

# Radiating Possibilities

ANNUAL REPORT 2023/24

# Radiating





# Possibilities



At Janashakthi Group (JXG), we believe in the power of possibility—the idea that even in the darkest of times, there exists the potential for growth, innovation, and transformation. It is this belief that drives us forward, propelling us to seek out new opportunities, explore uncharted territories, and illuminate the path to a brighter future.

This year, despite the challenges we faced, two of our main subsidiaries have recorded remarkable growth in Profit Before Tax (PBT), a testament to our ability to overcome adversity and seize opportunities for growth. As we continue to navigate the ever-changing landscape of our industry, we do so with optimism and resilience, knowing that each challenge we overcome brings us one step closer to realizing our full potential. With our eyes set firmly on the horizon, we remain committed to illuminating possibilities, inspiring others to embrace the power of resilience and forge ahead with confidence.

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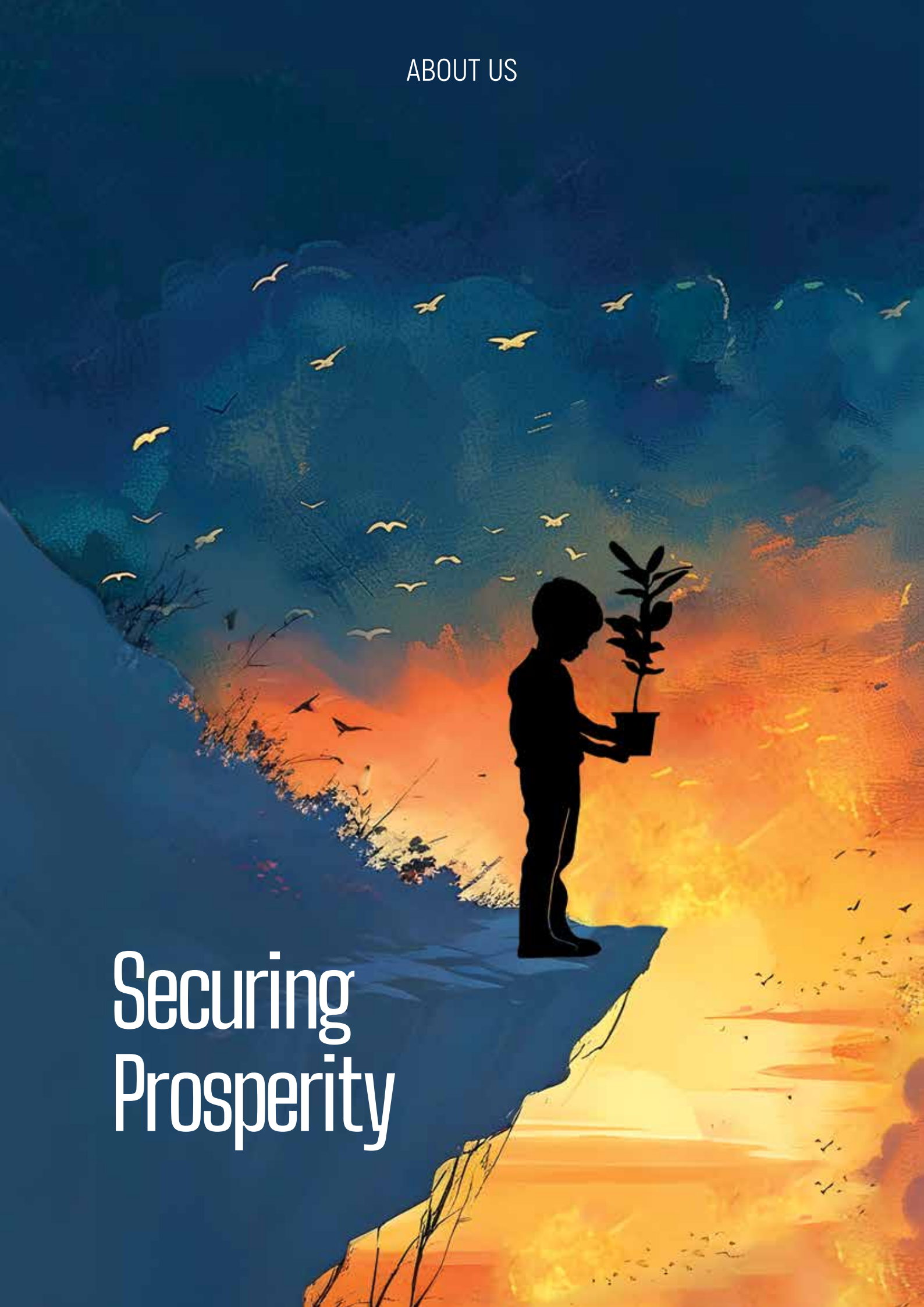
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ABOUT US

# Securing Prosperity







An  
Extraordinary,  
and Exciting  
Experience









## About This Report

Welcome to the inaugural Integrated Annual Report of Janashakthi Limited. This report marks our commitment to transparency, accountability, and excellence in corporate reporting as we embark on our journey towards becoming the leading financial conglomerate in Sri Lanka.



Guided by our vision of “To be the leading financial conglomerate in Sri Lanka,” this report is

structured in alignment with the International Integrated Reporting Council's (IIRC) International <IR> Framework and the Global Reporting Initiative (GRI) Universal Standards.

We uphold rigorous adherence to all mandatory Sri Lankan regulations, corporate governance best practices, and relevant regulations applicable to our subsidiaries. This ensures that our operations are conducted with integrity and accountability.

As we navigate the evolving landscape of business and sustainability, we remain steadfast in our commitment to responsible and inclusive growth.



Through this integrated reporting approach, we aim to offer a transparent view of our impact on all stakeholders and environments. We recognize the importance of engaging with our stakeholders and welcome feedback to continuously improve our reporting practices.



### Scope

This report encompasses the operations of Janashakthi Limited (the Company) and its four subsidiaries: First Capital Holdings PLC, Janashakthi Insurance PLC, Orient Finance PLC, and Beckett Capital Private Limited (collectively referred to as the “Group/JXG”).



## 06

### Future Outlook

Insights into our strategic direction, innovation initiatives, and anticipated challenges and opportunities in the coming years.

## 01

### Operating Environments

Analysis of the markets and environments in which we operate, including economic, social, and regulatory factors.

## 02

### Purpose-Driven Strategies

Discussion of our strategic objectives and initiatives aligned with our corporate purpose and long-term sustainability goals.

## 03

### Performance of Business Units and Shared Services

Evaluation of the financial and operational performance of our diverse portfolio of business units and shared services.

## 04

### Value Creation

Assessment of the value created by our business units and shared services, contributing to the overall growth and success of the Group.

## 05

### Governance Practices

Overview of our governance framework, highlighting our commitment to ethical conduct, risk management, and stakeholder engagement.

This Integrated Annual Report aims to provide comprehensive insights into six key areas

### Icon Guide

The six pillars of Integrated Reporting and value creation of each pillar are reflected through the Capital Reports.



Financial Capital

[Page 67](#)



Human Capital

[Page 74](#)



Manufactured Capital

[Page 84](#)



Intellectual Capital

[Page 88](#)



Social and Relationship Capital

[Page 96](#)



Natural Capital

[Page 104](#)

### Our Stakeholders



Shareholders



Employees



Customers



Investors and Bankers



Regulatory Bodies



Suppliers



Community/Society



Environment/Eco System

# About This Report

## Reporting Period

The financial statements of all companies within the Group—First Capital Holdings PLC, Orient Finance PLC, and Beckett Capital Private Limited—follow a common financial year ending on 31 March. However, Janashakthi Insurance PLC’s financial year concludes on 31 December.

## Future Reporting Periods

The Company remains committed to providing transparent and comprehensive reporting in future periods, reflecting our dedication to accountability and stakeholder engagement.

### Report Reflections

In preparing and presenting this report, we have adhered to the seven principles of the Integrated Reporting Framework:

#### Conciseness

Presenting information in a clear and concise manner to facilitate understanding and decision-making

#### Strategic Focus and Future Orientation

Highlighting the Company's strategic direction and future outlook to provide stakeholders with insights into long-term sustainability

#### Consistency and Comparability

Maintaining consistency in reporting practices and facilitating comparability over time

#### Connectivity of Information

Demonstrating the interconnectedness of various aspects of the Company's operations and performance

#### Reliability and Completeness

Ensuring that information presented is accurate, reliable, and complete

#### Stakeholder Relationships

Recognizing the importance of engaging with stakeholders and addressing their information needs

#### Materiality

Prioritizing the disclosure of material information that is relevant to stakeholders and impacts the Company's ability to create value

Through adherence to these principles, we aim to provide a comprehensive and insightful view of the Company's performance, strategy, and governance practices, ultimately enhancing transparency and accountability.

## Key Frameworks and Guidelines

### Financial Reporting



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

## External Assurance



The Financial Statements included in this report have been audited by Messrs. KPMG who have expressed an opinion on the true and fair view of the annual financial statements as shown on pages 142 to 261. The Board of Directors do not have any relationship with KPMG, apart from above engagement as the Independent External Auditor of the Company. The Board of Directors ensures the integrity of our external reporting through an established internal process that is embedded in practice and supported by various levels of oversight.



