF	51,382,180	43,864,374
	- ETF	12,844,406	10,966,094
Defined benefit plan	- Gratuity	16,620,968	14,355,236
		666,359,880	620,552,380

11. OTHER OPERATING EXPENSES

For the year ended 31st March	2024 Rs.	2023 Rs.
Directors' emoluments	**10,328,625**	9,672,400
Auditor's remuneration	**2,166,110**	1,841,209
Professional and legal fees	**56,967,576**	41,394,684
Charity and donations	**172,300**	30,000
Administration and establishment expenses	**357,437,801**	264,226,948
Advertising and business promotional expenses	**42,073,826**	26,509,457
Other expenses	**152,447,830**	58,043,046
	621,594,068	401,717,744

12. INCOME TAX EXPENSE

For the year ended 31st March	2024 Rs.	2023 Rs.
Current tax		
On current year profits (Note 12.1)	**-**	-
Deferred tax		
Deferred tax charged to the income statement (Note 22)	**954,439**	2,479,940
Income tax expense for the year	**954,439**	2,479,940

12.1 RECONCILIATION BETWEEN ACCOUNTING PROFIT AND TAXABLE INCOME

	2024 Rs.	2023 Rs.
Profit/(loss) before income tax expense	**349,481,589**	(69,565,672)
Adjustments on disallowable expenses	**4,519,384,113**	3,920,138,698
Adjustments on allowable expenses	**(4,573,648,210)**	(3,935,406,321)
Statutory income	**295,217,492**	(84,833,295)
Less: Tax loss claimed on leasing business (Note 12.2)	**(295,217,492)**	-
Tax loss claimed on non-leasing business (Note 12.2)	**-**	13,246,666
Assessable income/(loss)	**-**	(71,586,629)
Less: Utilisation of qualifying payments (Note 12.3)	**-**	-
Taxable profit for the year	**-**	(71,586,629)
Effective tax rate	**30%**	30%

For the year ended 31st March	2024 Rs.	2023 Rs.
12.2 TAX LOSSES		
Tax losses brought forward	**1,042,424,897**	984,084,934
Tax losses claimed against tax assessments	**(655,848,698)**	-
Tax losses incurred during the year	**-**	71,586,629
Tax losses claimed during the year	**(295,217,492)**	(13,246,666)
Tax losses carried forward	**91,358,707**	1,042,424,897
12.3 QUALIFYING PAYMENT ON INVESTMENT		
Consideration paid to acquire former Orient Finance PLC	**1,730,906,250**	1,730,906,250
Less : Utilised in prior years	**(478,266,312)**	(478,266,312)
Less : Utilised during the year	**-**	-
Balance qualifying payment carried forward	**1,252,639,938**	1,252,639,938

12.4 CURRENT TAX

The Company is liable for tax at the rate 30% on its liable income in accordance with the Inland Revenue Act No.24 of 2017 and subsequent amendments made thereto.

13. EARNINGS PER SHARE

13.1 BASIC EARNINGS PER SHARE

The calculation of earnings per share is based on the profit/(loss) attributable to the ordinary shareholders for the year divided by the weighted average number of ordinary shares outstanding during the year.

For the year ended 31st March	2024 Rs.	2023 Rs.
Profit/(loss) attributable to ordinary shareholders (Rs.)	**348,527,150**	(72,045,612)
Weighted average number of ordinary shares	**211,101,155**	211,101,155
Earnings per share (Rs.)	**1.65**	(0.34)
Weighted average number of ordinary shares	**211,101,155**	211,101,155

14. DIVIDEND PER SHARE

The dividend per share is based on the dividend paid during the year and the number of ordinary shares outstanding as at that date.

For the year ended 31st March	2024 Rs.	2023 Rs.
Dividend paid (Rs)	-	-
Dividend per share (Rs.)	-	-

15. FINANCIAL ASSETS AND LIABILITIES

15.1 CLASSIFICATION AS AT 31ST MARCH 2024

	Financial assets at fair value through other comprehensive income (FVTOCI) Rs.	Financial assets at amortised cost Rs.	Total carrying amount Rs.
Financial assets			
Cash and cash equivalents	-	420,293,003	420,293,003
Investment in government securities, quoted and unquoted shares	932,991,845	-	932,991,845
Loans and receivables at amortised cost	-	15,658,738,877	15,658,738,877
Placements with banks and other financial institutions at amortised cost	-	342,772,502	342,772,502
Total financial assets	932,991,845	16,421,804,382	17,354,796,227

	Financial liabilities at amortised cost Rs.	Total carrying amount Rs.
Financial liabilities		
Bank overdrafts	233,790,663	233,790,663
Deposits from customers	13,556,431,012	13,556,431,012
Interest bearing borrowings	2,115,120,468	2,115,120,468
Total financial liabilities	15,905,342,143	15,905,342,143

15.2 CLASSIFICATION AS AT 31ST MARCH 2023

	Financial assets at fair value through other comprehensive income (FVTOCI)	Financial assets at amortised cost	Total carrying amount
	Rs.	Rs.	Rs.
Financial assets			
Cash and cash equivalents	-	307,893,891	307,893,891
Investment in government securities, quoted and unquoted shares	1,262,913,731	-	1,262,913,731
Loans and receivables at amortised cost	-	12,941,011,251	12,941,011,251
Placements with banks and other financial institutions at amortised cost	-	236,013,310	236,013,310
Total financial assets	1,262,913,731	13,484,918,452	14,747,832,183

	Financial liabilities at amortised cost	Total carrying amount
	Rs.	Rs.
Financial liabilities		
Bank overdrafts	240,846,238	240,846,238
Deposits from customers	10,759,498,577	10,759,498,577
Interest bearing borrowings	2,606,632,095	2,606,632,095
Total financial liabilities	13,606,976,910	13,606,976,910

16. CASH AND CASH EQUIVALENTS

As at 31st March	**2024**	2023
	Rs.	Rs.
Cash in hand	**350,986,607**	222,627,839
Cash at bank	**69,306,396**	85,266,052
	420,293,003	307,893,891
Bank overdrafts	**(233,790,663)**	(240,846,238)
Cash and cash equivalents for the purpose of cash flow statement	**186,502,340**	67,047,653

17. FINANCIAL ASSETS - FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

As at 31st March	2024 Rs.	2023 Rs.
Investments in government securities (Note 17.1)	**932,761,245**	1,251,863,131
Investments in unquoted shares (Note 17.2)	**230,600**	230,600
Investments in quoted shares (Note 17.3)	**-**	10,820,000
	932,991,845	1,262,913,731

17.1 INVESTMENTS IN GOVERNMENT SECURITIES

Treasury bills	**932,761,245**	1,251,863,131
	932,761,245	1,251,863,131

17.2 INVESTMENT IN UNQUOTED SHARES

	Directors' Valuation Rs.	Directors' Valuation Rs.
Finance House Consortium (Private) Limited	**200,000**	200,000
Credit Information Bureau of Sri Lanka	**30,600**	30,600
	230,600	230,600

The Directors' valuation of non-quoted securities based on cost of investment less impairment amounts to Rs. 230,600/- (2023 - Rs.230,600/-).

17.3 INVESTMENTS IN QUOTED SHARES

	2023		
	No. of shares	Cost Rs.	Fair value Rs.
Tokyo Cement Company (Lanka) PLC	60,000	5,241,000	3,000,000
Hayleys PLC	60,000	4,720,800	4,320,000
John Keells Holdings PLC	25,000	4,375,000	3,500,000
		14,336,800	10,820,000

18. LOANS AND RECEIVABLES AT AMORTISED COST

As at 31st March	2024 Rs.	2023 Rs.
Loans and receivables	21,855,738,289	17,371,880,141
Less: Unearned income	(5,068,271,569)	(3,391,348,713)
Net loans and receivables	16,787,466,720	13,980,531,428
Less: Impairment for expected credit losses (Note 18.1.11)	(1,128,727,843)	(1,039,520,177)
Net loans and receivables	15,658,738,877	12,941,011,251

18.1 PRODUCT WISE ANALYSIS OF NET LOANS AND RECEIVABLES

18.1.1 FINANCE LEASE RECEIVABLES

As at 31st March	2024 Rs.	2023 Rs.
Gross lease rentals receivable	14,675,401,321	11,180,900,866
Less: Unearned income	(4,583,592,665)	(3,106,175,174)
Net lease rentals receivable	10,091,808,656	8,074,725,692
Less: Impairment for expected credit losses (Note 18.1.11)	(926,288,951)	(744,960,098)
Net finance lease receivable	9,165,519,705	7,329,765,594
Lease rentals receivable within one year		
Gross lease rentals receivable within one year	6,214,713,271	4,452,952,964
Less: Unearned income	(2,170,735,881)	(1,381,003,598)
Net lease rentals receivable within one year	4,043,977,390	3,071,949,366
Less: Impairment for expected credit losses	(371,181,391)	(283,412,686)
Net finance lease receivable within one year	3,672,795,999	2,788,536,680
Lease rentals receivables within one to five years		
Gross lease rentals receivable within one to five years	8,456,208,178	6,666,835,625
Less: Unearned income	(2,412,507,252)	(1,709,530,179)
Net lease rentals receivable within one to five years	6,043,700,926	4,957,305,446
Less: Impairment for expected credit losses	(554,728,452)	(457,352,348)
Net finance lease receivable within one to five years	5,488,972,474	4,499,953,098
Lease rentals receivable later than five years		
Gross lease rentals receivable later than five years	4,479,872	61,112,277
Less: Unearned income	(349,532)	(15,641,397)
Net lease rentals receivable later than five years	4,130,340	45,470,880
Less: Impairment for expected credit losses	(379,108)	(4,195,064)
Net finance lease receivable later than five years	3,751,232	41,275,816
Total	9,165,519,705	7,329,765,594

18.1.2 HIRE PURCHASE RECEIVABLE

As at 31st March	2024 Rs.	2023 Rs.
Gross hire purchase rentals receivable	25,704,522	29,171,581
Less: Unearned income	-	-
Net hire purchase rentals receivable	25,704,522	29,171,581
Less: Impairment for expected credit losses (Note 18.1.11)	(11,575,395)	(8,042,454)
Net hire purchase receivable	14,129,127	21,129,127
Hire purchase rentals receivable within one year		
Gross hire purchase rentals receivable within one year	25,704,522	29,171,581
Less: Unearned income	-	-
Net hire purchase rentals receivable within one year	25,704,522	29,171,581
Less: Impairment for expected credit losses	(11,575,395)	(8,042,454)
Hire purchase rentals receivable within one year	14,129,127	21,129,127

18.1.3 OTHER LOANS RECEIVABLE

As at 31st March	2024 Rs.	2023 Rs.
Gross other loans rentals receivable	866,569,967	878,575,878
Less: Unearned income	(95,104,871)	(65,978,272)
Net other loans rentals receivable	771,465,096	812,597,606
Less: Impairment for expected credit losses (Note 18.1.11)	(167,137,730)	(202,563,196)
Net other loans receivable	604,327,366	610,034,410
Other loans receivable within one year		
Gross other loans rentals receivable within one year	537,909,721	684,201,072
Less: Unearned income	(37,391,225)	(31,408,768)
Net other loans rentals receivable within one year	500,518,496	652,792,304
Less: Impairment for expected credit losses	(126,675,940)	(162,711,010)
Net other loans receivables within one year	373,842,556	490,081,294
Other loans receivable within one to five years		
Gross other loans rentals receivable within one to five years	328,660,246	194,374,806
Less: Unearned income	(57,713,647)	(34,569,504)
Net other loans rentals receivable within one to five years	270,946,599	159,805,302
Less: Impairment for expected credit losses	(40,461,789)	(39,852,186)
Net other loans receivables within one to five years	230,484,810	119,953,116
Total	604,327,366	610,034,410

18.1.4 FACTORING RECEIVABLE

As at 31st March	2024 Rs.	2023 Rs.
Factoring receivable	58,820,883	93,540,396
Less: Impairment for expected credit losses (Note 18.1.11)	(10,442,458)	(79,299,273)
Net factoring receivable	48,378,425	14,241,123

18.1.5 GOLD LOAN RECEIVABLE

Gold loan receivable	4,895,028,555	4,486,457,603
Less: Impairment for expected credit losses (Note 18.1.11)	(5,602,970)	(1,904,695)
Net gold loan receivable	4,889,425,585	4,484,552,908

18.1.6 ALTERNATIVE FINANCE RECEIVABLE

Gross Alternative finance receivable	1,334,213,040	703,233,817
Less: Unearned income	(389,574,032)	(219,195,267)
Net Alternative finance receivable	944,639,008	484,038,550
Less: Impairment for expected credit losses (Note 18.1.11)	(7,680,338)	(2,750,461)
Net Alternative finance receivable	936,958,670	481,288,089
Alternative finance receivables within one year		
Gross Alternative finance receivable within one year	658,736,775	338,224,544
Less: Unearned income	(198,232,078)	(100,295,265)
Net Alternative finance receivable within one year	460,504,697	237,929,279
Less: Impairment for expected credit losses	(3,744,109)	(1,351,990)
Net Alternative finance receivable within one year	456,760,588	236,577,289
Alternative finance receivables within one to five years		
Gross Alternative finance receivable within one to five years	675,476,265	365,009,273
Less: Unearned income	(191,341,954)	(118,900,002)
Net Alternative finance receivable within one to five years	484,134,311	246,109,271
Less: Impairment for expected credit losses	(3,936,229)	(1,398,471)
Net Alternative finance receivable within one to five years	480,198,082	244,710,800
Total	936,958,670	481,288,089