## Corporate Governance Reporting



- ◆ Listing Rules of the Colombo Stock Exchange
- ◆ Laws and Regulations of the Companies Act No. 7 of 2007
- ◆ Securities and Exchange Commission of Sri Lanka Act No. 36 of 1987 (as amended).
- ◆ Corporate governance framework for insurers issued under Section 96A of the Regulations of the Insurance Industry Act No. 43 of 2000 (IRCSL)
- ◆ Rules promulgated under the Securities and Exchange Commission of Sri Lanka Act No.19 of 2021 applicable to market intermediaries published in Gazette Extraordinary No. 2271/09 dated 15 March 2022
- ◆ Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka (2017)

## Integrated Reporting



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

## Sustainability Reporting



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

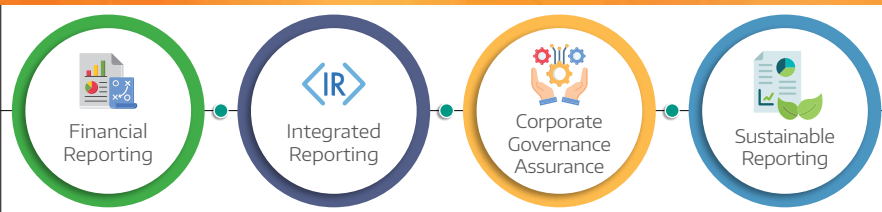


Mandatory Reporting Frameworks and Guidelines



Voluntary Reporting Frameworks and Guidelines

## Our Financial Reporting Framework



## ESG and Materiality

We have extended beyond financial reporting to incorporate the aspects of Environmental, Social and Governance metrics (ESG Reporting). Our 03 listed subsidiaries follow the same approach in reporting.

A comprehensive materiality assessment is done annually at each business unit. Significant topics

identified and discussed are reflected under the Materiality Assessment in pages 56 to 61.

For the year under consideration, we have identified and prioritized key stakeholder groups based on their direct and indirect impact to the Group. The Stakeholder Engagement in pages 62 to 65, provides a comprehensive analysis of connections nurtured with our stakeholders.

## Forward Looking Statements

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

## Feedback and Queries

Your comments on our Annual Report 2023/24 are welcome. Please direct your feedback, queries and clarifications to:

Pratheeb Rajasekaran  
Manager - Finance

☎ 071 9 500 005

@ pratheeb@jxg.lk

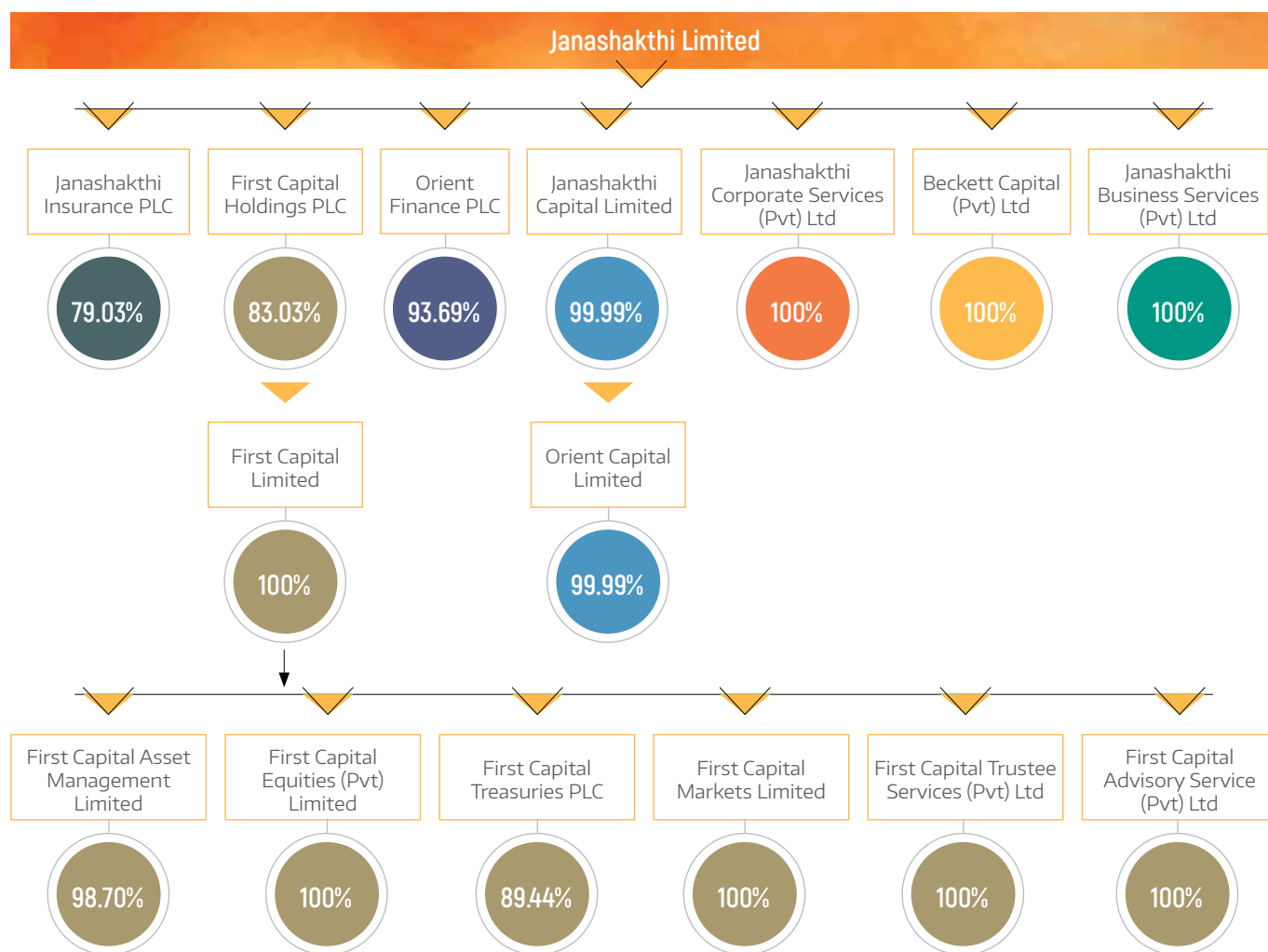
📍 39th floor, Mireka Tower,  
No.324, Havelock Road,  
Colombo 06

# About our Group

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

## Radiating possibilities through our Subsidiaries

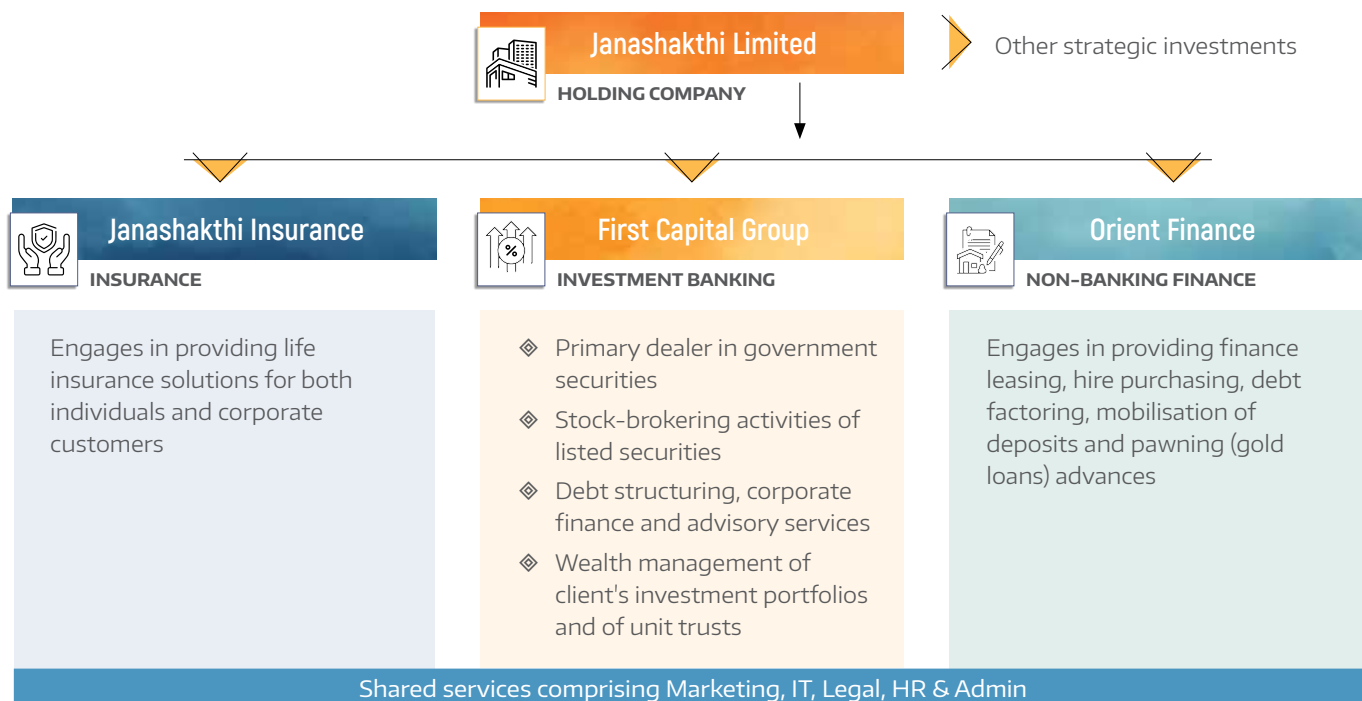
- ◆ Janashakthi Insurance PLC
- ◆ Janashakthi Capital Limited
- ◆ Beckett Capital Pvt Ltd
- ◆ First Capital Holdings PLC
- ◆ Janashakthi Corporate Services Ltd
- ◆ Orient Capital Limited
- ◆ Orient Finance PLC
- ◆ Janashakthi Business Services (Pvt) Ltd



## Synergy and Innovation – Our Product Offerings

### Company

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



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



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.

K.M.M Jabir  
Chief Executive Officer  
Orient Finance PLC

The delicate balance between our aggressive growth plans and the need for careful, conservative implementation underscored the real challenges we encountered.

Ravi Liyanage  
Chief Executive Officer  
Janashakthi Insurance PLC

First Capital Holdings PLC reported its best-ever financial performance in the current financial year, which I believe demonstrates not only the Group's resilience but also the strong conviction to pursue sustainable growth.

Dilshan Wirasekara  
Managing Director/CEO  
First Capital Holdings PLC



# Vision

To be the leading investment conglomerate in Sri Lanka

## Who are we

In an ever-evolving business world, where the winds of change constantly shift the landscape, the Janashakthi Group stands as a steadfast beacon of enduring principles and unwavering values. Our story is not just about what we do, but about how and why we do it. At Janashakthi Group, living up to our values is more than a commitment—it is the essence of who we are.



# JXG

**JANASHAKTHI GROUP**

### ETHICAL AND HONEST

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

### TRANSPARENT

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

### RESPECTFUL

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

### CORPORATE VALUES

### COLLABORATIVE

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

### PERFORMANCE-DRIVEN

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

# Milestones

## Forging a Legacy: Janashakthi Group's Journey of Resilience

**1992**

Started life as Janashakthi Life Insurance Co. Ltd - the first specialised life insurance company in Sri Lanka.

**1995**

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

**2001**

Leap-frogged in size in 2001 with the acquisition of the National Insurance Corporation, a landmark achievement for a small, private insurer.

**2008**

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

**2018**

Divested the General Insurance business to international MNC Allianz SE, at unprecedented valuation multiples.

The proceeds of the divestment were used to acquire control of Dunamis Capital PLC (along with its Investment Banking & Real-Estate Development subsidiaries), which was amalgamated with Janashakthi Limited.

The leading Investment Bank in Sri Lanka, First Capital Holdings PLC was acquired in the year of 2018.

**2022**

Initiating the re-branding of the Group name to JXG

Exited the real-estate segment with the divestiture of the Kelsey Group

**2024**

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



**JXG**  
JANASHAKTHI GROUP

In the tapestry of time, where the threads of past, present, and future interweave, there exists a luminous thread that remains steadfast: the lamp light that kindled its flame thirty years ago, continuing to cast its gentle glow upon the lives of Sri Lankans.

**2011**

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

**2015**

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

Key Highlights



04 of our Business units were certified by Great Place to Work



First Capital  
A Janashakthi Group Company



Shifting to our modern art work place at Mireka Towers

Shortly after the financial year, Janashakthi Group received a significant upgrade in its credit rating from the Lanka Rating Agency (LRA), moving up three notches from

**BB- to BBB-**



Total number of employees

Janashakthi Insurance PLC

369

Orient Finance PLC

555

First Capital Holdings PLC

122

Janashakthi Limited

106



Revenue  
**LKR 37.9 Bn**

2023 - LKR 22 Mn

**70%** ↑

Net Profit

**LKR 7.9 Mn**

2023 - LKR ( .933) Mn

**953%** ↑

Finance Cost

**LKR 3.5 Mn**

2023 - LKR 4.6 Mn

**-23%** ↓

ROCE

**36%**

2023 - 7%

Debt/Equity

**1.77**

2023 - 3.06

### **Great Place to Work**

First Capital Holdings PLC

### **SLIM Brand Excellence Awards**

Silver award as the B2B Brand of the Year in the Capital Market Sector

Bronze award in the Turnaround Brand of the Year category

### **TAGS Awards 2023**

Gold Award in the Investment Banking category

### **Brand Finance Rankings 2023**

Title for the 'Most Valuable Consumer Brand in the Investment Banking Sector'

### **Great Place to Work**

Janashakthi Insurance PLC

### **Global Business Magazine Awards 2023**

Fastest growing Life Insurance Company - Sri Lanka

Best Insurance Customer Service Company - Sri Lanka

### **Insurance Asia Awards 2023**

Domestic Life Insurer of the Year - Sri Lanka

Digital Insurance Initiative of the Year - Sri Lanka

**International  
Business Magazine  
Awards 2023**

Fastest Growing Life  
Insurance Company -  
Sri Lanka

**Global Business  
Review Magazine  
2023**

Best Customer Service  
Company, Sri Lanka -  
Insurance Sector

Best Mobile Insurance  
App of the Year,  
Sri Lanka - Janashakthi  
Life Mobile App

Most Trusted Life  
Insurance Company,  
Sri Lanka

**International Finance  
Awards 2023**

Best Domestic Life  
Insurance Company -  
Sri Lanka

Most Innovative Life  
Insurance Company -  
Sri Lanka

**TAGS Awards 2023**

Silver award for reporting  
excellence

**Great Place to Work**

Orient Finance PLC

SLIBFI - Emerging Islamic  
Finance Entity of the  
Year 2022/23

SLIBFI - Digital  
Marketing Campaign of  
the year (Merit) 2022/23

IFFSA - Emerging Islamic  
Finance Entity of the  
Year 2022/23

IFFSA - Personality of the  
Year 2022/23 (CEO)



## Group Chairman's Reflections



As economic challenges converged, the Janashakthi Group of Companies rallied with unyielding determination to ensure the continuity of operations, seize opportunities and ride the turbulence. At the same time, the plight of those less fortunate was not overlooked and the Group served communities of people with the basics for existence: food and medicines.

The members of the Group forged a path through uncertainty, driven by shared values. They became a catalyst for positive change. Our collective efforts rippled through communities, igniting a spirit of optimism and fortitude.

In our endeavors, we strive not just to illuminate the present, but to cast a radiant glow of possibilities—each endeavor a spark igniting the path to unforeseen horizons.



Dear Stakeholders,

It is with pleasure that I present the first integrated Annual Report of Janashakthi Limited for the financial year 2023/2024. Amidst a challenging economic landscape, our Group has not only weathered the storms but also achieved significant milestones in growth and performance. This success is a testament to our determination, bold strategies, and execution by our talented teams. As a financial conglomerate of growing repute in Sri Lanka, we have delivered strong financial results, expanded our market presence, and created value for stakeholders.

I invite you to explore the details of our achievements and initiatives in this report.

### **From roadblocks to breakthroughs – Performance of the Group, despite severe economic uncertainties**

#### **Janashakthi Limited**

Shortly after the financial year, Janashakthi Group received a significant upgrade in its credit rating from the Lanka Rating Agency (LRA), moving up three notches from BB- to BBB-. This shift from moderate risk to investment grade reflects the efforts made to deleverage and strengthen the Company's balance sheet.

Further, there has been a remarkable improvement in net profit of Janashakthi Limited, of 306% compared to the previous year. The Company moved from a net loss of LKR 2 Bn to a net profit of LKR 4 Bn. Finance costs were effectively managed, resulting in a 6% reduction compared to the previous year.

#### **First Capital Holdings PLC**

First Capital Holdings PLC achieved unprecedented profits against an uncertain economic landscape in the country. The trading decisions guided by the Investment Committee and Board of Directors paid off, which was evidence of their expertise in balancing risk and reward effectively. The Group's ability to achieve such results speaks volumes of their leadership and execution capabilities. First Capital Holdings PLC's performance where profit before tax is LKR 16.3 Bn, was 326% higher than the previous financial year.

The main contributor to this profit performance was First Capital Treasuries. Also noteworthy, was the growth in AUM, which was LKR 40.5 Bn at the beginning of the year and grew to nearly LKR 100 Bn by



As the parent company of three highly regulated entities, each publicly listed on the Colombo Stock Exchange, Janashakthi Limited is committed to upholding the highest standards of corporate governance.

the end of the year. This, we believe, was due to the attractive returns provided by the funds managed by First Capital Asset Management, in particular the fixed income funds, in comparison with the rates offered by banks. Furthermore, the Money Market fund whilst providing a return of 22% in the year, also offered the convenience and flexibility of a bank savings account in terms of flexibility of making deposits and withdrawals.

#### **Janashakthi Insurance PLC**

The challenges posed by reduced disposable income, due to higher personal taxation and inflation, significantly impacted household budgets. This erosion of financial resources led to a decline in the demand for life insurance products.

Despite challenges in its core business, Janashakthi Insurance PLC achieved a record-high profit before tax of LKR 5.2 Bn. This performance is attributable to the astute investment decisions, showcasing the Janashakthi Group's ability to synergize the financial acumen available in the Group.

### **Orient Finance PLC**

The leasing business saw a significant boost in profits for the year under consideration, despite the economic downturn and the consequent reduction in disposable income. The Company achieved a 402% growth in profit before tax compared to last year. This performance reflects resilience and strategic focus in navigating challenging market conditions.

### **Beckett Capital Private Limited**

The business owns 24 gyms. Following the challenges of maintaining high quality gym equipment and premises, which initially led to losses across multiple gym locations, we now witness a promising trend: stabilization in client numbers. They achieved an impressive profit growth of 83%, reflecting the effectiveness of their strategic initiatives and operational efficiency.

### **Cultivating good governance across the Group**

As the parent company of three highly regulated entities, each publicly listed on the Colombo Stock Exchange, Janashakthi Limited is committed to upholding the highest standards of corporate governance. We adhere to best practices in this area, ensuring that both conformance and performance are prioritized.