18.1.7 CREDIT EXPOSURE MOVEMENT - ECL STAGE WISE

Loans and receivables	2024			
	Stage 01	Stage 02	Stage 03	Total
	Rs.	Rs.	Rs.	Rs.
Gross carrying amount as at 01st April 2023	10,505,453,741	2,052,707,976	1,422,369,711	13,980,531,428
Transfer to Stage 01	94,884,413	(79,759,076)	(15,125,337)	-
Transfer to Stage 02	(296,443,164)	265,062,341	31,380,823	-
Transfer to Stage 03	(34,587,396)	20,732,513	13,854,883	-
New assets originated or purchased	7,335,844,327	2,020,250,689	860,071,151	10,216,166,167
Financial assets derecognised or repaid	(6,249,206,502)	(892,877,314)	(216,175,836)	(7,358,259,652)
Write-off made during the year	-	-	(50,971,220)	(50,971,220)
As at 31 March 2024	11,355,945,418	3,386,117,128	2,045,404,175	16,787,466,722

Loans and receivables	2023			
	Stage 01	Stage 02	Stage 03	Total
	Rs.	Rs.	Rs.	Rs.
Gross carrying amount as at 01st April 2022	8,910,396,245	2,863,311,825	3,288,600,315	15,062,308,385
Transfer to Stage 01	346,094,686	(156,119,058)	(189,975,628)	-
Transfer to Stage 02	(137,522,133)	108,892,704	28,629,428	-
Transfer to Stage 03	(4,480,986)	30,257,215	(25,776,229)	-
New assets originated or purchased	4,797,027,600	1,018,055,217	82,830,975	5,897,913,791
Financial assets derecognised or repaid	(3,406,061,670)	(1,811,689,927)	(1,761,939,150)	(6,979,690,747)
Write-off made during the year	-	-	-	-
As at 31 March 2023	10,505,453,742	2,052,707,976	1,422,369,711	13,980,531,428

18.1.8 PRODUCT WISE ANALYSIS OF NET LOANS AND RECEIVABLES

	As at 31st March 2024			As at 31st March 2023		
	Gross Receivables Rs.	ECL Allowance Rs.	Net Receivables Rs.	Gross Receivables Rs.	ECL Allowance Rs.	Net Receivables Rs.
Finance lease receivable (Note 18.1.1)						
Stage 01	6,237,183,191	(109,194,002)	6,127,989,189	5,642,840,576	(155,890,647)	5,486,949,929
Stage 02	2,339,308,189	(190,283,339)	2,149,024,850	1,485,821,160	(185,659,630)	1,300,161,530
Stage 03	1,515,317,276	(626,811,610)	888,505,666	946,063,956	(403,409,821)	542,654,135
	10,091,808,656	(926,288,951)	9,165,519,705	8,074,725,692	(744,960,098)	7,329,765,594
Hire purchase receivable (Note 18.1.2)						
Stage 01	-	-	-	-	-	-
Stage 02	-	-	-	-	-	-
Stage 03	25,704,522	(11,575,395)	14,129,127	29,171,581	(8,042,454)	21,129,127
	25,704,522	(11,575,395)	14,129,127	29,171,581	(8,042,454)	21,129,127
Other loans receivable (Note 18.1.3)						
Stage 01	416,653,755	(2,293,400)	414,360,355	458,111,090	(4,562,069)	453,549,021
Stage 02	21,849,694	(2,609,819)	19,239,875	84,313,877	(13,746,828)	70,567,049
Stage 03	332,961,647	(162,234,511)	170,727,136	270,172,639	(184,254,299)	85,918,340
	771,465,096	(167,137,730)	604,327,366	812,597,606	(202,563,196)	610,034,410
Factoring receivable (Note 18.1.4)						
Stage 01	-	-	-	-	-	-
Stage 02	-	-	-	2,291,354	(1,903,464)	387,890
Stage 03	58,820,883	(10,442,458)	48,378,425	91,249,042	(77,395,809)	13,853,233
	58,820,883	(10,442,458)	48,378,425	93,540,396	(79,299,273)	14,241,123
Gold loan receivable (Note 18.1.5)						
Stage 01	3,796,062,603	(175,653)	3,795,886,950	3,930,281,884	(1,107,436)	3,929,174,448
Stage 02	988,016,157	(393,250)	987,622,907	480,281,584	(394,178)	479,887,406
Stage 03	110,949,795	(5,034,067)	105,915,728	75,894,135	(403,081)	75,491,054
	4,895,028,555	(5,602,970)	4,889,425,585	4,486,457,603	(1,904,695)	4,484,552,908
Alternative finance receivable (Note 18.1.6)						
Stage 01	906,045,870	(5,372,878)	900,672,992	474,220,191	(1,586,789)	472,633,402
Stage 02	36,943,088	(1,897,410)	35,045,678	-	-	-
Stage 03	1,650,050	(410,050)	1,240,000	9,818,359	(1,163,672)	8,654,687
	944,639,008	(7,680,338)	936,958,670	484,038,550	(2,750,461)	481,288,089
Total	16,787,466,720	(1,128,727,843)	15,658,738,877	13,980,531,428	(1,039,520,177)	12,941,011,251

18.1.9 MOVEMENT IN IMPAIRMENT CHARGES DURING THE YEAR

	Finance lease Rs.	Hire purchase Rs.	Loans and others Rs.	Factoring Rs.	Alternative finance Rs.	Gold loan Rs.	Total Rs.
Balance as at 01st April 2023	744,960,098	8,042,454	202,563,196	79,299,273	2,750,461	1,904,695	1,039,520,177
Charges for the year	181,328,853	3,532,941	(35,425,466)	(17,885,594)	4,929,877	3,698,275	140,178,886
Written off during the year	-	-	-	(50,971,220)	-	-	(50,971,220)
Balance as at 31st March 2024	926,288,951	11,575,395	167,137,730	10,442,459	7,680,338	5,602,970	1,128,727,843

18.1.10 MOVEMENT IN SPECIFIC AND COLLECTIVE IMPAIRMENT CHARGES FOR THE YEAR ENDED 31ST MARCH 2023

	Finance lease Rs.	Hire purchase Rs.	Loans and others Rs.	Factoring Rs.	Alternative finance Rs.	Gold loan Rs.	Total Rs.
Balance as at 01st April 2022	677,085,560	7,583,070	171,949,903	72,968,214	1,163,965	5,745,674	936,496,386
Charge for the year	67,874,538	459,384	30,613,293	6,331,059	1,586,496	(3,840,979)	103,023,791
Balance as at 31st March 2023	744,960,098	8,042,454	202,563,196	79,299,273	2,750,461	1,904,695	1,039,520,177

18.1.11 IMPAIRMENT FOR EXPECTED CREDIT LOSSES (STAGE COMPOSITION) AS AT 31ST MARCH 2024

	Finance lease Rs.	Hire purchase Rs.	Loans and others Rs.	Factoring Rs.	Alternative finance Rs.	Gold loan Rs.	Total Rs.
Stage 01 ECL	109,194,002	-	2,293,400	-	5,372,878	175,653	117,035,933
Stage 02 ECL	190,283,339	-	2,609,819	-	1,897,410	393,250	195,183,818
Stage 03 ECL	626,811,610	11,575,395	162,234,511	10,442,459	410,050	5,034,067	816,508,092
	926,288,951	11,575,395	167,137,730	10,442,459	7,680,338	5,602,970	1,128,727,843

19. PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS AT AMORTISED COST

As at 31st March	2024 Rs.	2023 Rs.
Investments in fixed deposits	**342,772,502**	236,013,310
	342,772,502	236,013,310

20. OTHER ASSETS

As at 31st March	2024 Rs.	2023 Rs.
Advances paid	127,285,245	15,001,334
Insurance commissions receivable	23,712,542	9,142,198
ESC and WHT recoverable	102,486,284	99,849,272
Deposits and prepayments	686,880,605	533,447,994
	940,364,676	657,440,798

21. REAL ESTATE STOCK

As at 31st March	2024 Rs.	2023 Rs.
Naranwala project	1,767,497	1,767,497
Kiriberiya project	2,887,113	2,887,113
Matale project	13,045,845	12,734,205
Maddawaththa project	865,459	865,459
Chillaw project	1,793,927	1,793,927
Dambulla project	7,393,146	7,393,146
Fall in fair value of real estate stock	(16,784,729)	(16,784,729)
	10,968,258	10,656,618

22. DEFERRED TAX ASSET

As at 31st March	2024 Rs.	2023 Rs.
Balance at the beginning of the year	369,577,434	371,600,809
Deferred tax effect on actuarial gain/(loss) on retirement benefits obligation	(2,054,395)	456,564
Charge for the year	(954,439)	(2,479,940)
Balance at the end of the year	366,568,600	369,577,434

As at 31st March	2024 Rs.	2023 Rs.
22.1 DEFERRED TAX ASSETS		
The amounts recognised as deferred tax assets are as follows:		
Property, plant and equipment and intangible assets	**(55,098,997)**	(55,153,119)
Right-of-use assets	**(19,811,548)**	(15,170,957)
Retirement benefits obligation	**19,581,262**	16,191,190
Tax losses carried forward	**27,407,612**	-
Qualifying payment on purchase consideration of amalgamation	**375,791,981**	333,606,467
Unclaimed impairment provision	**18,698,289**	90,103,853
	366,568,600	369,577,434

Deferred tax assets and liabilities as at 31st March 2024 were assessed based on the effective tax rate of 30% (2023- 30%).

23. GOODWILL ON ACQUISITION

There was a premium amounting to Rs. 800,425,746/- on the amalgamation of former Orient Finance PLC with former Bartleet Finance PLC during the quarter ended 30th June 2015 which has been computed as follows:

	Rs.
Total consideration paid	1,730,906,250
Total identifiable net assets	930,480,504
Total premium	800,425,746

23.1 BRAND VALUE

Out of the total premium on the acquisition of former Orient Finance PLC, Rs. 235,880,000/- was attributed as Brand Value of former Orient Finance PLC based on a valuation carried out by an independent professional valuer.

VALUATION METHODOLOGY AND PRINCIPAL ASSUMPTIONS USED FOR THE BRAND VALUATION

"Income approach" has been considered for the valuation of the brand by the independent professional valuer and the following principal assumptions were used.

- Implied royalty rate - 1.68%
- Cost of equity - 16.54% (risk free rate - 11.04% + equity risk premium - 5% + alpha 5%)
- Terminal growth rate - 3%
- Terminal multiplier 577

To determine appropriate royalty rates for the trade names, the Independent professional valuer has considered royalty rates available in the international markets for banking and finance related brands/trade marks.

23.2 GOODWILL

Pursuant to recognition of brand value as described in note 23.1 above, the remainder of the premium on acquisition amounting to Rs. 564,545,746/- has been recognised as the goodwill on acquisition.

23.3 IMPAIRMENT

The management has assessed to ascertain whether there could be any impairment on the brand value and/or goodwill. A separate assessment of value in use of brand value and goodwill is not practicable as the future cash flows attached to the cash generating unit pertaining to pre-acquisition of Orient Finance PLC due to the following reasons:

(a) Departments of the two entities have been merged post amalgamation.

(b) Certain employees resigned and the remaining employees took over the responsibilities of the areas of the employees who left.

Consequently, the management has taken the approach of assessing impairment on a combined approach of both the brand value and the goodwill. For this purpose, the management assessed the recoverable amount of the goodwill and the brand based on value in use taking into consideration the future estimated cash flows to equity.

Management determined forecast operating results based on past performance and expectations for the future. The pre-tax discount rate used is 12% and the growth rate used to extrapolate cash flow projections beyond five years is 5% per annum. Value in Use (VIU) is computed based on these data and assumptions support the carrying value of goodwill.

The summary of assessments is as follows:

	Rs.
Value in use as per management's assessment	38,693,978,754
Carrying value of brand value and goodwill	800,425,746
Carrying value of tangible assets	2,802,504,480
Total carrying value (net assets)	3,602,930,226

Since the carrying value is less than the value in use, the management concluded that there was no impairment of brand value and goodwill taken together as at 31st March 2024.

24. OTHER INTANGIBLE ASSETS

As at 31st March	2024 Rs.	2023 Rs.
Computer software		
Cost		
Balance at the beginning of the year	**62,710,601**	62,710,601
Additions during the year	**1,339,520**	-
Balance at the end of the year	**64,050,121**	62,710,601
Accumulated amortization		
Balance at the beginning of the year	**37,612,656**	24,810,666
Amortised during the year	**11,811,127**	12,801,990
Transferred from property, plant and equipment	**1,940,683**	-
Balance at the end of the year	**51,364,466**	37,612,656
Carrying amount at the end of the year	**12,685,655**	25,097,945

25. PROPERTY, PLANT AND EQUIPMENT

Cost	Furniture and fittings Rs.	Office equipment Rs.	Computer equipment Rs.	Motor vehicles Rs.	Total Rs.
Balance as at the beginning of the year	92,039,610	111,909,966	164,100,764	616,392	368,666,732
Additions during the year	39,511,848	32,397,231	20,907,400	-	92,816,479
Disposal - loss and damages	5,109,504	(8,614,134)	(106,419,940)	(115,535)	(110,040,105)
Balance as at the end of the year	136,660,962	135,693,063	78,588,224	500,857	351,443,106
Accumulated depreciation					
Balance as at the beginning of the year	63,287,234	76,578,717	157,564,520	502,845	297,933,316
Charge for the year	15,608,969	16,755,595	12,223,583	60,000	44,648,147
Disposal - loss and damages	904,351	(10,421,250)	(123,239,418)	(95,522)	(132,851,839)
Transferred to intangible assets	-	-	(1,940,683)	-	(1,940,683)
Balance as at the end of the year	79,800,554	82,913,062	44,608,002	467,323	207,788,941
Carrying amount as at 31st March 2024	56,860,408	52,780,001	33,980,222	33,534	143,654,165
Carrying amount as at 31st March 2023	28,752,376	35,331,249	6,536,244	113,547	70,733,416

25.1 Property, plant and equipment included fully depreciated assets having a gross amount of Rs. 97,660,338/- as at 31st March 2024. (31st March 2023- Rs.98,511,154/-).

25.2 There were no capitalised borrowing costs related to the acquisition of property, plant and equipment during the year (2022/2023 -nil).

25.3 There were no restrictions on the title of the property, plant and equipment as at 31st March 2024.

25.4 There were no items of property, plant and equipment pledged as security as at 31st March 2024.

25.5 There were no temporary idle items of property, plant and equipment as at 31st March 2024.

26. RIGHT-OF-USE-ASSETS

As at 31st March	2024 Rs.	2023 Rs.
Cost		
Balance at the beginning of the year	**235,036,299**	212,863,813
Additions made during the year	**79,339,280**	22,172,486
Balance at the end of the year	**314,375,579**	235,036,299
Accumulated amortisation		
Balance at the beginning of the year	**138,243,617**	97,367,739
Charge for the year	**49,638,249**	40,875,878
Balance at the end of the year	**187,881,866**	138,243,617
	126,493,713	96,792,682

27. INVESTMENT PROPERTIES

As at 31st March	2024 Rs.	2023 Rs.
Balance at the beginning of the year	**690,316,463**	662,150,002
Additions during the year	-	8,566,463
Disposal during the year	-	(21,500,000)
Fair value gain on investment properties	**31,083,537**	41,100,000
Balance at the end of the year	**721,400,000**	690,316,465

27.1 THE DETAILS OF LANDS AND BUILDINGS

Location and address	Method of Valuation	No. of Buildings	Building Area (Sq.Ft)	Land Extent (Perches)	Fair Value as at 31st March 2024 (Rs.)	Fair Value as at 31st March 2023 (Rs.)
38, Station Road, Matara	Market Approach	1	9,400	37.8	143,000,000	140,000,000
197/4, Galle Road, Kalutara	Contractor's Test Method	1	36,141	39.87	303,000,000	298,500,000
Eluwila, Panadura	Comparison Method	-	-	A1-R3-P22	85,500,000	83,750,000
3rd Lane, Pubudu Kreedangana Mawatha, Halbarawa, Malabe	Contractor's Test Method	1	2,623	R1-P11	71,650,000	62,000,000
Homagama, Kuruduwaththe Wala Kumbure Peellewa	Residual Method	-	-	1A-R0-P32	46,500,000	44,500,000
Katupotha, Dambulla	Comparison Method	-	-	R1-P32.62	29,000,000	27,000,000
No.5675, Naigalawatta, Ibbankatuwa, Dambulla	Market Approach	-	-	1A-2R 32.4 P	30,000,000	26,000,000
Beligahawatta, Gunasekara Mawatha, Habaraduwa	Contractor's Test Method	1	2,400	R1-P6.5	12,750,000	8,566,465
Total					721,400,000	690,316,465

27.2 The amounts recognised in profit or loss for rental income from investment properties and direct operating expenses arising from investment properties are as follows:

Location and address	No. of Buildings	Rental income from investment properties (Rs.)	Direct operating expense (Rs.)
38, Station Road, Matara	1	941,352	-
197/4, Galle Road, Kalutara	1	8,441,351	737,852

27.3 INFORMATION ON INVESTMENT PROPERTIES - VALUATIONS

Valuation of investment properties of the Company was carried out by H.B. Manjula Basnayaka. AIV (Sri Lanka), N.C.T., QS, (COT),incorporated valuer. The comparison method, market approach, contractor's test method and residual method of valuation has been used for the valuations.

Investment properties of the Company are considered under Level 3 of fair value hierarchy.

Name of professional valuer/location and address	Method of valuation and significant unobservable inputs	Ranges of estimates for unobservable inputs	Fair value of the investment property - Land Rs.	Fair value of the investment property - Building Rs.	Fair value gains/(losses) recognised in the income statement - Land Rs.	Fair value gains/(losses) recognised in the income statement - Building Rs.
H.B, Manjula Basnayaka	Market Approach					
No.38, Station Road, Matara	Price per perch	Rs.2,750,000/- per perch	103,950,000	-	3,950,000	-
	DRC value of the building	Rs.3,250/- per Sq feet	-	39,050,000	-	(950,000)
H.B, Manjula Basnayaka	Contractor's test method					
197/4, Galle Road, Kalutara	Price per perch	Rs.4,200,000/- per perch	161,700,000	141,300,000	7,700,000	(3,200,000)
	DRC value of the building	Rs.4,400/- per Sq feet				
H.B, Manjula Basnayaka	Comparison method					
Eluwila, Panadura	Price per perch	Rs.900,000/- per perch of commercial land and Rs.475,000/- per perch for rear land	85,500,000	-	1,750,000	-
H.B, Manjula Basnayaka	Contractor's test method					
3rd Lane, Pubudu Kreedangana Mawatha, Halbarawa, Malabe	Price per perch	Rs.1,150,000/- per perch	58,650,000	13,000,000	20,910,000	(11,260,000)
	DRC value of the building	Rs.5,650/- per Sq feet				
H.B, Manjula Basnayaka	Residual method					
Homagama, Kuruduwaththe Wala Kumbure Peellewa	Price per perch	Rs.550,000/- per perch	46,500,000	-	2,000,000	-
H.B, Manjula Basnayaka	Comparison method					
Katupotha, Dambulla	Price per perch	Rs.400,000/- per perch	29,000,000	-	2,000,000	-
H.B, Manjula Basnayaka	Market approach					
No.5675, Naigalawatta, Ibbankatuwa, Dambulla	Price per perch	Rs.225,000/- per perch	30,000,000	-	4,000,000	-

Name of professional valuer/location and address	Method of valuation and significant unobservable inputs	Ranges of estimates for unobservable inputs	Fair value of the investment property - Land Rs.	Fair value of the investment property - Building Rs.	Fair value gains/(losses) recognised in the income statement - Land Rs.	Fair value gains/(losses) recognised in the income statement - Building Rs.
H.B, Manjula Basnayaka	Contractor's test method					
Beligahawatta, Gunasekara Mawatha, Habaraduwa	Price per perch	Rs.225,000/- per perch of front land and Rs.160,000/- per perch for rear land	9,390,000	-	823,535	-
	DRC value of the building	Rs.1,400/- per Sq feet	-	3,360,000	-	3,360,000

27.4 VALUATION TECHNIQUES AND SENSITIVITY OF THE FAIR VALUE MEASUREMENT OF THE INVESTMENT PROPERTIES

Valuation techniques	Significant unobservable valuation inputs	Sensitivity of the fair value measurement to inputs
Comparison Method		
This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for differences in size, nature, location and condition of specific property.	Price per perch for land	Estimated fair value would increase/(decrease) if Price per perch of land would increase/(decrease)
Market Approach		
The market approach is a method of determining the value of an asset based on the selling price of similar assets. It is one of three popular valuation methods, along with the cost approach and discounted cash-flow analysis (DCF).	"Price per perch DRC value of the building	Estimated fair value would increase/(decrease) if Price per perch of land would increase/(decrease)
Contractor's Test Method		
The Contractor's method is a cost method of valuation, and can sometimes be used when comparative, profits or investments methods cannot be used. The situation often occurs if a property has a specialist nature, meaning there are no market transactions	"Price per perch DRC value of the building	Estimated fair value would increase/(decrease) if Price per perch of land would increase/(decrease)
Residual Method		
The residual method is used to determine the value of the property through the potential available after a scenario of exploitation. A typical example of the residual method is the possible demolition of an old house and the creation of a brand new building in this location. It is realized that the value of the land in this case is changing	"Price per perch DRC value of the building	Estimated fair value would increase/(decrease) if Price per perch of land would increase/(decrease)

28. DEPOSITS FROM CUSTOMERS

As at 31st March	2024 Rs.	2023 Rs.
Fixed deposits (Note 28.1)	**13,496,640,669**	10,700,736,645
Savings deposits	**59,790,343**	58,761,932
	13,556,431,012	10,759,498,577

28.1

As at 31st March	2024 Rs.	2023 Rs.
Public deposits	**12,874,143,623**	10,118,124,621
Interest accrued	**622,497,046**	582,612,024
Public deposits at amortised cost	**13,496,640,669**	10,700,736,645

28.2 Rs.10,847,646,770/- (2022/2023-Rs.9,180,459,612/-) of deposits from customers are expected to mature within a 12 month period from the reporting date, 31st March 2024.

29. INTEREST BEARING BORROWINGS

As at 31st March	2024 Rs.	2023 Rs.
Institutional borrowings (Note 29.1)	**2,115,120,468**	2,606,632,095
	2,115,120,468	2,606,632,095
29.1 MOVEMENT IN INSTITUTIONAL BORROWINGS		
Balance at the beginning of the year	**2,593,374,234**	3,736,488,798
Obtained during the year	**5,346,000,000**	682,934,628
Payments made during the year	**(5,831,475,900)**	(1,826,049,192)
Balance before adjusting for amortised interest (Note 29.3)	**2,107,898,334**	2,593,374,234
Net effect on amortised interest payable (Note 29.3)	**7,222,134**	13,257,861
Balance at the end of the year	**2,115,120,468**	2,606,632,095
29.2 INTEREST BEARING BORROWINGS - CURRENT AND NON-CURRENT		
Payable within one year	**1,244,034,364**	1,406,372,649
Payable after one year (1-5 years)	**871,086,104**	1,200,259,446
	2,115,120,468	2,606,632,095

29.3 INSTITUTIONAL BORROWINGS

Bank	Facility amount Rs.	Capital outstanding as at 31.03.2024 Rs.	Finance cost payable as at 31.03.2024 Rs.	Total payable at amortised cost as at 31.03.2024 Rs.	Tenure of loan (months)
Long-term loans					
Union Bank PLC	825,000,000	215,625,000	378,082	216,003,082	48
Sampath Bank PLC	500,000,000	208,240,000	451,510	208,691,510	48
Hatton National Bank PLC	500,000,000	273,200,000	97,604	273,297,604	48
Bank of Ceylon	700,000,000	628,888,870	5,140,189	634,029,059	24
Cargills Bank PLC	650,000,000	6,944,460	13,213	6,957,673	36
National Development Bank PLC	400,000,000	300,000,004	112,522	300,112,526	36
Short-term loans - Revolving					
Sampath Bank PLC	100,000,000	100,000,000	219,452	100,219,452	Revolving Loan
Union Bank PLC	200,000,000	200,000,000	545,863	200,545,863	Revolving Loan
Pan Asia Banking Corporation PLC	200,000,000	175,000,000	263,699	175,263,699	Revolving Loan
		2,107,898,334	7,222,134	2,115,120,468	

30. LEASE LIABILITY-RIGHT-OF-USE-ASSETS

As at 31st March	2024 Rs.	2023 Rs.
Balance at the beginning of the year	**46,222,825**	76,660,167
During the year additions	**79,339,280**	22,172,486
Interest charged for the year	**27,405,890**	26,489,557
Payment made during the year	**(92,512,776)**	(79,099,385)
	60,455,219	46,222,825
Payable within one year	**17,805,398**	19,470,092
Payable after one year	**42,649,821**	26,752,733
	60,455,219	46,222,825

31. OTHER LIABILITIES

As at 31st March	2024 Rs.	2023 Rs.
Vendor payable	**386,613,466**	227,986,015
Insurance payable	**3,924,637**	30,813,095
Accrued expenses and other payables	**424,392,171**	199,558,670
Real estate advances	**28,428,306**	23,860,854
	843,358,580	482,218,634

32. RETIREMENT BENEFITS OBLIGATION

As at 31st March	2024 Rs.	2023 Rs.
Balance at the beginning of the year	**52,448,752**	44,103,980
Amount recognised in the total comprehensive income (Note 32.1)	**23,468,951**	12,833,356
Payments during the year	**(10,646,831)**	(4,488,584)
Balance at the end of the year	**65,270,872**	52,448,752

32.1 THE AMOUNT RECOGNISED IN THE TOTAL COMPREHENSIVE INCOME IS AS FOLLOWS:

As at 31st March	2024 Rs.	2023 Rs.
Interest cost	**7,867,313**	6,615,597
Current service cost	**8,753,655**	7,739,639
Actuarial gain recognised	**6,847,983**	(1,521,880)
	23,468,951	12,833,356

32.2 An actuarial valuation of the retirement benefits obligation was carried out as at 31st March 2024 by Actuarial and Management Consultants (Pvt) Ltd. The Company has estimated its gratuity liability as at 31st March 2024 based on the forecast given by the actuary using the census and assumptions as at 31st March 2024.