In our commitment to transparent and comprehensive reporting, all three of our operating entities: First Capital Holdings PLC, Janashakthi Insurance PLC, and Orient Finance PLC, adhere to the rigorous integrated reporting framework established by the International Integrated Reporting Council (IIRC).

Additionally, we have enhanced our reporting practices by incorporating elements from the GRI Universal Standards 2021, setting a higher benchmark for sustainability reporting on a global scale.

While this year saw an expansion in our disclosures, we remain resolute to elevate our reporting standards in the years to come, aiming to align even more closely with the GRI Sustainability Standards.

### **Traversing ambiguity with confident Curiosity - Risk Management of the Group**

Within our Group Structure, each business unit maintains dedicated risk management functions tailored to their specific operations. For instance, First Capital Holdings PLC has a specialized Risk Management Committee, tasked with overseeing and strategizing risk management efforts at a broader level, ensuring proactive risk mitigation across the First Capital Group's portfolio.

### **Forging ahead, guided by our timeless values – Future Outlook of the Group**

The Group achieved a remarkable 518% increase in net profit during the first nine months of 2023/24, driven by our strategic thinking, reduced debt, and favorable market conditions. With such a strong financial foundation, the Group is now poised to reach new horizons, including regional expansion.



Chandana De Silva  
Group Chairman  
Janashakthi Group (JXG)

30th August 2024

## Group CEO's Reflections





For over three decades, Janashakthi Limited has been a stalwart presence, albeit in a low-profile role. While Janashakthi Insurance PLC remained the flagship entity, we recognized the need for a unified identity that could harmoniously encompass all our diverse business units. Hence, while retaining Janashakthi as the overarching name of our Group, we embarked on a transformative journey. In this context, we introduced a distinctive icon and a brand name, 'JXG'. Thus, as the phoenix ignites anew, we embraced a new era of renewal and revitalization.

This year marks an extraordinary chapter in the history of our business units, characterised by unparalleled performance and remarkable achievements. Each subsidiary has not only met but exceeded the targets, reflecting a harmonious blend of innovation, strategic foresight, and relentless dedication. This exceptional performance has set new industry standards and paved the way for sustained growth and future success. Our collective efforts have redefined possibilities and reinforced our position as a leader in the marketplace.

Dear Stakeholders,

Despite the economic vulnerabilities that challenged Sri Lanka in 2023/24, a new dawn of resilience and opportunity is on the horizon. It is with great optimism and confidence in our collective future that I present the first integrated annual report of Janashakthi Limited for the financial year 2023/24.

Reflecting on the past year, we recognize not only the achievements and challenges we have faced but also the commitment and resilience that define our organization. This period has been characterized by our ability to overcome obstacles, adapt to changing conditions, and continuously commit to exceptional standards. Through these efforts, we have emerged, stronger together, stronger than ever.

In the field of corporate financial reporting, our Group has once again distinguished itself at the TAGS Awards 2023. Competing among a roster of notable organizations, our collective efforts have been recognized with significant accolades: First Capital Holdings PLC clinched the coveted gold award in the Investment Banking sector. Janashakthi Insurance PLC earned a prestigious silver award within its sector, while Orient Finance PLC attained silver recognition in the NBFi category.

### **Awakening the Phoenix: A Prelude to an Era of Renewal**

For over three decades, Janashakthi Limited has been a stalwart presence, maintaining a low profile role. While Janashakthi Insurance PLC remained the flagship entity, we recognized the need for a unified identity that could harmoniously encompass all our diverse business units. Hence, while retaining Janashakthi as the overarching name of our Group, we embarked on a transformative journey. In this context, we introduced a distinctive icon and brand name, 'JXC'. Thus, as the phoenix ignites anew, we embraced a new era of renewal and revitalization.

The convergence of our staff summit which held shortly after the financial year, and the strategic unveiling of our brand name not only bolstered our recruitment efforts but also enhanced collaboration across various business units. By fostering a sense of belonging within a larger corporate family, individuals now see themselves as integral parts of a collective endeavor, transcending the shadow of being

merely under the umbrella of a well-known brand.

Through the deliberate positioning of JXC, we have set ambitious aspirations for ourselves—to ascend to the echelons of the top 10 listed companies in Sri Lanka.

Amidst a transformative chapter in our corporate journey, we have successfully transitioned to our new corporate headquarters, marking a pivotal milestone in our evolution. Previously dispersed across various locations, the staff of our parent company now find themselves united under one roof. This consolidation has cultivated a strong sense of camaraderie and unity, enhancing teamwork and collaboration at the holding company level. Simultaneously, this strategic move has enabled us to cultivate closer relationships with our business units, laying the foundation for enhanced synergy and mutual support across the Group. As we embark on this unified path forward, we embrace the opportunities for growth and innovation that arise from our collective cohesion and shared vision for the future.

### **Navigating Economic Turbulence with Grace and Grit**

As we prepared our budgets for the year 2023/24, we recognized the looming specter of an economic downturn. Mindful of this, we made proactive adjustments to our financial forecasts, incorporating the anticipation of a crisis.

Within a matter of weeks, interest rates skyrocketed, exerting significant strain on the economy. In response to these adverse developments, we swiftly implemented measures to mitigate risk and safeguard our financial stability. Through astute treasury management, we exercised prudent control over liquidity, while strategically planning capital raising and deleveraging initiatives.

Furthermore, recognising the urgency of the situation, we took decisive action to unlock liquidity by divesting

unproductive assets. This proactive approach not only bolstered our financial resilience but also positioned us for future growth and prosperity amidst challenging economic conditions. Through agility, foresight, and decisive action, we have not only weathered the storm but emerged stronger and more resilient than ever before.

### **Nurturing Prosperity: Our Impact on the Sri Lankan Economic Landscape**

As a key player in the financial services sector, our role extends beyond mere participation; we are drivers of economic growth and stability. Each segment of our operations plays a crucial role in fostering resilience and vitality across various sectors.

#### **First Capital Holdings PLC**

As an investment banking services provider, our contributions ripple across the economic landscape. We facilitate the growth of other businesses by structuring debt and investing in equity. Additionally, we serve as the largest non-bank primary dealer, supporting the government by raising crucial debt even during periods of economic crisis. Our role in capital markets is indispensable, forming an essential part of the nation's economic framework.

#### **Janashakthi Insurance PLC**

In the insurance sector, we offer essential services for saving, protection, and investment. Our protection services act as a social buffer, addressing gaps where government provisions may fall short. We play a pivotal role in safeguarding individuals and businesses against financial risks, contributing to the overall resilience of the economy.

#### **Orient Finance PLC**

Within the Non-Banking Financial Institutions (NBFI) sector, we invigorate leasing and lending segments, providing essential financial services that fuel economic activity and entrepreneurship.

Looking ahead, we remain committed to our vision of becoming a significant financial force within the nation's economy. Through continued innovation, strategic partnerships, and unwavering dedication, we aim to further enhance our impact and drive sustainable economic growth for the benefit of all stakeholders.

### **Rocketing Ahead: A year of Exceptional Performance**

#### **Financial Mastery**

This year marks an extraordinary chapter in the history of our business units, characterised by unparalleled performance and remarkable achievements. Each division has not only met but exceeded the targets, reflecting a harmonious blend of innovation, strategic foresight, and relentless dedication. This exceptional performance has set new industry standards and paved the way for sustained growth and future success. Our collective efforts have redefined possibilities and reinforced our position as a leader in the marketplace.

In the financial year 2023/24, the Group achieved a net profit of LKR 7,961 Mn, representing a notable increase from the LKR 933 Mn net loss recorded in the preceding year. Demonstrating robust stability, the Group's total assets witnessed a 12.96% growth, reaching LKR 134 Bn during the reporting period.

Total equity as at 31 March 2024 increased by 46.08% to LKR 15 Bn, supported by profit generation and retention during the year.

Following the conclusion of the financial year, Janashakthi Group received a notable boost in its credit rating from the Lanka Rating Agency (LRA), ascending three positions from BB- to BBB-. The elevation from a moderate risk classification to an investment grade status serves as a persuasive evidence to our organization's enduring strength, stability, and consistent growth across all operational spheres.

#### **First Capital Holdings PLC**

The entire investment banking arm thrived amid economic turmoil and a high-interest rate environment. Additionally, being excluded from the government's domestic debt restructuring strategies further propelled their success, resulting in record-breaking performance. This year, the sector achieved a profit after tax of LKR 10 Bn, reflecting an impressive 284% increase over the previous year. While replicating this extraordinary profit may be challenging, the influx of new customers promises to sustain high business volumes, albeit with slimmer margins.

Not only did First Capital Treasuries PLC achieve remarkable success, but other companies under the First Capital Holdings PLC umbrella also demonstrated notable improvements, positioning themselves for sustained growth and future success. The stock brokering division excelled, while trading in debt instruments and the debenture market saw significant advancements. This multifaceted growth underscores the sector's robust health and readiness to seize future opportunities, setting a strong foundation for continued excellence and innovation.

Strategic investments in brand positioning and advertising have facilitated a significant shift from the B2B to the B2C segment, enhancing their market reach and diversifying the customer base in a sustainable manner.

#### **Janashakthi Insurance PLC**

Due to challenging economic conditions, the Company faced a decline in top-line performance, with Gross Written Premiums (GWP) amounting to LKR 4.5 Bn, which is 6% lower than the previous year. However, in terms of bottom-line performance, the Company surpassed expectations, achieving a profit after tax of LKR 4.1 Bn, the highest in the past couple of years.