The principal assumptions used were as follows:

As at 31st March	2024	2023
Discount rate	**12.00%**	15.00%
Future salary increases	**9%**	10%
Staff turnover factor	**32%**	20%
Retirement age	**60 years**	60 years

32.3 SENSITIVITY OF ASSUMPTIONS EMPLOYED IN ACTUARIAL VALUATION

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measurement.

The sensitivity of the income statement and the statement of financial position is the effect of the assumed changes in discount rate and salary increment rate on the profit or loss and employment benefit obligation for the year.

Increase/decrease in discount rate	Increase/decrease in salary increment	2023/2024 Sensitivity effect on income statement increase/(reduction) in results for the year Rs.	2022/2023 Sensitivity effect on income statement increase/(reduction) in results for the year Rs.
1%	-	**(1,544,292)**	(1,803,528)
-1%	-	**1,630,472**	1,940,713
-	1%	**1,972,031**	2,202,413
-	-1%	**(1,897,056)**	(2,075,398)

33. STATED CAPITAL

As at 31st March	2024 Rs.	2023 Rs.
Ordinary shares (Note 33.1)	**2,431,879,039**	2,431,879,039
	2,431,879,039	2,431,879,039
No. of shares (Note 33.2)	**211,091,155**	211,091,155

33.1 The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

33.2 All ordinary shares rank equally with regard to the Company's residual assets.

34. STATUTORY RESERVE FUND

As at 31st March	2024 Rs.	2023 Rs.
At the beginning of the year	**375,736,747**	375,736,747
Transfer during the year	**17,426,357**	-
At the end of the year	**393,163,104**	375,736,747

34.1 Statutory reserve fund is a capital reserve which contains profits transferred as required by Section 3 (b)(i) of Finance Companies Capital Funds Direction No. 01 of 2003 issued by the Central Bank of Sri Lanka.

35. REVALUATION RESERVE

As at 31st March	2024 Rs.	2023 Rs.
At the beginning of the year	**141,120,773**	141,120,773
At the end of the year	**141,120,773**	141,120,773

36. FINANCIAL REPORTING BY SEGMENTS

BUSINESS SEGMENTS

The Company has five reportable segments, as described below, which are the Company's strategic divisions. The strategic divisions offer different products and services, which are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the Company's management reviews internal management reports at least on a monthly basis. The following summary describes the operations in each of the Company's reportable segments.

a) Hire purchase, finance leasing - Provision of hire purchase and leasing facilities to customers

b) Loans - Provision of loan facilities to customers

c) Factoring - Debt factoring

d) Gold Loan - Provision of loans against gold

e) Others

For the year ended 31st March	Finance Leases, Hire Purchases		Loans	
	2024	2023	**2024**	2023
	Rs.	Rs.	**Rs.**	Rs.
Interest income	**2,421,087,995**	1,965,896,488	**115,269,839**	142,672,558
Fee and commission income	**129,005,539**	80,216,588	**2,307,586**	2,307,586
Other income	**32,283,325**	32,283,325	**12,135,320**	12,135,320
Total segmental income	**2,582,376,859**	2,078,396,401	**129,712,745**	157,115,464
Less: Interest expense	**(1,489,047,892)**	(1,414,543,442)	**(74,794,850)**	(106,931,791)
Segmental results	**1,093,328,967**	663,852,959	**54,917,895**	50,183,673
Depreciation and amortisation	**(44,179,292)**	(64,124,662)	**(2,219,125)**	(4,847,476)
Impairment charge	**184,861,795**	68,333,923	**(35,425,466)**	30,613,293
Other expenses	**(683,200,472)**	(556,166,512)	**(34,317,148)**	(42,043,164)
Income Tax and Tax on financial services	**(106,713,075)**	(26,708,092)	**(5,360,196)**	(2,018,987)
Profit after tax	**444,097,923**	85,187,615	**(22,404,041)**	31,887,339
Segmental assets	**7,857,567,100**	7,857,567,100	**605,754,288**	605,754,288
Segmental liabilities	**6,475,051,477**	6,381,757,774	**499,173,618**	491,981,435

Factoring		Gold Loan		Others		Total	
2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
Rs.	Rs.	**Rs.**	Rs.	**Rs.**	Rs.	**Rs.**	Rs.
4,527,559	4,315,133	**1,368,369,363**	1,261,763,310	**692,272,117**	218,411,364	**4,601,526,873**	3,593,058,853
7,552,730	717,197	**-**	-	**23,508,433**	22,650,601	**162,374,288**	105,891,972
-	-	**-**	-	**59,918,154**	76,857,923	**104,336,799**	121,276,568
12,080,289	5,032,330	**1,368,369,363**	1,261,763,310	**775,698,704**	317,919,888	**4,868,237,960**	3,820,227,393
(6,965,726)	(3,424,972)	**(789,027,948)**	(858,748,126)	**(447,282,710)**	(216,374,264)	**(2,807,119,126)**	(2,600,022,595)
5,114,563	1,607,358	**579,341,415**	403,015,184	**328,415,994**	101,545,624	**2,061,118,834**	1,220,204,798
(206,669)	(155,262)	**(23,410,078)**	(38,929,142)	**(13,270,651)**	(9,808,767)	**(83,285,795)**	(117,865,289)
(17,885,594)	6,331,059	**3,698,275**	(3,840,979)	**4,929,877**	1,586,496	**(140,178,886)**	(103,023,791)
(3,195,994)	(1,346,622)	**(362,019,428)**	(337,640,356)	**(205,220,907)**	(85,073,471)	**(1,287,953,948)**	(1,022,270,124)
(499,201)	(64,667)	**(56,545,931)**	(16,214,083)	**(32,054,653)**	(4,085,377)	**(201,173,055)**	(49,091,206)
(16,672,894)	6,371,866	**141,064,253**	6,390,624	**82,799,662**	4,164,505	**348,527,150**	(72,045,612)
31,621,321	31,621,321	**4,483,270,142**	4,483,270,142	**7,499,144,189**	4,490,660,436	**20,477,357,040**	17,468,873,287
26,057,644	25,682,200	**3,694,452,060**	3,641,221,732	**6,179,692,015**	3,647,223,980	**16,874,426,814**	14,187,867,121

37. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

	Less than 3 months	3-12 months	1-3 years	3-5 years	Over 5 years	Total 2024	Total 2023
	Rs	Rs	Rs	Rs	Rs	Rs	Rs
ASSETS							
Cash and cash equivalents	420,293,003	-	-	-	-	**420,293,003**	307,893,891
Financial assets at fair value through other comprehensive income	932,991,845	-	-	-	-	**932,991,845**	1,262,913,731
Loans and receivables at amortised cost	5,805,023,488	2,455,672,495	4,444,924,934	1,965,607,136	987,510,824	**15,658,738,877**	12,941,011,251
Placements with banks and other financial institution at amortised cost	39,961,325	302,811,177	-	-	-	**342,772,502**	236,013,310
Other assets	150,997,787	686,880,605	-	102,486,284	-	**940,364,676**	657,440,798
Real estate stock	-	10,968,258	-	-	-	**10,968,258**	10,656,618
Deferred tax asset	-	-	-	366,568,600	-	**366,568,600**	369,577,434
Brand value	-	-	-	-	235,880,000	**235,880,000**	235,880,000
Goodwill	-	-	-	-	564,545,746	**564,545,746**	564,545,746
Intangible assets	-	-	-	-	12,685,655	**12,685,655**	25,097,945
Property, plant and equipment and right-of-use of assets	-	-	126,493,713	143,654,165	-	**270,147,878**	167,526,098
Investment properties	-	-	-	-	721,400,000	**721,400,000**	690,316,465
Total assets	7,349,267,448	3,456,332,535	4,571,418,647	2,578,316,185	2,522,022,225	**20,477,357,040**	17,468,873,287
LIABILITIES							
Bank overdrafts	233,790,663	-	-	-	-	**233,790,663**	240,846,238
Deposits from customers	5,263,810,359	5,659,890,109	1,391,330,341	1,241,400,203	-	**13,556,431,012**	10,759,498,577
Interest bearing borrowings	594,584,918	649,449,446	871,086,104	-	-	**2,115,120,468**	2,606,632,095
Lease Liability - Right-of-use assets	5,276,044	12,529,353	26,800,546	15,849,276	-	**60,455,219**	46,222,825
Other liabilities	814,930,274	28,428,306	-	-	-	**843,358,580**	482,218,634
Retirement benefits obligation	-	-	-	-	65,270,872	**65,270,872**	52,448,752
	6,912,392,258	6,350,297,214	2,289,216,991	1,257,249,479	65,270,872	**16,874,426,814**	14,187,867,121
Maturity Gap	436,875,190	(2,893,964,679)	2,282,201,656	1,321,066,706	2,456,751,353		

38. RELATED PARTY TRANSACTIONS

The Company carries out transactions in the ordinary course of business with parties who are defined as related parties according to Sri Lanka Accounting Standard, LKAS 24 " Related Party Disclosures" and the details are reported below.

38.1 PARENT AND ULTIMATE CONTROLLING PARTY

The parent and ultimate controlling party of the Company is Janashakthi Limited.

38.2 TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

According to LKAS 24, "Related Party Disclosures", key management personnel are those having the authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Board of Directors (Including Executives and Non-Executive Directors) and their immediate family members have been classified as key management personnel of the Company.

The Company has paid Rs. 10,328,625/- (2022/2023 -Rs. 9,672,400/-) to the directors as emoluments, all of which comprise short-term employment benefits and no post-employment benefits have been paid during the year (2022/2023 – Nil). There are no direct transactions, arrangements and agreements involving key management personnel of the Company other than those disclosed in other related party transactions.

The Company accepts and holds fixed deposits from key management personnel and their relatives in the normal course of its business and the amount outstanding on such deposits as at 31st March 2024 is Rs.45,962,948/-(2022/2023- Rs.49,875,236/-).

38.3 OTHER RELATED PARTY TRANSACTIONS

The following transactions have been carried out with related parties during the year ended 31st March 2024.

38.3.1 RECURRENT RELATED PARTY TRANSACTIONS

Company	Relationship	Nature of transactions	Aggregate value of related party transactions entered into during the financial year 2024 Rs.	Aggregate value of related party transactions as a % of gross revenue/ income	Terms and conditions of the related party transactions
Janashakthi Insurance PLC	Affiliate	Insurance policies for staff	(11,117,800)	-0.2%	As per the insurance policies
		Insurance policies for customers	(4,911,850)	-0.1%	As per the insurance policies
		Rent,Water and Electricity bills of Trinco and Kilinochchi branches	(3,555,199)	-0.1%	As per the rent agreements
		Rent income received	1,882,704	0.04%	As per the agreements
Janashakthi Corporate Services Limited	Affiliate	Payment for secretarial work	(696,000)	-0.01%	As per the agreements
First Capital Holding PLC	Affiliate	Reimbursement of diesel cost of generators	(64,900)	-0.001%	As per the agreements
Janashakthi Limited	Parent	Corporate guarantee fee/ payment for HR system	(1,520,415)	-0.03%	As per the agreements
Dicklark (Private) Limited	Common Director	Fixed deposits	95,000,000	1.95%	As per the agreements
		Loan against Fixed deposits	(76,000,000)	-1.56%	As per the agreements

39. CAPITAL COMMITMENTS

The Company does not have material capital commitments outstanding as at the reporting date.

40. CONTINGENT LIABILITIES

The Company does not anticipate any contingent liabilities to arise out of any contingent events as at the reporting date except as disclosed below:

The Inland Revenue Department has issued assessments for Value Added Tax on Financial Services, Nation Building Tax on Financial Services and Value Added Tax amounting to Rs.263,394,017/- (including penalties of Rs.105,608,871/-) and the Board of Directors is confident that there will not be any additional tax liability on that.

41. ASSETS PLEDGED AS SECURITIES

The following assets have been pledged as securities against the long-term and short-term borrowings that have been disclosed under note No.29 to the financial statements.

Funding Institution	Nature of assets	Nature of liability	Balance outstanding as at 31st March 2024 Rs.	Value of assets pledged Rs.	Included under
Bank of Ceylon	Lease Receivable	POD	23,289,733	66,500,000	Future Capital Receivable
Commercial Bank of Ceylon PLC	Lease Receivable	POD	168,705,433	253,500,000	Future Rental Receivable
DFCC Bank PLC	Lease Receivable	POD	48,946	112,500,000	Future Rental Receivable
Hatton National Bank PLC	Lease Receivable	POD	6,611,848	65,000,000	Future Rental Receivable
National Development Bank PLC	Lease Receivable	POD	2,829,751	32,500,000	Future Rental Receivable
People's Bank	Lease Receivable	POD	9,145,115	97,500,000	Future Rental Receivable
Sampath Bank PLC	Lease Receivable	POD	23,124,630	112,500,000	Future Rental Receivable
Seylan Bank PLC	Lease Receivable	POD	35,207	37,500,000	Future Rental Receivable
Pan Asia Banking Corporation PLC	Lease Receivable	Short Term Revolving	175,000,000	227,500,000	Future Capital Receivable
Sampath Bank PLC	Lease Receivable	Money Market Loan	100,000,000	150,000,000	Future Rental Receivable
Union Bank of Colombo PLC	Lease Receivable	Short Term Revolving	200,000,000	260,000,000	Future Rental Receivable
Bank of Ceylon	Lease Receivable	Term Loan	628,888,870	817,555,533	Future Rental Receivable
Cargills Bank PLC	Lease Receivable	Term Loan	6,944,460	9,027,798	Future Rental Receivable
Hatton National Bank PLC	Lease Receivable	Term Loan	273,200,000	355,160,000	Future Rental Receivable
National Development Bank PLC	Lease Receivable	Term Loan	300,000,004	450,000,006	Future Rental Receivable
Sampath Bank PLC	Lease Receivable	Term Loan	208,240,000	312,360,000	Future Rental Receivable
Union Bank of Colombo PLC	Lease Receivable	Term Loan	215,625,000	280,312,500	Future Rental Receivable

41.1 In the ordinary course of business, the Company entered into transactions that resulted in the transfer of financial assets to third parties. The information above sets out the extent of such transfers and retained interest in transferred assets.

41.2 The Company has transferred future rental receivable of lease and hire purchases, but has retained substantially all of the credit risks associated with the transferred assets. Due to the retention of substantially all the risk and rewards on these assets, the Company continues to recognise these assets within lease rental receivable and stock out on hire.

42. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No circumstances have arisen since the end of the reporting date, which would require adjustment to, or disclosures in, the financial statements.

43. PENALTIES IMPOSED BY THE CENTRAL BANK OF SRI LANKA

The Company was not subject to any penalties imposed by Central Bank of Sri Lanka for the period.

44. COMPARATIVE INFORMATION

Comparative information of the financial statements has been re-classified wherever necessary to conform to the current year's presentation/classification.

45. DIRECTORS' RESPONSIBILITY

The Board of Directors is responsible for the preparation and presentation of these financial statements.

46. NUMBER OF EMPLOYEES OF THE COMPANY AS AT THE YEAR END

The number of employees of the Company as at 31st March 2024 is 555 (2023 - 487).

47. DETERMINATION OF FAIR VALUE AND FAIR VALUE HIERARCHY

For all financial instruments where fair values are determined by referring to externally quoted prices or observable pricing inputs to models, independent price determination or validation is obtained. In an inactive market, direct observation of a traded price may not be possible. In these circumstances, the Company uses alternative market information to validate the financial instrument's fair value, with greater weight given to information that is considered to be more relevant and reliable.

Fair values are determined according to the following hierarchy:

Level 1 : Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2 : Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3 : Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

The following table shows an analysis of financial instruments recorded at fair value by the level of the fair value hierarchy.

	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.
Financial assets - fair value through other comprehensive income				
Government securities	932,761,245	-	-	932,761,245
Investments in unquoted shares	-	230,600	-	230,600
	932,761,245	230,600	-	932,991,845

48. FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT AMORTIZED COST

The following table summarises the carrying amounts and the Company's estimate of fair values of those financial assets and liabilities not presented in the Company's statement of financial position at fair value. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair values in the table below may be different from the actual amounts that will be received/ paid on the settlement or maturity of the financial instrument. For certain instruments, the fair value may be determined using assumptions which are not observable in the market.

As at 31st March	2024		2023	
	Carrying Value (Rs.)	Fair Value (Rs.)	Carrying Value (Rs.)	Fair Value (Rs.)
ASSETS				
Cash and cash equivalents	420,293,003	420,293,003	307,893,891	307,893,891
Loans and receivables at amortised cost	15,658,738,877	15,658,738,877	12,941,011,251	12,941,011,251
Placements with banks and other financial institutions at amortised cost	342,772,502	342,772,502	236,013,310	236,013,310
	16,421,804,382	16,421,804,382	13,484,918,452	13,484,918,452
LIABILITIES				
Bank overdrafts	233,790,663	233,790,663	240,846,238	240,846,238
Deposits from customers	13,556,431,012	13,556,431,012	10,759,498,577	10,759,498,577
Interest bearing borrowings	2,115,120,468	2,115,120,468	2,606,632,095	2,606,632,095
	15,905,342,143	15,905,342,143	13,606,976,910	13,606,976,910

Given below are the methodologies and assumptions used in fair value estimates.

CASH AND CASH EQUIVALENTS

The carrying amounts of cash and cash equivalents, approximate their fair value as they are short-term in nature and are receivable on demand.

PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS AT AMORTISED COST

The carrying amounts of fixed deposits with banks and other reverse repurchase agreements, approximate their fair value as those are short-term in nature. Almost all of these balances have a remaining maturity of less than six months from the reporting date.

LOANS AND RECEIVABLES AT AMORTISED COST

Fair value of the loans and receivables to customers is the present value of future cash flows expected to be received from such loans and receivables calculated based on interest rates at the reporting date for similar types of loans and receivables. The Company calculated the fair value of the loans and receivables to customers based on interest rates at the reporting date for similar types of loans and receivables. Accordingly, fair value of such loans does not materially differ from its carrying value amounting to Rs.15,658,738,877/-.

BANK OVERDRAFTS

The carrying amounts of bank overdrafts, approximate their fair value as those are short term in nature.

DEPOSITS FROM CUSTOMERS

More than 80.39% of the customer deposits have a remaining contractual maturity of less than one year. Customer deposits with a contractual maturity of more than one year are subject to pre-mature uplift. Amounts paid to customers in the event of pre-mature uplift would not be materially different to its carrying value as at the reporting date. Therefore, fair value of customer deposits approximates their carrying value as at the reporting date.

INTEREST BEARING BORROWINGS

Interest bearing borrowings include only floating rate borrowings. The carrying value of the floating rate borrowings approximates their fair values as at the reporting date.

49. FINANCIAL RISK MANAGEMENT

Risk is the most important factor considered in the strategic decision making process at Orient Finance PLC. Therefore, all possible risks are properly evaluated before taking any strategic or operational decision and the best options which minimise the risk are chosen. Risk management framework of the Company is discussed in detail in this report. The major categories of financial risks are:

1 Credit risk
2 Liquidity risk
3 Operational risk
4 Market Risk

49.1 CREDIT RISK

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's loans and advances to customers. For risk management reporting purposes, the Company considers and consolidates all elements of credit risk exposures (such as individual obligor, default risk, country and sector risk).

MANAGEMENT OF CREDIT RISK

The Board of Directors has delegated responsibility for the oversight of credit risk to the Board Credit Committee. The Company's credit department, reporting to the credit committee, is responsible for management of the Company's credit risk, including:

I Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment criteria, risk grading and reporting, documentary and legal procedures and compliance with regulatory and statutory requirements.

II Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to business unit credit officers. Larger facilities require approval by the management credit committee or the Board Credit Committee as appropriate

III Reviewing and assessing credit risk - the Company's credit division assesses and approves all credit exposures. Any credit facilities in excess of designated limits are reviewed within the approved framework, prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process

IV Limiting concentrations of exposure to counterparties, geographies and industries within the approved framework

V Providing advice, guidance and specialised skills to business units to promote best practices throughout the Company in the management of credit risk

VI The Company conducted an indepth analysis on the probable customers who would get affected and the scale of the impact it may have on the Company's lending portfolio due to the prevailing macroeconomic situations and the related impacts to our customer's on account of elevated inflation and interest rates. The Company manages this by diversifying the lending portfolio across a wide range of product and customer segments which in turn would ensure the resiliense of the Company in an economic shock of this nature. The Company is comfortable with the existing composition of its loan portfolio and continuous monitoring activities are being carried out to avoid accumulation of exposures to risky segments.

Regular audit of business units and the Company's credit processes are carried out by internal audit.

As at 31st March	2024	2023
Loans and advance to customers	Rs.	Rs.
Carrying amount at amortised cost		
Individually significant impaired loans and advances (Note 49.1.1)	4,246,447,130	3,014,021,488
Unimpaired loans and advances (Note 49.1.2)	12,541,019,590	10,966,509,940
	16,787,466,720	13,980,531,428

49.1.1 INDIVIDUALLY SIGNIFICANT IMPAIRED LOANS AND ADVANCES

As at 31st March	2024 Rs.	2023 Rs.
Gross receivable	**4,246,447,130**	3,014,021,488
Allowance for impairment	**(780,617,467)**	(697,035,020)
Individually significant impaired loans and advances	**3,465,829,663**	2,316,986,468

49.1.2 UNIMPAIRED LOANS AND ADVANCES

As at 31st March	2024 Rs.	2023 Rs.
Gross receivable	**12,541,019,590**	10,966,509,940
Allowance for collective impairment	**(348,110,376)**	(342,485,157)
Carrying amount of unimpaired loan advances	**12,192,909,214**	10,624,024,783

WRITE-OFF POLICY

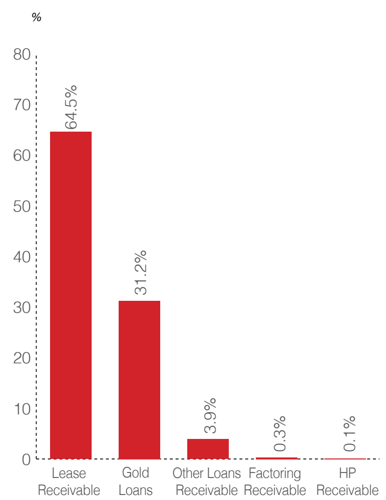
The Company writes off a loan or an investment debt security balance, and any related allowances for impairment losses, when the Company's recovery division determines that the loan or security is uncollectible. This determination is made after considering the information such as the occurrence of significant changes in the borrower's/issuer's financial position so that the borrower/issuer can no longer pay the obligation, or that the proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardised loans, write-off decisions generally are based on a product-specific past due status.

CONCENTRATION OF CREDIT RISK

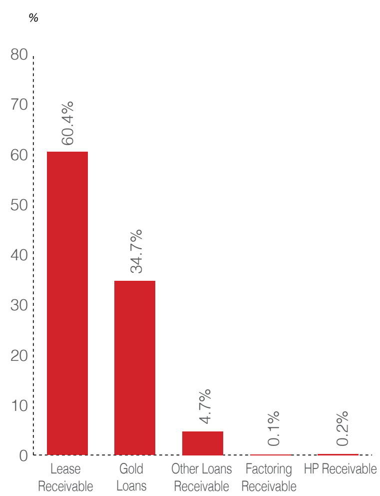
The Company monitors concentrations of credit risk by sector and by geographic location.

An analysis of concentrations of credit risk from loans and advances at the reporting date is shown below:

FY 2023/24



FY 2022/23



49.1.3 COLLATERAL AND OTHER CREDIT ENHANCEMENT

The table below provides an analysis of the current fair values of collaterals held and credit enhancements for stage 1 to 3 assets. However, the Stage 3 ECL can be higher than net exposure shown below when the future value of collaterals, measured using multiple economic scenarios, is expected to decline.

Revaluation of immovable properties obtained as collaterals against any accommodation granted are assessed based on the requirements in Direction No 04 of 2018 on 'Valuation of Immovable Properties' and subsequent amendments thereto issued by the Central Bank of Sri Lanka (CBSL). The assessment of immovable properties is carried out by independent professional valuers as required by the said direction issued by CBSL.

As at March 2024		Fair Value of Collateral under base case scenario				
	Maximum Exposure to Credit risk	Immovable Collateral	Movable Collateral	Total Collateral	Net Exposure	Associated ECL
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Stage 01	**11,355,945,418**	**395,000,000**	**13,335,470,105**	**13,730,470,105**	**(2,374,524,687)**	**117,035,934**
Stage 02	**3,386,117,128**	**192,000,000**	**4,774,862,403**	**4,966,862,403**	**(1,580,745,275)**	**195,183,818**
Stage 03	**2,045,404,174**	**542,750,000**	**2,533,024,502**	**3,075,774,502**	**(1,030,370,328)**	**816,508,091**
	16,787,466,720	**1,129,750,000**	**20,643,357,010**	**21,773,107,010**	**(4,985,640,290)**	**1,128,727,843**

As at March 2023		Fair Value of Collateral under base case scenario				
	Maximum Exposure to Credit risk	Immovable Collateral	Movable Collateral	Total Collateral	Net Exposure	Associated ECL
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Stage 01	10,505,453,740	76,125,000	820,000	76,945,000	10,428,508,740	163,146,941
Stage 02	2,052,707,977	113,825,000	15,720,000	129,545,000	1,923,162,977	201,704,099
Stage 03	1,422,369,711	178,247,000	55,780,000	234,027,000	1,188,342,711	674,669,137
	13,980,531,428	368,197,000	72,320,000	440,517,000	13,540,014,428	1,039,520,177

49.2 LIQUIDITY RISK

Liquidity is the ability to efficiently accommodate reduction in deposits and liabilities as well as to fund the loan growth and possible funding of the off-balance sheet claims. Liquidity risk arises through maturity mismatch of loans and deposits.

MANAGEMENT OF LIQUIDITY RISK

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquid assets to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's treasury receives information from other business units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. The treasury then maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities to ensure that sufficient liquidity is maintained within the Company as a whole.

The daily liquidity position is monitored and regular liquidity stress testing conducted under a variety of scenarios covering both the normal and more severe market conditions. All liquidity policies and procedures are subject to review and approval by ALCO. Daily reports cover the liquidity position of the Company and branches. A summary report, including any exceptions and remedial action taken, is submitted regularly to ALCO which in turn submits a monthly summary to the Board.