## Group CEO's Reflections

To address the top-line issue, we have implemented strategic actions that have already yielded positive results, as evidenced by the turnaround seen in the first quarter of 2024. This proactive approach highlights a commitment to resilience and growth.

### Orient Finance PLC

The Non-Banking Financial Institutions (NBFI) sector has been particularly affected by the recent surge in interest rates. NBFIs typically operate with a structural mismatch, borrowing short-term funds to lend them over longer terms. As interest rates climbed, the cost of these short-term borrowings increased, which in turn pushed up the prices of lending products. This scenario strained the profitability and operational efficiency of many NBFIs.

Recently, however, the interest rate environment has shown signs of stabilisation. Yet, the sector remains hindered by a four-year prohibition on vehicle imports, a cornerstone of many NBFIs' business models. The import restrictions have significantly limited the availability of essential assets, constraining business growth and operational capacity.

In a positive development, there has been some easing of these restrictions. The tourism sector, for instance, is now permitted to import certain essential vehicles, and the capital goods sector has been allowed to import lorries and other necessary equipment in limited numbers. These measures provide a glimmer of hope for the sector's recovery.

### Operational Mastery

In 2020, we took a significant step forward by establishing our shared services function—an initiative that has since blossomed into a pivotal aspect of our operational strategy. As we mark the beginning of our third year, we are thrilled to witness a steady and significant enhancement in the quality of our service offerings.

Our shared services function is the embodiment of collaboration, where the collective talents and expertise of our support staff from three business units converge to form a unified service provider. From Legal and HR to Marketing, IT, Admin, and M&A, each department seamlessly integrates into a cohesive entity, working together harmoniously to deliver exceptional support services.

The journey to this point has been one of transformation and growth. We navigated through the complexities of change management, harmonizing processes and cultures to establish a unified operational framework. Through resilience and dedication, we have successfully surmounted these challenges, emerging as a stronger and more agile organisation.

By consolidating our support services, we have liberated valuable resources and bandwidth, enabling our business units to sharpen their focus on core objectives and strategic endeavors.

As a company aspiring to be ranked among the top 10 companies in the Colombo Stock Exchange, we hold ourselves to the highest standards of excellence in all facets of our operations. We recognise that excellence is not merely a destination to be reached but an ongoing journey of continuous improvement and innovation. It is this commitment to excellence that propels us forward, driving us to new heights of success and accomplishment.

### Exemplary Governance: Pioneering Organisational Integrity

Corporate Governance at JXG, is not merely statements; rather, it represents the very essence of who we are. It resonates as the DNA of our Group, intricately woven into every facet of our operations.

Ensuring that each business unit resonates with the ethos set forth by the parent company, whether engaging with our headquarters or business units,

stakeholders encounter a seamless alignment of values. This consistency fosters trust and reliability, underpinning every interaction with integrity and purpose.

Though not listed, we uphold a resolute dedication to the tenets of corporate governance, ensuring transparency, accountability, and ethical conduct at every turn.

The Securities and Exchange Commission has made amendments to the Corporate Governance Rules governing entities listed on the Colombo Stock Exchange, introducing Listing Rule No.9 on Corporate Governance. These regulations, effective from October 1st, 2023, set forth a phased compliance timeline extending until January 1st, 2025.

### ESG and Sustainability

In recent years, the Group has undertaken a strategic approach to incorporate Environmental, Social, and Governance (ESG) principles into our operations, aligning them with our strategy, processes, and decision-making frameworks. Recognising the imperative of managing ESG risks, we strive to fortify our business model, fostering resilience amidst evolving challenges.

The Board has taken proactive steps to initiate establishing an ESG Steering Committee to effectively fulfill its responsibilities related to sustainability and ESG matters.

### First Capital Holdings PLC

They are committed to creating lasting value for their stakeholders while promoting a positive impact on society. This fundamental belief serves as the core of their initiatives aimed at bridging knowledge disparities. Through robust financial literacy and education programs, they empower individuals to make informed investment decisions, safeguarding their financial well-being.

Enhancing these endeavors are meticulously crafted market insights, driven by thorough research and seamlessly woven into business philosophy. Together, these endeavors form a cohesive strategy designed to empower Sri Lankans and enhance their ability to protect and advance their financial prosperity.

#### Janashakthi Insurance PLC

As they persistently pursue value creation, a standout facet of their commitment to environmental stewardship is embrace of an environmentally conscious, paperless approach to business operations. This initiative not only aligns with their overarching objective of fostering a greener and more sustainable future but also underscores their dedication to responsible corporate citizenship.

#### Orient Finance PLC

They have launched initiatives to reduce their carbon footprint and enhance community engagement, reinforcing their commitment to ESG principles. This proactive approach positions them at the forefront of sustainability, Strengthening their long-term viability.

Moreover, in addressing social well-being at Group level, we have founded the Janashakthi Foundation. Community, sports, and education serve as the three foundational pillars of our initiatives. We incentivize and promote performance while actively identifying and addressing community needs in a timely manner.

During the COVID-19 pandemic, we initiated the construction of 14 houses across the country and provided oxygen tanks for COVID-19 wards. Furthermore, we have supplied ventilators and facilitated the construction of a dedicated ward at a hospital in Kandy.

Amidst the economic crisis, we undertook a pragmatic and compassionate approach by initiating dry ration and cooked meal distributions. These efforts were aimed at supporting the communities.

Looking ahead, we anticipate making a greater impact through Janashakthi Foundation. As part of this commitment, we have directed funds from the profits of our business units to the Foundation.

#### Turning Trials into Triumphs: Embracing Challenges with Optimism

We are actively engaged in broadening our capital base through equity raising initiatives and reducing our gearing ratios, focusing particularly on debt ratios. Addressing asset-liability mismatches stands as a pivotal challenge for our Group, and we are diligently working towards their resolution to capitalise on emerging opportunities.

We are focused on prudently managing our liquidity and optimising cash flows to ensure financial stability and resilience.

Even amidst the post-COVID economic landscape, opportunities abound, particularly for a group seeking expansion. We are actively involved in identifying and capitalising on these opportunities, leveraging the attractive valuations that have emerged in comparison to previous years.

The prevailing risks are multifaceted. Firstly, the country's stability is uncertain. Secondly, although the nation is experiencing an economic growth, approaching elections introduce potential for heightened uncertainty and governmental instability.

Furthermore, the prospect of increasing interest rates, particularly if the economy falters, poses a threat to our cost of funds and overall performance. Additionally, legislative changes loom as a risk, with the potential to disrupt our operations.

#### Embracing the Unfolding Landscape with Vision and Vigor

We envision JXG emerging as a leading entity within Sri Lanka's business landscape, renowned for its stability, integrity, and significant influence. Our strategic focus is on evolving into a diversified financial conglomerate, anchored by three key pillars: insurance, investment banking, and Non-Banking Financial Institutions (NBFI). We anticipate exponential growth opportunities through strategic mergers and acquisitions, complemented by organic expansion across our individual business verticals.

Our paramount goal is to elevate JXG to the forefront of Sri Lanka's business arena, not merely in terms of scale but also in terms of renown, steadfastness, and prestige. To realize this vision, we are firm in our dedication to sustained growth, placing a strong emphasis on fortifying our brand equity and refining our market positioning. Our ambition is unequivocal: to cement our position among the top 10 entities in Sri Lanka and to be acknowledged as the epitome of excellence and leadership within the nation's business landscape.



Ramesh Schaffter  
Managing Director/  
Group Chief Executive Officer  
Janashakthi Group (JXG)

30th August 2024

## Board of Directors



### Chandana De Silva

Group Chairman

Chandana de Silva holds a Bachelor of Science degree in Mathematics and Management from the University of London, United Kingdom. He is also a Fellow Member of the Institute of Chartered Accountants in England and Wales and a Fellow of the Institute of Chartered Accountants of Sri Lanka. He has over 25 years of Managerial and Financial experience, of which over 23 years is in the UK, including as the Chief Financial Officer of a Nasdaq quoted data communication services organisation.

After moving back to Sri Lanka in 2002, he worked in a variety of leadership roles including his role as a consultant specialising in Institution Building, Good Governance, Talent Management and Planning for success in family-owned businesses.



### Prakash Schaffter

Deputy Chairman

Counting over three decades of experience in the Insurance Industry in both Sri Lanka and the United Kingdom, Prakash Schaffter has led Janashakthi Insurance as Managing Director since 2006, through a growth phase that saw Janashakthi Insurance 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 Insurance's Non-Life business in 2018.

Prakash Schaffter 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 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.



### Ramesh Schaffter

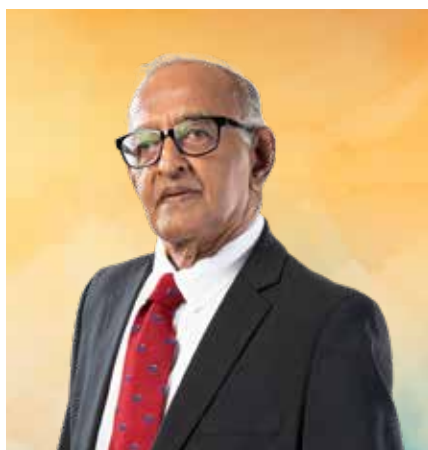
Managing Director/  
Group Chief Executive Officer  
Janashakthi Group (JXG)

Counting over three decades of expertise in Finance & Marketing, Ramesh Schaffter is a Fellow Member and former Council Member of the Chartered Institute of Management Accountants, Sri Lanka, as well as an Associate Member of the Chartered Institute of Marketing.