The Company relies on deposits from customers and bank borrowings as its primary sources of funding. While the Company's institutional borrowings have maturities of over one year, deposits from customers generally have shorter maturities. The short-term nature of these deposits increases the Company's liquidity risk and the Company actively manages this risk through maintaining competitive pricing and constant monitoring of market trends and maintaining unutilised credit lines.

EXPOSURE TO LIQUIDITY RISK

The key measure used by the Company for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose, net liquid assets are considered as including cash and cash equivalents and investment grade debt securities for which there is an active and liquid market less any deposits from banks, debt securities issued, other borrowings and commitments maturing within the following month. A similar, but not identical, calculation is used to measure the Company's compliance with the liquidity limit established by the Company's lead regulator, CBSL. Details of the reported Company ratio of net liquid assets to deposits from customers at the reporting date and during the year were as follows:

As at 31 March	2024 (Rs.)	2023 (Rs.)
Time deposits	**13,496,640,669**	10,700,736,645
Savings deposits	**59,790,343**	58,761,932
Unsecured borrowings	**-**	-
Available liquid assets	**1,695,826,750**	1,795,770,332
Cash in hand	**350,986,607**	222,627,839
Balances in current accounts (favourable)	**69,306,396**	85,266,052
Deposits in commercial banks	**342,772,502**	236,013,310
Approved securities	**932,761,245**	1,251,863,131
Average month-end deposit liabilities	**9,708,349,979**	8,854,195,051
Average month-end outstanding borrowings	**96,663,667**	68,750,000
	9,805,013,646	8,922,945,051
Required minimum amount of liquid assets	**1,358,632,618**	1,078,887,954
10% of fixed deposits	**1,349,664,067**	1,070,073,665
15% of savings deposits	**8,968,551**	8,814,290
10% of unsecured borrowings	**-**	-
Required minimum amount of approved securities	**735,376,023**	669,220,879

Period 01/04/2023 to 31/03/2024, fixed deposit 10%, borrowing 10% and savings deposit 15%.

MATURITY ANALYSIS FOR FINANCIAL LIABILITIES

Contractual maturity of the assets and the liabilities of the Company is disclosed in Note 37 to the financial statements.

To manage the liquidity risk arising from the financial liabilities, the Company holds liquid assets comprising cash and cash equivalents and investment grade investment securities for which there is an active and liquid market. These assets can be readily sold to meet liquidity requirements. In addition, undrawn credit lines are also maintained to meet any unexpected liquidity requirement.

49.3 OPERATIONAL RISKS

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's involvement with financial instruments, including processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

Compliance with Company standards is periodically reviewed by internal audit. The results of internal audit reviews are discussed with the management of the business unit to which they relate, while internal audit reports are submitted to the Board Audit Committee.

CAPITAL MANAGEMENT

The Company manages its capital base to comply with regulatory capital requirements and to act as a buffer for unforeseen losses.

CBSL has set minimum capital requirements for the finance companies as discussed below:

Tier 1 Capital, which includes stated capital, retained and audited earnings, after deductions for the goodwill and intangible assets, and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes; and

Tier 2 Capital, which includes qualifying subordinated liabilities, collective impairment allowances and the element of the fair value reserve relating to unrealised gains/losses on equity instruments measured at fair value through other comprehensive income.

According to these regulations, the minimum capital requirement under Tier 1 Capital Ratio is 8.50% of the Total Capital Ratio requirement is 12.50% of the total risk weighted assets (for LFCs with total assets less than Rs. 100 billion category).

The Company's Capital Adequacy Ratios as at 31 March 2024 were 15.22% (2023 - 15.50%) and 15.63% (2023 - 16.58%) for Tier 1 Capital and Total Capital respectively.

49.4 MARKET RISK

Market risk is the risk arising from fluctuations in market variables such as interest rates, foreign currencies, equity prices and gold prices. As the Company's operations involve granting accommodations, accepting deposits and obtaining funding facilities, the movements in interest rates constitute the most important market risk to the Company.

This risk is reviewed periodically by ALCO and by the Board Integrated Risk Management Committee.

Market risk is identified by the Company as the possibility of loss to the Company caused by changes in the market variables. Market risk mainly includes interest rate risk, liquidity risk, foreign exchange risk and country risk.

49.4.1 INTEREST RATE RISK

Interest rate risk is the potential negative impact on the net interest income based on rate fluctuations and impact on the profitability of the Company. The movements in interest rates are exposed to fluctuations in Net Interest Income (NII) and have the potential to impact the underlying value of interest earning assets and interest-bearing liabilities and off-balance sheet items. The main types of IRR to which the Company is exposed to are repricing risk, yield curve risk and basis risk. The Company does not have variable interest rate products and all facilities granted are on fixed interest rates. During the year, the interest rates reached unprecedented levels that subsequently came down due to monetary policy actions.

When all borrowings and lending are done on fixed rates the net interest margin is affected due to the following reasons:

MATURITY MISMATCH/GAP

One of the major concerns in financial business is the maturity mismatch where the average loan period is over 2 years whilst the average deposit period is less than one year. Hence, where the interests are on an increasing trend the Company's net interest margin will reduce.

Please refer note 37 to the financial statements for the maturity analysis.

RE-INVESTMENT RISK

These are uncertainties with regard to the interest rate at which the future cash flows could be re-invested. On an increasing trend, this would be beneficial for the Company.

NET INTEREST POSITION

When the market rates are on a downward trend and the Company's earning assets are higher than its liabilities, the risk of net interest position falling is high.

49.4.2 LIQUIDITY RISK

The Company considers that cash flow scrutiny is paramount in the management of liquidity risk and has adopted a disciplined approach across the units including setting up of company-wide spend control and cash management measures for preserving and increasing liquidity, particularly on account of the impact of prevailing macroeconomic uncertainty.

49.4.3 FOREIGN EXCHANGE (FOREX) AND COUNTRY RISK

FOREX is the risk that finance companies may suffer loss as a result of adverse exchange rate movements. Country risk is the risk that arises due to cross border transactions. The uncertainty caused by the prevailing economic condition could lead to increased pressure on the local currency resulting in higher foreign exchange risk. However, since Orient Finance PLC does not have any foreign borrowings or foreign transactions overseas except for a few items of operational expenditure, the Company concludes that negative impact on prevailing economic condition will not be substantial on the Company to conduct in-depth analysis and that the impact is minimal.

SUPPLEMENTARY INFORMATION

TEN YEAR ACHIEVEMENTS

For the year ended 31st March	2024	2023	2022	2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Operating Results Income	4,868,238	3,820,227	2,972,209	2,675,722
Interest Income	4,601,527	3,593,059	2,709,169	2,441,044
Interest Expenses	(2,807,119)	(2,600,023)	(1,159,467)	(1,333,792)
Net Interest Income	1,794,408	993,036	1,549,702	1,107,252
Operating Expenses & Provisions	(1,444,926)	(1,289,770)	(1,359,745)	(1,148,367)
Profit Before Income Tax	349,482	(69,566)	452,997	193,563
Income Tax on Profit	(954)	(2,480)	-	-
Profit for the year	348,527	(72,046)	452,997	193,563
Balance Sheet Information				
Assets				
Loans & Advances to Customers	15,658,739	12,941,011	14,125,812	11,447,030
Financial Investments - Held to Maturity	-	-	-	-
Financial Investments - Available for Sale	932,992	1,262,914	725,705	849,633
Cash and Cash Equivalents	420,293	307,894	296,440	225,162
Property, Plant & Equipment and Investment Assets	865,054	761,050	746,656	740,469
Other Assets	2,600,279	2,196,005	1,832,633	1,626,626
Total Assets	20,477,357	17,468,873	17,727,246	14,888,919
Liabilities				
Deposits from Customers	13,556,431	10,759,499	9,204,263	8,692,941
Borrowings	2,348,911	2,847,478	4,555,431	2,729,981
Debentures and Preference Shares	-	-	-	-
Other Liabilities	969,085	580,890	635,672	579,067
Total Liabilities	16,874,427	14,187,867	14,395,367	12,001,989
Capital Employed				
Stated Capital	2,431,879	2,431,879	2,431,879	2,431,879
Retained Profit & Reserve Fund	1,171,051	849,127	900,000	455,051
Total Capital Employed	3,602,930	3,281,006	3,331,879	2,886,930

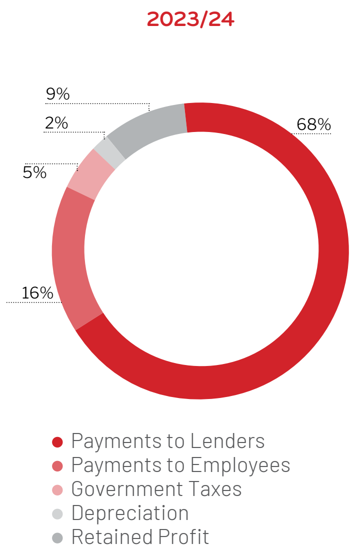
RATIOS AND RELATED INFORMATION

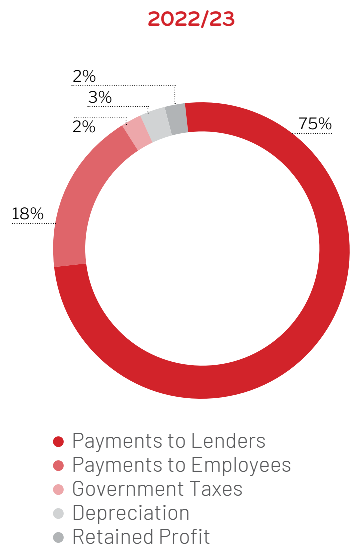
	2024	2023	2022	2021
Operating Ratios				
ROE	10.13%	-2.18%	14.57%	6.92%
ROA- Before Tax	1.84%	-0.40%	2.78%	1.27%
Gross Profit Margin	36.86%	25.99%	52.14%	41.38%
Net Profit Margin	7.16%	-1.89%	15.24%	7.23%
Income Growth	27.43%	28.53%	11.08%	-18.55%
Profit Growth	583.76%	-115.90%	134.00%	144.00%
Assets Growth	17.22%	-1.46%	19.06%	-4.79%
Net Assets Growth	9.81%	-1.53%	15.41%	6.52%
Gearing Ratios				
Debt to Equity - Times	4.41	4.15	4.13	3.96
Interest Cover - Times	1.12	0.97	1.39	1.15
Investor Ratios				
Basic earnings per share - (Rs.)	1.65	(0.34)	2.15	0.92
Net assets value per share - (Rs.)	17.07	15.54	15.78	13.68
Dividend per share - (Rs.)	-	-	-	-
Dividend Cover - Times	N/A	N/A	N/A	N/A
Dividend Payout ratio	-	-	-	-

2020	2019	2018	2017	2016	2015
Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs.'000	Rs.'000
3,285,238	3,493,414	3,496,109	3,309,736	2,363,152	1,362,664
3,052,678	3,239,038	3,311,049	3,128,709	2,229,746	1,283,087
(1,799,708)	(1,949,919)	(2,116,907)	(1,836,496)	(1,096,453)	(805,279)
1,252,970	1,289,119	1,194,142	1,292,213	1,133,293	477,807
(1,922,877)	(1,511,619)	(1,482,920)	(1,171,760)	(970,838)	(553,203)
(437,347)	31,875	(103,718)	301,479	295,861	4,182
-	(2,846)	(6,528)	(43,803)	311,012	-
(437,347)	29,029	(110,246)	257,676	606,873	4,182
12,339,298	14,033,760	14,504,334	16,416,103	13,839,304	4,987,749
-	-	-	-	-	-
934,478	936,940	945,559	839,887	756,124	592,105
70,618	181,742	195,581	107,894	231,678	194,035
613,431	478,764	415,618	421,315	438,736	446,864
1,679,713	1,728,438	2,054,602	1,664,830	1,846,840	585,231
15,637,538	17,359,644	18,115,694	19,450,029	17,112,682	6,805,984
9,020,632	10,479,531	11,852,625	9,565,559	9,249,312	5,746,847
3,038,038	2,091,869	1,806,790	4,815,150	3,262,738	31,760
-	1,524,483	1,454,471	1,392,671	1,176,913	204,000
868,655	1,097,261	653,390	1,176,922	1,180,738	253,377
12,927,326	15,193,144	15,767,276	16,950,302	14,869,701	6,235,984
2,431,879	1,378,690	1,378,690	1,378,690	1,378,690	306,025
278,331	787,810	969,728	1,121,037	864,291	263,974
2,710,210	2,166,500	2,348,418	2,499,727	2,242,981	569,999
-17.94%	1.29%	-4.55%	10.87%	43.15%	0.74%
-2.65%	0.18%	-0.55%	1.65%	2.47%	0.06%
38.14%	36.90%	34.16%	39.04%	47.96%	35.06%
-13.31%	0.83%	-3.15%	7.79%	25.68%	0.31%
-5.96%	-0.08%	5.63%	40.06%	73.42%	-15.10%
-1606.59%	126.33%	-142.64%	-57.54%	14412%	92.71%
-9.92%	-4.17%	-6.86%	13.66%	151.44%	-13.41%
25.10%	-7.75%	-6.05%	11.45%	293.51%	1.53%
4.45	6.51	6.44	6.31	6.10	10.50
0.76	1.02	0.95	1.16	1.27	1.01
(3.06)	0.20	(0.74)	1.74	7.00	0.05
12.84	14.64	15.87	16.89	15.15	7.45
-	-	0.25	-	-	-
N/A	N/A	N/A	N/A	N/A	N/A
-	-	-33.68%	-	-	-