In addition to his corporate leadership roles and appointments, Ramesh Schaffter is a dedicated social entrepreneur and life coach. He is renowned as an accomplished public speaker and has garnered multiple awards at both national and international levels in Toastmasters' contests. He has also served as the President of Habitat for Humanity Sri Lanka and held a position on the Board of World Vision for Sri Lanka.

Ramesh Schaffter has also contributed significantly to education and religious institutions. He has served on the Council of the Colombo Theological Seminary, an esteemed graduate and postgraduate educational institute. Moreover, he has held the position of Chairman of the Incorporated Trustees of the Church of Ceylon. Currently, Schaffter is an active member of the Board of Tea Leaf Vision, an organization dedicated to empowering young people in tea plantation zones.





### **Eardley Perera**

Independent Non-Executive Director

Eardley Perera is a senior member (Honorary Fellow) and graduate of The Chartered Institute of Marketing, UK, with over 45 years of experience in Management. He has undergone Management training in the UK, Sweden, South Korea, India, Philippines and Singapore. He retired from active executive positions in 2005.

Since 1997 he was a member on the Board of Study of the Postgraduate Institute of Management (PIM), University of Sri Jayewardenepura, until he stepped down in January 2021. He is also on the Advisory Boards of Aquinas University College and the Benedict XVI Catholic Institute of Higher Education. Eardley Perera continues to be actively engaged in Management education and consultancy.



### **Saliya Wickramasuriya**

Independent Non-Executive Director

Saliya Wickramasuriya holds a Bachelor of Science (Honours) in Engineering Physics from Loughborough University, UK. He possesses extensive experience in a wide spectrum of technical and marketing disciplines as well as areas of strategy, regulation and national policy development.

Saliya Wickramasuriya began his career when he joined the upstream oil and gas industry in 1984, working for Schlumberger, the world's largest petroleum services company. After 20 years in oil and gas exploration and production worldwide, he returned to Sri Lanka in 2004, when he was appointed Chairman/Director General of the Board of Investment of Sri Lanka (BOI). He was subsequently Chairman of the Sri Lanka Ports Authority, Petroleum Development Authority, Ceylon Petroleum Corporation, Ceylon Petroleum Storage Terminals Ltd, Trinco Petroleum Terminal (Pvt) Ltd and a Member of the Port City Economic Commission.



### **Piranavan Sivagananathan**

Independent Non-Executive Director

Piranavan Sivagananathan holds a BSc in Engineering Management from the University of Hertfordshire and has completed the General Management Program at Harvard University, USA.

A supporter of local entrepreneurship and small businesses, as well as an active angel investor in the country, Mr Sivagananathan is the Co-Founder of Hatch, a revolutionary workspace designed to support start-ups and budding entrepreneurs in Sri Lanka. In recognition of his work as a venture capitalist for start-ups, he was honoured as an Eisenhower Fellow in 2015 and a Kauffman Fellow three years later in 2018.

## Board of Directors



### Manjula Mathews

Non-Independent  
Non-Executive Director

Manjula Mathews has over three decades of experience in finance, marketing, and general management, both in Sri Lanka and the United Kingdom. She currently serves as Deputy Chairperson of First Capital Treasuries PLC and as a Director of First Capital Holdings PLC. She is a former Finance Director of Janashakthi Insurance PLC and until 2021 served in the capacity of a Non-Executive Director. Manjula Mathews' former business positions include that of Managing Director and subsequently Chairperson of Dunamis Capital PLC and its several subsidiaries.

In 2022, Manjula Mathews was appointed to the Board of Habitat for Humanity International, a leading global nonprofit with a presence in more than 70 countries. She has also been a Director of Habitat for Humanity Sri Lanka since 2016 and is currently in her second term as Board Chair. She has also been serving as a custodian of the Alzheimer's Association of Sri Lanka since 2019.

More recently Manjula Mathews has focused her energies on civic-minded endeavours working as a counsellor in private practice and as a lecturer at the Colombo Theological Seminary. She is a Fellow Member of the Chartered Institute of Management Accountants in the UK, and holds a Master's degree in Business Administration from the University of Cambridge, UK.

Her other principal appointments are Chairperson of Habitat for Humanity Sri Lanka, First Capital Treasuries PLC Director of First Capital Holdings PLC, Habitat for Humanity International and Custodian of Alzheimer's Association of Sri Lanka.



### Minette Perera

Independent Non-Executive Director

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, Minette 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.

Minette 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 the CFO and Finance 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.

Minette Perera was appointed to the Board with effective from 16th February 2024.

### **Vishnu Balachandran**

#### **Independent Non-Executive Director**

Vishnu Balachandran is a value driven investment professional with 15 years of transaction advisory and financial market experience. He formerly headed Investment Banking at Capital Alliance Partners Limited (CAL), where he advised on some of Sri Lanka's largest and noteworthy transactions covering debt, equity, buy-side and sell-side M&A.

Prior to his tenure at CAL, Mr. Balachandran was attached to Amba Research (now known as Acuity Knowledge Partners), where he covered South East Asia markets for an European Fund Manager.

Vishnu Balachandran is a CFA charter holder (USA), an Associate Member of the Chartered Institute of Management Accountants (UK) and holds a Bachelor's in Business Administration from the University of Colombo.

Vishnu Balachandran was appointed to the Board effective from 16th February 2024.



## Senior Management



### Harshanee Deshapriya

Group Chief Legal Officer

Harshanee Deshapriya possesses 17 years of work experience including 14 years as a corporate lawyer with an extensive exposure towards capital market regulatory work, corporate affairs, and activities in diversified industries such as manufacturing, real estate, investment banking, finance and insurance. Her professional expertise ranges across various foreign and local investment activities including company takeovers and mergers, corporate finance, and advisory services, dealing with foreign hedge funds and exchanges, commercial arbitration, and contract management.

She holds a Master of Laws (LLM) in International Business and Commercial Law with a Merit Pass from the University of West London, and she was awarded Outstanding Performance recognition for the highest average in dissertation. She obtained a Bachelor of Laws with Honours from the University of Colombo, Faculty of Law and she admitted as an Attorney-at-Law in Sri Lanka with Honours.

She has also obtained Professional Qualifications in Human Resources Management (PQHRM) from IPM Sri Lanka with a Merit Award and has successfully completed the Post Attorney Diploma in Corporate Law

with a Merit Pass from the Advanced Legal Studies Unit of Sri Lanka Law College. Prior to joining the Janashakthi Group, she headed the legal division of the Lanka Century Investments PLC Group. Harshanee apprenticed with the President Counsel Geoffrey Alagaratnam and has received substantial training whilst interning at John Keells Holdings PLC, People's Bank and the Securities and Exchange Commission of Sri Lanka.



### K V Kuganathan

Group Chief Information Officer

K V Kuganathan is a seasoned business, digital, and IT strategist with a wealth of experience spanning the banking, finance, insurance, and capital market sectors. With an impressive career spanning over 25 years, including a decade at the C-level, Kugan is celebrated for his innovative thinking, creative problem-solving, and a results-driven approach that has consistently delivered outstanding outcomes. He was awarded Chief Information of the year 2023 by The Computer Society of Sri Lanka (CSSL).

Currently serving as the Group Chief Information Officer at Janashakthi Group of Companies, Kugan plays a pivotal role in shaping the Group's digital landscape. In addition to this role, he holds several influential positions on IT-related boards and has previously chaired the British Computer Society for IT Chartered

Institute's Sri Lanka Section. He also sits on the Board of the British Computer Society for IT Chartered Institute in the UK. Notably, he has served as a Non-Executive Director for UPAY Payment Solution Ltd.

Before joining Janashakthi, he led the transformation of National Development Bank PLC into Sri Lanka's premier mobility banking solution, setting new standards for customer experience. He also spearheaded the establishment of the Digital Banking division at Hatton National Bank PLC.

His commitment to driving digital inclusion extends beyond the corporate realm. He actively advises the ICTA – Government ICT Agency on initiatives such as the Digital Hub, Digital Index, Lighting Digital program, and the development of skills for Government Chief Digital Officers, contributing to the formulation of a digitally inclusive country. Further, he chairs the National Email & Internet Policy Committee under Ministry of Technology.

Kugan academic background is marked by distinction, having earned an MSc in IT Consultancy and a degree in Computing and Information Systems. He is a Chartered IT professional from the BCS Chartered Institute for IT in the UK.

His remarkable contributions to the IT industry have earned him numerous prestigious accolades. Since 2011, he has served as a judge for the NBQSA National ICT Awards and the Asia Pacific ICT Awards (APICTA) in various countries. His passion for digital financial infusion is evident through his active participation as a renowned public speaker at both local and international conferences, where he shares insights on channel optimization and the future of digital finance.



### Wasanthi Stephen

Group Chief Human Resources Officer

Wasanthi Stephen brings over 24 years of extensive experience in the Human Resource Industry in Sri Lanka. Throughout her career, she has developed expertise in talent management, employee relations, industrial dispute resolution, mentoring and counselling, strategic HR planning, and learning and development. Her diverse industry exposure includes hospitality, real estate, telecommunications, manufacturing, financial services, and insurance.

Prior to her role at Janashakthi Group, she served as the Director of Human Resources at Cinnamon Lakeside Hotel and held the position of Assistant Vice President at John Keells Holdings. Before transitioning into HR, Wasanthi practiced as a Junior Counsel and Instructing Attorney, gaining valuable legal experience at Sri Lanka Telecom's legal division.

She is a qualified Attorney-at-Law and holds an International Masters of Business Administration from Canterbury Christ Church University (UK). Wasanthi is also a Chartered Member of the Chartered Institute of Personnel Management, a Professional member of the Association of HR Professionals, Wasanthi holds accreditation as a Professional Certified Coach (PCC) she's a member of the

International Coaching Federation (ICF) USA and a member of the ICF Colombo Chapter. Additionally, she is a life member of the Bar Association of Sri Lanka.



### Malith Pathirana

Group Administration Manager

Malith Pathirana has over 19 years of work experience in administration and supply chain and procurement in Sri Lanka. He counts 12 years experience at Janashakthi. He holds an Executive Master of Business Administration (EMBA) from University of Colombo and Certificate of Achievement from Harvard University in recognition of successfully completed the lessons for preventing the next pandemic. Prior to joining Janashakthi, he worked as General Manager at Paranagama Group and Branch Manager at Suntel Limited has won Best Branch Manager awards. Under the Junior Management category, he served as a dealer supervisor and has overseen the sales operation in the southern region for Suntel Limited.



### Nicole Parakrama

Assistant General Manager  
- Mergers & Acquisitions

Nicole Parakrama leads the Mergers & Acquisitions (M&A) function at the Janashakthi Group level, spanning across all four verticals. She holds a BSc (Hons) in Molecular Cell Biology from UCL (UK) and brings with her over 18 years of experience with a focus on Corporate Finance (Deal Origination, Business Analytics & Capital Markets Advisory), having worked at top-tier Investment Banks such as Asia Securities and Acuity Partners.

Prior to joining Janashakthi, she was part of the Strategy team at Sunshine Holdings PLC which handled diversification of the Group portfolio, inclusive of the Daintee acquisition in 2020. She also played a key role in launching The Sunshine Foundation for Good, as well as more recently The Janashakthi Foundation.

## Senior Management



### Thanushka Jayasundera

#### Group Chief Financial Officer

Thanushka Jayasundera brings a wealth of expertise to the office of the Group Chief Financial Officer. With a robust background in financial management and strategic planning, he has held pivotal positions in renowned local & global institutions.

Before assuming his current role, he was the Chief Financial Officer for Janashakthi Insurance PLC, where he anticipated the interest rate volatility and restructured the balance sheet well in advance, which led to Janashakthi Insurance recording its largest profit in its history. He also led the process of creating an Asset, Liability & Capital Management Committee, implemented Activity-Based Costing, and developed models & policies to arrive at crediting rates for the Universal Life portfolio, which enhanced both profitability and capital adequacy of the Company.

Thanushka also served as the Assistant Vice President: Risk and Control at Deutsche Bank, where he demonstrated exceptional proficiency in Operational Risk, Market Risk, and Strategic Planning. His tenure at Deutsche Bank commenced in 2014 following a distinguished career at HSBC, where he held diverse responsibilities spanning Treasury, Finance, and Asset, Liability and Capital Management.

Thanushka's professional accreditations underscore his commitment to excellence. He is a Fellow of the Chartered Institute of Management Accountants (CIMA UK) and the Association of Chartered Certified Accountants (ACCA UK), in addition to being a member of the Institute of Chartered Accountants of Sri Lanka (CA-SL) and the Sri Lanka Economics Association. His involvement in the Sri Lanka Institute of Directors further reflects his dedication to fostering corporate governance and leadership.

Education lies at the core of Thanushka's professional journey. He holds a Master of Science Degree in Finance from the University of Oulu (Finland), a Master of Arts Degree in Financial Economics from the University of Colombo, and a Bachelor's Degree in Business Administration from Northwood University (USA). This multifaceted educational background equips him with a comprehensive understanding of financial principles and economic dynamics, enabling him to navigate complex challenges with confidence and foresight.

Thanushka's leadership as Group Chief Financial Officer embodies a strategic vision grounded in sound financial principles and a steadfast commitment to driving sustainable growth. His proficiency, combined with a relentless pursuit of excellence, positions him as a key architect of the Group's financial success.

He also functions as a Non-Executive Director at Beckett Capital (Pvt) Ltd and continues to be a member of the Asset, Liability & Capital Management Committee of Janashakthi Insurance PLC. He is also a member of the Integrated Risk Management Committee of Orient Finance PLC.



### Gamika De Silva

#### Group Chief Marketing Officer

Gamika de Silva is the Chief Marketing Officer of Janashakthi Group and brings to the table 24 years of hands-on experience in marketing, sales, and customer experience management. He possesses an extensive background spanning various industries, including banking, telecommunications, FMCG, and insurance.

He has a proven track record of delivering measurable results, successfully executing product and brand positioning strategies, expanding market coverage, identifying new market opportunities, and transforming business environments.

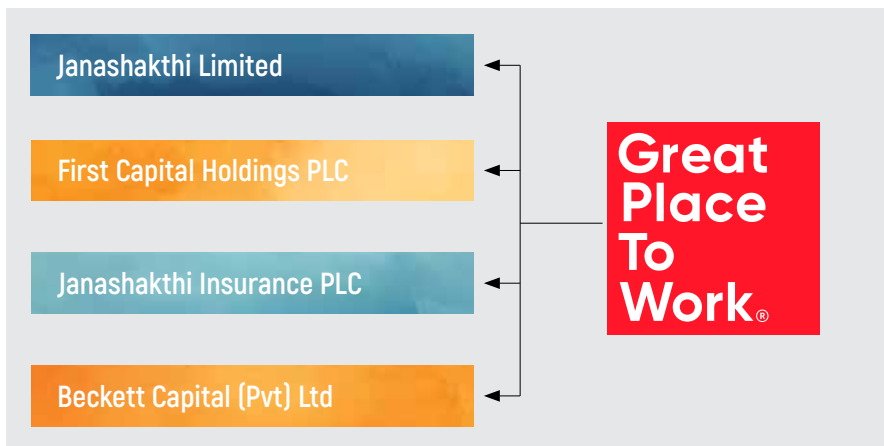
Gamika served as the Senior Brand Manager for Janashakthi Insurance from mid-2005 to December 2008. Following this role, he held several notable positions at Etisalat Lanka and Bharti Airtel Lanka. Before re-joining the Janashakthi Group, Gamika served as the Assistant General Manager overseeing Marketing & Sales at Seylan Bank PLC.

Gamika is a Fellow of the Sri Lanka Institute of Marketing and has also served as its President from 2013 to 2014. He is a graduate of the Chartered Institute of Marketing (CIM) and holds a Master of Business Administration specialized in Marketing from the University of Wales. He is an alumnus of Royal College Colombo.

He is an accomplished motivational speaker, skilled at facilitating strategy workshops, and has effectively managed brand personalities and cultivated strategic partnerships. Gamika is also an avid sports enthusiast.

# Shared Services and Value Creation

## The Talent Nexus – Our Human Resource Management Department



At JXG, we embrace the pivotal role of Human Resources (HR) in cultivating a culture of persistent commitment and active participation among our employees.



HR implements a comprehensive system of ongoing evaluation and feedback mechanisms. This ensures that employees are not only aware of expectations but also receive active support in achieving their objectives, with abundant opportunities for personal and professional growth.

### The Spell Book: Defining Our Functions

Our offerings to the Group can be categorized into two main areas:

1. Shared Service operation
2. HR Function to JXG staff

In the dynamic landscape of modern business, fostering a dynamic and engaged workforce stands as the keystone of triumph. At JXG, we embrace the pivotal role of Human Resources (HR) in cultivating a culture of persistent commitment and active participation among our employees. With precise attention to detail, our HR processes are sculpted to not just empower, but to profoundly engage our staff throughout their journey with us, effortlessly intertwining their personal growth with our organizational ambitions.

Here, you'll discover a comprehensive outline of our HR functions, showcasing our dedication to fostering a vibrant workplace culture.

#### Recruitment

At this stage, our primary objective is to identify candidates who align closely with our organizational

values. The HR department assumes responsibility for discerning the core of our staffing needs, crafting compelling job descriptions, actively seeking out potential candidates, conducting interviews, background checks, and onboarding, is managed through our Shared Services. This centralized approach ensures consistency and quality in hiring across the organization.

For Orient Finance PLC, the recruitment process will be managed by our Shared Services team once the necessary regulatory approvals are obtained. These approvals are currently pending, and the transition will commence upon their receipt.

#### Onboarding

Upon joining our team, employees embark on an enriching onboarding journey tailored to integrate them into the Group. This immersive experience consists of engaging orientation sessions, comprehensive introductions to our company's ethos and operational protocols, fostering connections with fellow team members, and equipping them with the essential resources to thrive in their

respective roles, conducted by Group HR and Group CEO on a monthly basis.

#### Performance Appraisal

HR implements a comprehensive system of ongoing evaluation and feedback mechanisms. This ensures that employees are not only aware of expectations but also receive active support in achieving their objectives, with abundant opportunities for personal and professional growth.

Through a balanced integration of performance appraisals, tailored coaching sessions, and collaborative goal-setting discussions, we foster a culture of excellence where each individual is empowered to flourish and advance in their career.

#### Training and Development

HR identifies skill gaps and actively provides opportunities for employees to enhance their knowledge and capabilities through diverse training programs, workshops, seminars, and educational resources. We firmly believe that continuous learning and development are essential for both individual career advancement and the overall success of the Group. Please



The Talent Nexus – Our Human Resource Management Department

refer to the HR Capital Report on page 74 for detailed insights into the Group's investment in Training and Development initiatives.