STATEMENT OF VALUE ADDED

		Year 2024 Rs. Mn	Year 2023 Rs. Mn
Income	Gross Value added	**4,868**	3,820
	Cost of services	**(617)**	(400)
	Provision for Impairment Losses	**(140)**	(103)
		4,111	3,317
Value Allocated			
Payments to lenders	Interest Expenses	**2,807**	2,600
Payments to Employees	Employee Salaries and benefits	**666**	621
Dividends to shareholders	Dividends	**-**	-
Government Taxes	Tax payments	**205**	50
Depreciation	Operation cost	**83**	118
Retained Profit/ (Loss)	Value creation retained	**349**	(72)
		4,111	3,317





SHARE INFORMATION

1. SHARE INFORMATION

Range	As at 31st March 2024			As at 31st March 2023		
	No. of Shareholders	No. of Shares	% of Shares	No. of Shareholders	No. of Shares	% of Shares
1-1000	**578**	**105,810**	**0.05**	552	104,156	0.05
1,001 - 10,000	**190**	**762,107**	**0.36**	188	754,397	0.36
10,001 – 100,000	**102**	**3,536,745**	**1.68**	103	3,335,147	1.58
100,001 – 1,000,000	**28**	**7,566,207**	**3.58**	26	8,264,719	3.92
Over 1,000,000	**5**	**199,130,286**	**94.33**	5	198,642,736	94.10
Total	**903**	**211,101,155**	**100.00**	874	211,101,155	100.00

1.1 ANALYSIS OF SHARE HOLDERS

As at 31st March	2024		2023	
	No of Shares	% of Shares	No of Shares	% of Shares
Residents	**211,041,047**	**99.97**	210,121,680	99.54
Non-Residents	**60,108**	**0.03**	979,475	0.46

1.2 PUBLIC HOLDING

Public Holding as at 31st March 2024 - 12,952,342.

Number of Public Shareholders as at 31st March 2024 is 903

Public Holding of issued number of shares as at 31st March 2024 is 6.14% Float adjusted market capitalisation Rs. 108,799,673

2. SHARE PRICE INFORMATION

	2024	2023
	Rs.	Rs.
Highest	**9.30**	9.20
Lowest	**7.00**	7.10
Close	**8.40**	8.90

3. INVESTOR RATIOS

	2024	2023
	Rs.	Rs.
Book Value	**17.07**	15.54
EPS	**1.65**	(0.34)
Price Earnings Ratio	**5.09**	-

4. DIRECTORS INTEREST IN SHARES

	2024	2023
Mr. Rajendra Theagarajah	-	-
Ms. N.I. Goonesekara	-	-
Ms. M.D.A. Perera	-	-
Mr. Prakash Anand Schaffter	10	10
Mr. N.S.S. Cooray	-	-
Mr. R.M.D.J. Ratnayake	-	-
Mr. Nalin Karunaratne	-	-
Mr. K.M.M. Jabir	-	-
Ms. Manohari Abeyesekera	-	-
Ms. Sandamali Chandrasekara	-	-
	10	10

5. CHIEF EXECUTIVE OFFICER'S /DIRECTOR SHAREHOLDING

	2024	2023
Mr. K.M.M. Jabir	-	-

6. TOP 25 SHAREHOLDERS AS AT 31ST MARCH 2024

	No. of Shares	%
Janashakthi Ltd	93,644,438	44.36
Seylan Bank PLC/Janashakthi Limited (collateral)	90,000,000	42.63
Seylan Bank PLC/Janashakthi Capital Limited	11,810,999	5.59
First Capital Limited	2,138,299	1.01
DFCC Bank PLC/G.A.C. De Silva	1,536,550	0.73
Peoples Leasing and Finance PLC/ Suhada Gas Distributors (Pvt) Ltd	888,100	0.42
Commercial Bank of Ceylon PLC /D. Ramachandran	859,222	0.41
Commercial Bank of Ceylon PLC /Janashakthi Limited	555,057	0.26
Mr. R.A.B.K. Kumara	500,000	0.24
Mr. A. Rajaratnam	413,983	0.20
Mrs. I.P.I.L. Gunathilaka	406,750	0.19
Mr. L.P.Mendis	358,695	0.17
Mr. P.C. Priyanjitha	302,000	0.14
Peoples Leasing & Finance PLC/ Mr. A. Rajaratnam	300,000	0.14
Mr. S.M.P.B. Samarapperuma	270,692	0.13
Seylan Bank PLC/ Haloluwa Gedara Nilupul Gamini Haloluwa	246,886	0.12
Mr. M.K. De Livera	207,629	0.10
Mrs. A.S. De Alwis	204,428	0.10
Mr. L.L.P.D.E.S. Karunasekera	192,028	0.09
Mr. W.M.W.P.B. Weerakoon	171,520	0.08
Hatton National Bank PLC/ Koralagodage Don Sahan Rachitra Kulatunga & Mrs. Oshadhini Upulika Kumari Jayasundara	169,450	0.08
Mr. S. Senthimaaran	150,000	0.07
Mr. G.P.P. Abeywickrama	144,950	0.07
Mr. D. Ramachandran	144,350	0.07
Assetline Finance Limited/ Suhada Gas Distributors (Pvt) Ltd	143,810	0.07
Others	5,341,319	2.53
Total	211,101,155	100.00

GLOSSARY OF FINANCIAL TERMS

ACCOUNTING POLICIES

The specific principles, bases, conventions, rules and practices adopted by an entity in preparing and presenting financial statements.

ACCRUAL BASIS

Recognising the effects of transactions and other events as and when they occur without waiting for receipt or payment of cash or its equivalent.

AMORTIZATION

The systematic allocation of the depreciable amount of an intangible asset over its useful life.

AVAILABLE FOR SALE (AFS)

Non-derivative financial assets that are not classified as loans and receivables, held to maturity investments or financial assets at fair value through profit or loss.

CAPITAL ADEQUACY RATIO

The relationship between capital and the risk weighted assets as prescribed by the Central Bank of Sri Lanka.

CAPITAL RESERVES

Reserves identified for specific purposes and considered not available for distribution.

CASH EQUIVALENTS

Short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

SOLELY PAYMENTS OF PRINCIPAL AND INTEREST TEST (SPPI)

The classification decision for non-equity financial assets under IFRS 9, is dependent on two key criteria:

- The business model within which the asset is held (the business model test), and
- The contractual cash flows of the asset (the SPPI test).

EXPECTED CREDIT LOSSES (ECL)

Expected credit losses are a probability weighted estimate of credit losses over the expected life of the financial instrument.

12 MONTHS EXPECTED CREDIT LOSSES (12MECL)

The portion of life time expected credit losses that represent the expected credit losses resulting from default events of a financial instrument that are possible within 12 months after the reporting date.

LIFE TIME EXPECTED CREDIT LOSS (LTECL)

The expected credit losses that result from all possible default events over the expected life of a financial instrument.

EXPOSURE AT DEFAULT (EAD)

Gross carrying amount of financial instruments subject to impairment calculation.

EXPOSURE AT CLAIM

Contingent claim or position which carries a risk of financial loss.

CONTINGENCIES

A condition or situation existing on the reporting date where the outcome will be confirmed only by the occurrence or non-occurrence of one or more future events.

CORPORATE GOVERNANCE

The process by which corporate entities are governed. It is concerned with the way in which power is exercised over the management and direction of entity, the supervision of executive actions and accountability to owners and others.

CREDIT RATING

An evaluation of a corporate's ability to repay its obligations or the likelihood of not defaulting, carried out by an independent rating agency.

CREDIT RISK

Credit risk is the potential that a borrower or counterparty will fail to meet its obligations in accordance with agreed terms and conditions.

DEFERRED TAXATION

Sum set aside for tax in the financial statements that may become payable / receivable in a financial year other than the current financial year.

DEPRECIATION

The systematic allocation of the depreciable amount of property, plant and equipment over its useful life.

DERECOGNITION

The removal of a previously recognized financial asset or financial liability from an entity's Statement of Financial Position.

DIVIDEND PER SHARE (DPS)

Value of the total dividend paid out and proposed to ordinary shareholders divided by the number of ordinary shares in issue; this indicates the proportion of the current year's dividend attributable to an ordinary share in issue.

GLOSSARY OF FINANCIAL TERMS

EARNINGS PER SHARE (EPS)

Profit attributable to ordinary shareholders divided by the number of ordinary shares in issue; this indicates the proportion of the current year's earnings attributable to an ordinary share in issue.

ECONOMIC VALUE ADDED (EVA)

A measure of performance considering cost of total invested equity.

EFFECTIVE INTEREST RATE (EIR)

The rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

FAIR VALUE

The amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

FAIR VALUE THROUGH PROFIT OR LOSS

A financial asset or financial liability that is held for trading or upon initial recognition designated by the entity as fair value through profit or loss.

FINANCE LEASE

A lease that transfers substantially all the risks and rewards incidental to the ownership of an asset to the lessee. Title may or may not eventually be transferred.

FINANCIAL ASSET

Any asset that is cash, an equity instrument of another entity or a contractual right to receive cash or another financial asset from another entity.

FINANCIAL INSTRUMENT

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity instrument in another entity.

FINANCIAL LIABILITY

A contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity.

GROSS DIVIDEND

The proportion of profit distributed to the shareholders including the tax withheld.

GROUP

A group is a parent and all its subsidiaries and associates.

GUARANTEES

An assurance made by a third party (Guarantor) who is not a party to contract between two others, that the guarantor will be liable if the Guarantee fails to fulfill the contractual obligation.

HIRE PURCHASE

A contract between hirer and financier where the hirer takes on hire a particular article from the financier, with the option to purchase the article at the conclusion of the agreed rental payments.

IMPAIRMENT

This occurs when the recoverable amount of an asset is less than its carrying amount.

INTANGIBLE ASSET

An Intangible Asset is an identifiable non-monetary asset without physical substance.

INTEREST COVER

Earnings before interest and tax divided by interest expenses; this indicates the ability to cover or service interest charges of the debt holders.

KEY MANAGEMENT PERSONNEL (KMP)

People those who are having authority and responsibility for planning, directing and controlling the activities of the entity.

LEASE

An agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

LENDING PORTFOLIO

Total value of lending products net of unearned income, amounts received in advance and allowance for impairment.

LIQUID ASSET

Assets that are held in cash or in a form that can be converted to cash readily, such as deposits with banks and treasury bills.

LIQUID ASSETS RATIO

Liquid assets as a percentage of public deposits.

LIQUIDITY RISK

The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

MARKET RISK

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market price. Market risk comprises of currency risk, interest rate risk and other price risk.

NET ASSET VALUE PER ORDINARY SHARE

Shareholders' funds excluding preference shares, if any, divided by the number of ordinary shares in issue.

NET INTEREST INCOME

The difference between income earned from interest-bearing assets and cost incurred on financial instrument/ facilities used for funding the interest-bearing assets.

NON-PERFORMING ADVANCES

Loans and advances of which rentals are in arrears for three months or more.

NPL RATIO

Total non-performing loans as a percentage of the total lending portfolio.

PARENT

A parent is an entity that has one or more subsidiaries.

PAST DUE

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

RELATED PARTY

Parties where one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, directly or indirectly.

RELATED PARTY TRANSACTIONS

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

RETURN ON AVERAGE ASSETS (ROA)

Net profit for the year expressed as a percentage of average total assets; indicates overall effectiveness in generating profits with available assets.

RETURN ON AVERAGE EQUITY (ROE)

Net profit attributable to owners, expressed as percentage of average ordinary shareholders' equity.

REVERSE REPURCHASE AGREEMENT

Transactions involving the purchase of securities by the Company and resale back to the seller at a future date and specified price.

RISK WEIGHTED ASSETS

Sum total of assets as per the Statement of Financial Position and the credit equivalent of assets that are not on the Statement of Financial Position multiplied by the relevant risk weighting factors prescribed by the Central Bank of Sri Lanka.

SEGMENTAL ANALYSIS

Analysis of financial information by segments of an organisation specifically, the different industries and the different business lines in which it operates.

SHAREHOLDERS' FUNDS (EQUITY)

Consist of issued and fully-paid ordinary share capital plus capital and revenue reserves.

SUSTAINABILITY REPORT

Sustainability reporting is a practice of measuring, disclosing, and being accountable for organisational performance while working towards the goal of sustainable development. A sustainability report provides a balanced and reasonable representation of the sustainability performance of the reporting organisation.

TIER I CAPITAL

Core capital representing permanent shareholders' equity and reserves created or increased by appropriations of retained earnings or other surpluses.

TOTAL CAPITAL

Supplementary capital representing revaluation reserves, general provisions and other capital instruments, which combine certain characteristics of equity and debts, such as unsecured subordinate term debts and other hybrid capital instruments.

VALUE ADDED

Value of wealth created by providing financial and other related services less the cost of providing such services.

BRANCH NETWORK

HEAD OFFICE & BRANCHES DETAILS

Branch	Address		Contact No.	E-mail
Head Office	No. 61, Dharmapala Mawatha, Colombo 07	Tel : Fax :	+94 117 577 577 +94 117 577 551	raveendra@orient.lk
Corporate Office	No. 19, Railway Avenue, Nugegoda	Tel : Fax :	+94 117 577 577 +94 117 577 551	info@orient.lk
City Branch	No. 53A, D. S. Senanayake Mawatha, Colombo 08	Tel : Fax :	+94 117 677 601 +94 117 577 593	shanakal@orient.lk
Ampara	No. 01, D. S. Senanayake Road, Ampara	Tel :	+94 637 577571-76	jayanthah@orient.lk
Anuradhapura	No. 561/3, Maithreepala Senanayake Mawatha, New Town, Anuradhapura	Tel :	+94 257 577571-76	masoordeen@orient.lk
Avissawella	No. 20, Rathnapura Road, Avissawella	Tel :	+94367577571-76	damitham@orient.lk
Balangoda	No. 86, Barnes Rathwatta Mawatha, Balangoda (Sandagiri Walawa)	Tel :	+94 457577571-76	lakmalm@orient.lk
Bandarawela	No. 374, Badulla Road, Bandarawela	Tel :	+94 577577571-76	surangar@orient.lk
Batticaloa	No. 290/290A, Trincomalee Road, Batticaloa	Tel :	+94 657 577571-76	zakee@orient.lk
Chilaw	No. 3B, Bazaar Street, Chilaw	Tel :	+94 327577571-76	priyanthad@orient.lk
Embilipitiya	No. 77/1, New Town Road, Pallegama, Embilipitiya	Tel :	+94 477577571-76	vinodc@orient.lk
Galle	No. 60B ,Colombo Road, Kaluwella, Galle	Tel :	+94 917577571-76	vishva@orient.lk
Gampaha	No. 11, Ranathunga Mawatha, Gampaha	Tel :	+94 337577571-76	sudarshanie@orient.lk
Hambantota	No. 103, Tissa Road, Hambantota	Tel :	+94 477 577551-56	thilinak@orient.lk
Horana	No. 254, Panadura Road, Horana	Tel :	+94 347 577571-76	nalink@orient.lk
Jaffna	No. 550, Hospital Road, Jaffna	Tel :	+94 217 577571-76	asok@orient.lk
Kalutara	No. 294/A, Galle Road, Kalutara North, Kalutara	Tel :	+94 347 577551-56	duneeshaf@orient.lk
Kandy	No. 319, D.S. Senanayake Road, Kandy	Tel :	+94 817 577571-76	sanath@orient.lk
Kegalle	No. 218, Main Street, Kegalle	Tel :	+94 357 577571-76	sisitha@orient.lk
Kilinochchi	Kandy Road (Near the old Hospital), Kilinochchi	Tel :	+94 217 577551-56	niluksan@orient.lk
Kiribathgoda	No. 159, Kandy Road, Kiribathgoda	Tel :	+94 117576564-66	thusharas@orient.lk
Kochchikade	No. 162/4, Chilaw Road, Kochchikade	Tel :	+94 317 577571-76	wajira@orient.lk
Kurunegala	No. 16, St. Annes Road, Kurunegala	Tel :	+94 377 577571-76	roshanm@orient.lk
Matara	No.38, Station Road, Matara	Tel :	+94 417 577571-76	indikar@orient.lk
Monaragala	No. 145, Wellawaya Road, Monaragala	Tel :	+94 55 7500307-9	lalithc@orient.lk
Negombo	No. 38, St. Joseph Street, Negombo	Tel :	+94 317 577551-56	sanjeewaj@orient.lk
Nugegoda	No. 19, Railway Avenue, Nugegoda	Tel :	+94117577671-75	gayand@orient.lk
Nuwara Eliya	No. 72, Kandy Road, Nuwara Eliya	Tel :	+94 52 4700601-06	jayachandran@orient.lk
Panadura	No. 05, Cyril Janes Mawatha, Panadura	Tel :	+94 387 577571-76	sisirad@orient.lk
Piliyandala	No. 23/1, Sri Devananda Road, Thubowila, Piliyandala	Tel :	+94 117 576561- 63	lathiskumar@orient.lk
Polonnaruwa	No. 13/2, Hospital Junction, Polonnaruwa	Tel :	+94 277 577571-76	sisira@orient.lk
Puttalam	No. 116, Opposite Base Hospital, Kurunegala Road, Puttalam	Tel :	+94 327577551-56	chathurangal@orient.lk
Ratnapura	No. 172, Main Street, Ratnapura	Tel :	+94 457 577551-56	chathurap@orient.lk
Trincomalee	No. 323/1A, Ehambaram Road, Trincomalee	Tel :	+94 267 577571-76	dineshi@orient.lk
Vavuniya	No. 115, 02nd Cross Street, Kandy Road, Vavuniya	Tel :	+94 247 577571-76	vasanthakumar@orient.lk
Wattala	No. 460, Negombo Road, Wattala	Tel :	+94 117 566271-76	brian@orient.lk

NOTICE OF MEETING

Notice is hereby given that the 41st Annual General Meeting of Orient Finance PLC will be held as a virtual meeting on Wednesday, 28th August 2024 at 10.30 a.m. to transact the following businesses.

1. To receive the Report of the Board of Directors and the Audited Financial Statements of the Company for the year ended 31st March 2024 together with the report of the Auditors thereon.
2. To re-appoint Ms. Manohari Abeyesekera, who was appointed to the Board on 26th March 2024 and retires in terms of Article 25(3) of the Articles of Association of the Company.
3. To re-appoint Ms. Sandamali Chandrasekera, who was appointed to the Board on 26th March 2024 and retires in terms of Article 25(3) of the Articles of Association of the Company.
4. To re-appoint Mr. Daniel Alphonsus, who was appointed to the Board on 5th July 2024 and retires in terms of Article 25(3) of the Articles of Association of the Company.
5. To re-elect Mr. Rajendra Theagarajah, who retires by rotation in terms of Article 25(7) of the Articles of Association of the Company and offers herself for re-election.
6. To re-elect Mr. Nalin Karunaratne, who retires by rotation in terms of Article 25(7) of the Articles of Association of the Company and offers herself for re-election.
7. To re-appoint Messrs. BDO Partners, Chartered Accountants as Auditors of the Company for the ensuing year and authorise the Directors to determine their remuneration.
8. To authorize the Directors to determine and make donations.

By Order of the Board

Janashakthi Corporate Services Limited
Secretaries
2nd August 2024

NOTES:

1. The Shareholders are requested to register with their first names and last names via the below link before 4.00 p.m., on Friday, 23rd August 2024, to receive the link to join the AGM. The same names should be used to log in to participate in the AGM on 28th August 2024.

   https://orientfinance.lk/AGM-2024-Registration
2. A member entitled to attend and vote at the above Meeting is entitled to appoint a Proxy to attend and vote on behalf of him/her.
3. A Proxy need not be a member of the Company.
4. A Form of Proxy is enclosed for this purpose.
5. The completed Form of Proxy must be forwarded by email to secretaries@jcsl.lk, WhatsApp to +94 773647178 or directly deposited at the Office of the Company Secretaries, Janashakthi Corporate Services Limited, No.324, Mireka Tower, Havelock Road, Colombo 06.

   No registration of proxies will be accommodated after this deadline.
6. Shareholders who are unable to participate at the Meeting through the online meeting platform are encouraged to appoint a director as his/ her/its proxy by forwarding the duly completed Proxy Form clearly indicating their vote under each matter set out in the Proxy Form to the Company Secretaries as specified above in order that their vote may be identified and recorded as if he/she/it were present at the Meeting.

FORM OF PROXY

I / We, ... of

.... being a Member/s of the Company, hereby appoint

....(holder of NIC No. ....) of

.... failing him/her,

1. Mr. Rajendra Theagarajah	failing him	6. Ms. Manohari Abeyesekera	failing her
2. Mr. Prakash Schaffter	failing him	7. Ms. Sandamali Chandrasekera	failing her
3. Mr. Sriyan Cooray	failing him	8. Mr. Daniel Alphonsus	failing him
4. Mr. Darshana Ratnayake	failing him	9. Mr. K. M. M. Jabir	
5. Mr. Nalin Karunaratne	failing him		

as my/our Proxy to represent me/us and vote on my/our behalf at the Annual General Meeting of the Company to be held as a virtual meeting on Wednesday, 28th August 2024 at 10.30 a.m. and at any adjournment thereof and at every poll which may be taken in consequence thereof.

Please indicate your preference by placing a 'X' in the box of your choice against each Resolution.

		FOR	AGAINST
1.	Receive the Report of the Board of Directors and the Audited Financial Statements of the Company for the year ended 31st March 2024 together with the report of the Auditors thereon.		
2.	Re-appoint Ms. Manohari Abeyesekera, who was appointed to the Board on 26th March 2024 and retires in terms of Article 25(3) of the Articles of Association of the Company.		
3.	Re-appoint Ms. Sandamali Chandrasekera, who was appointed to the Board on 26th March 2024 and retires in terms of Article 25(3) of the Articles of Association of the Company.		
4.	Re-appoint Mr. Daniel Alphonsus, who was appointed to the Board on 5th July 2024 and retires in terms of Article 25(3) of the Articles of Association of the Company.		
5.	Re-election of Mr. Rajendra Theagarajah, who retires by rotation in terms of Article 25(7) of the Articles of Association of the Company.		
6.	Re-election of Mr. Nalin Karunaratne, who retires by rotation in terms of Article 25(7) of the Articles of Association of the Company.		
7.	Re-appointment of Messrs. BDO Partners, Chartered Accountants as Auditors of the Company for the ensuing year and authorise the Directors to determine their remuneration.		
8.	To authorize the Directors to determine and make donations.		

Signed on this .... day of .... 2024.

Signature/s....................................

....
Shareholder's N.I.C./P.P./Co. Reg. No.

INSTRUCTIONS FOR THE COMPLETION OF THE FORM OF PROXY

1. Please perfect the Form of Proxy overleaf, after filling in legibly your full name and address, by signing in the space provided and filling the date of signature and your National Identity Card Number.
2. The completed Form of Proxy must be forwarded to the Company Secretaries by email secretaries@jcsl.lk , WhatsApp to +94 773647178 or directly deposited at the Office of Company Secretaries, Janashakthi Corporate Services Limited, No.324, Mireka Tower, Havelock Road, Colombo 06 not less than 48 hours before the time fixed for the Meeting.

   No registration of proxies will be accommodated after this deadline.
3. If an Attorney has signed the Form of Proxy, the relative Power of Attorney should also accompany the completed Form of Proxy for registration, if such Power of Attorney has not already been registered with the Company.
4. If the Shareholder is a company or a corporate body, the Proxy should be executed in accordance with its Articles of Association or Constitution. The Company may but shall not be bound to, require evidence of the authority of any such attorney or officer.
5. If there is any doubt as to how the vote is to be exercised, by reason of the manner in which the Form of Proxy has been completed, no vote will be recorded by the Form of Proxy.

CORPORATE INFORMATION

NAME OF THE COMPANY

Orient Finance PLC

LEGAL FORM

A public limited liability company incorporated on 24th July 1981 under the Companies Ordinance No. 51 of 1938 and was re-registered in terms of the Companies Act No. 07 of 2007 on 27th July 2009.

The Company is registered under the Finance Business Act No. 42 of 2011 and the Finance Leasing Act No. 56 of 2000.

COMPANY REGISTRATION NUMBER

PB 1079 PQ (previous PVS/PBS 7651)

TAX PAYER IDENTIFICATION NUMBER

104076513

BOARD OF DIRECTORS

Mr. R. Theagarajah
Mr. P.A. Schaffter
Ms. M.D.A. Perera
Ms. N.I. Goonesekara
Mr. N.S.S. Cooray
Mr. R.M.D.J. Ratnayake
Mr. N.B. Karunaratne
Ms. M.P. Abeyesekera
Ms. D.L.M.S. Chandrasekara
Mr. K.M.M. Jabir

STOCK EXCHANGE LISTING

The Company is listed on the Second Board of the Colombo Stock Exchange of Sri Lanka.

REGISTERED OFFICE

No. 02, Deal Place, Colombo 03.

HEAD OFFICE

61, Dharmapala Mawatha, Colombo 07.
+94 117 577 577
+94 117 577 511
www.orientfinance.lk
orientfinance@orient.lk

CORPORATE OFFICE

19, Railway Avenue, Nugegoda.
+94 117 577 577
+94 117 577 511

COMPANY SECRETARY

Janashakthi Corporate Services Limited
No. 02, Deal Place, Colombo 03.
+94 112 145 031
secretaries@jcsl.lk

EXTERNAL AUDITORS

BDO Partners, Chartered Accountants,
"Charter House",
65/2, Sir Chittampalam A Gardiner Mawatha, Colombo 02.
+94 112 421 878
+94 112 336 064

BANKERS

Commercial Bank of Ceylon PLC
Bank of Ceylon
NDB Bank PLC
Seylan Bank PLC
Sampath Bank PLC
People's Bank
Nations Trust Bank PLC
Pan Asia Bank PLC
DFCC Bank PLC
Union Bank of Colombo PLC
Cargills Bank PLC

CREDIT RATING AGENCY

Lanka Rating Agency Limited (LRA)

ACCOUNTING YEAR END

31st March

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Annual Reports

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