Career Development

The HR department plays a pivotal role in guiding employees to discern potential career trajectories and advancement avenues within the organization. This comprehensive support entails offering guidance on career planning, facilitating access to mentoring or coaching initiatives, and fostering internal mobility or promotional prospects. Moreover, as an indispensable element of this endeavor, succession plans are devised to guarantee a smooth transition and sustained talent continuity in critical roles.

Compensation and Benefits

HR oversees the management of employee compensation structures, encompassing salaries, bonuses, and incentives, to ensure their competitiveness and alignment with organizational objectives. Furthermore, HR administers employee benefits, including health insurance, retirement plans, and other perks, to support the overall well-being and satisfaction of our workforce.

Payroll for the Group is managed through a combination of in-house and external services. For specific levels, we engage an external service provider to ensure efficiency and compliance, while the remaining payroll operations are handled internally.

Employee Relations

Employee concerns, grievances, and conflicts are addressed to maintain a positive work environment, supported by an open door policy. Effective communication, conflict resolution, and fostering a culture of trust and respect are maintained by HR.

Offboarding

When employees leave the organization, HR manages the offboarding process, which encompasses exit interviews, knowledge transfer, finalizing paperwork, and ensuring a smooth transition for both the departing employee and the team.

This approach guarantees that employees receive the support, guidance, and resources essential for their success at every stage of their employment journey.



By centralizing these essential HR functions, business units can now adopt a more strategic approach to their HR operations. This shift enables them to concentrate on initiatives that drive employee engagement and foster a positive workplace culture.

The Chessboard of Success: Laying Out Our Strategies

The Shared Services Unit, responsible for managing the core HR activities of each business unit, has significantly enhanced operational efficiency.

By centralizing these essential HR functions, business units can now adopt a more strategic approach to their HR operations. This shift enables them to concentrate on initiatives that drive employee engagement and foster a positive workplace culture.

Additionally, the HR Capital Report will provide detailed insights into employee engagement activities and their impact on the organization. This comprehensive report will highlight the initiatives undertaken within each business unit to improve employee satisfaction and overall performance.

Goal	Achievement	Strategy Pursued
<b>First Capital Holdings PLC</b> Constantly focus on improving HR engagement and HR services	GPTW 2023 - score of 84% was achieved that saw a significant improvement from the previous year score of 74%. Year-on-Year, an increase of 10%.  Quarterly engagement activities led and organized by employee voluntary groups. Such example are the FC Premier League player auction/cricket carnival, FC Octoberfest, Secret Santa event, beach clean up.	Employee feedback and suggestions to understand what we do right and areas for improvement.  Drive meaningful engagement that focuses on cross function collaboration.

Goal	Achievement	Strategy Pursued
Talent Development and succession planning	Total training hours of 2,332 achieved during the year. An average of 17 hours per person which is over and above the expected training hours.	Continue the development plans for identified successors based on training need analysis and ensure all training needs identified are attended to during the year. At least average 12 hours of training per person.
Effective execution of employer branding initiatives	<p>First Capital was the official title partner of Magnate 2023, Finance Day of University of Colombo. Mr.Dilshan Wirasekara delivered the key-note speech on the topic "Merging Vision and Finance.</p> <p>A guest lecture series on the topic of financial statement analysis for the third-year undergraduates of the faculty of Finance, University of Colombo facilitated by Kumaravaran Kanagasooriar, CFA, commenced in September.</p> <p>Dulan of Risk and Compliance delivered a presentation on capital markets to the A/L students at Mahinda Rajapaksa college, Homagama.</p>	Further enhance relationships with the Universities and educational institutes to position FC as a preferred employer of choice.
<b>Janashakthi Insurance PLC</b> HR Active Involvement with Sales Leadership	Optimised Sales Force Performance Management, aligned goals, and enhanced sales teams' effectiveness.	Fostered strong collaboration between HR and Sales Leadership through regular strategy alignment meetings and joint initiatives.
Sales Force Performance	Uplifted sales performance, focused on key performance indicators (KPIs), and sales objectives.	Developed and implemented comprehensive training programs, coaching sessions, and skill development workshops tailored to sales teams' needs.
Employee Reskilling and Upskilling	Adapted to evolving market demands and technological advancements, ensuring a skilled and agile workforce.	Designed and executed continuous learning and development programs focused on reskilling and upskilling to keep pace with industry changes.
Focus on Strategic Business Partnering	Aligned HR strategies closely with organizational objectives, and enhanced overall business performance.	Strengthened inter-departmental collaboration through strategic planning sessions and cross-functional projects to drive business performance.
<b>Orient Finance PLC</b> Employee Engagement	Strengthened HR relations through targeted engagement events and a proactive grievance management framework.	Prepared yearly calendar and the events deliver through fun squad.
Cultivate Learning culture	Rolled out training plan across the Bus -Technical/ soft skills/Leadership etc.	Conducted training needs analysis and gather training requirements from the BU Levels.
Improve talent acquisition	Obtain quality profiles for all type of employment categories.	Sync with multiple service providers/ universities, institutes.

### The Talent Nexus – Our Human Resource Management Department

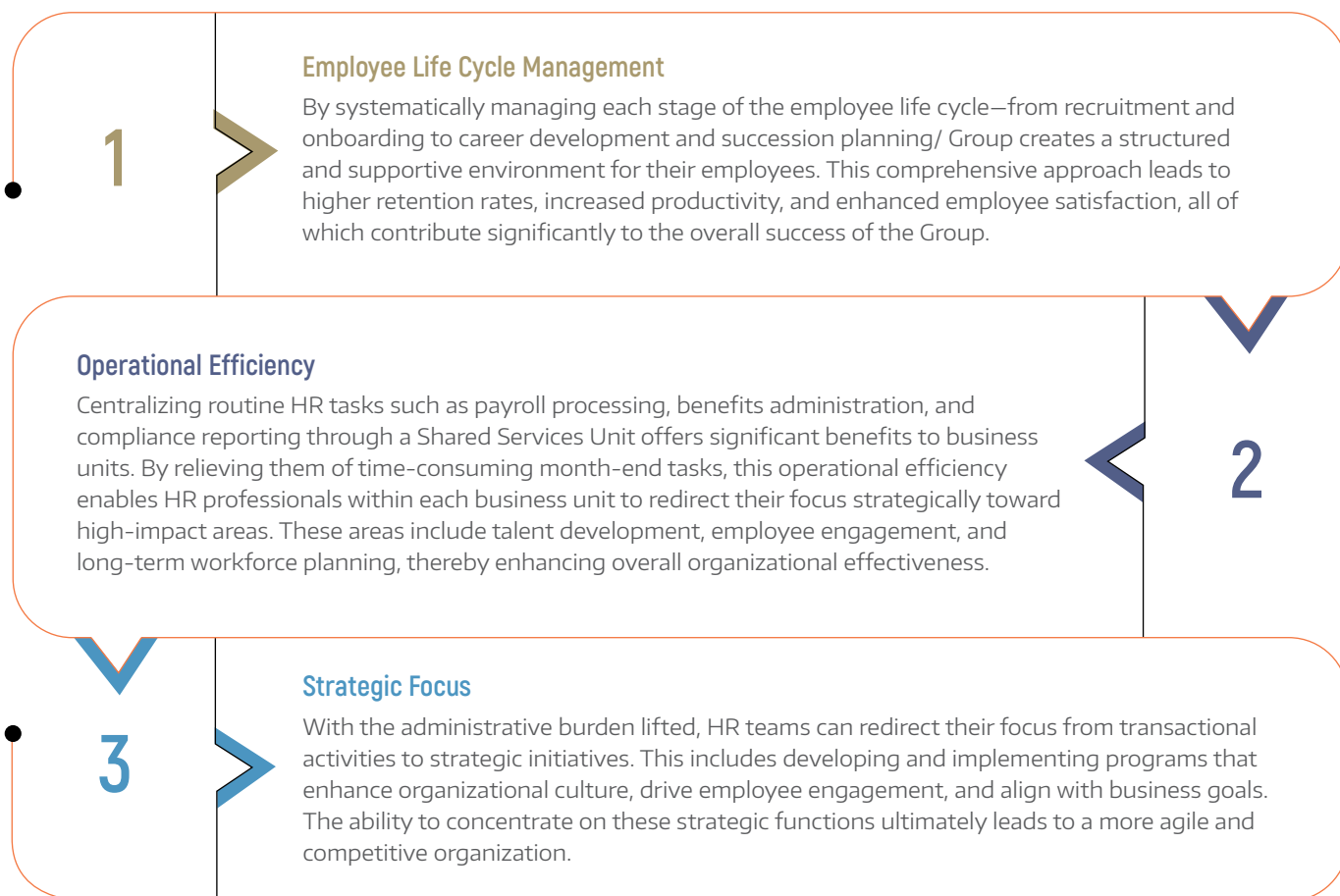


By systematically managing each stage of the employee life cycle—from recruitment and onboarding to career development and succession planning/ Group creates a structured and supportive environment for their employees. This comprehensive approach leads to higher retention rates, increased productivity, and enhanced employee satisfaction, all of which contribute significantly to the overall success of the Group.

#### The Call to Adventure: Embracing the Unknown

For some Business Units, the transition to a Shared Services model marked a new implementation, previously managed independently within each unit. Upon transferring control of these HR activities to the Shared Service Unit, initial resistance was encountered. To address this, Standard Operating Procedures (SOPs), Service Level Agreements (SLAs), and formal agreements were established. These measures were instrumental in building trust and ensuring a smooth transition, ultimately leading to improved efficiency and consistency across all business units.

Value is created through effective employee life cycle management in several key ways:



By streamlining HR operations and enabling a strategic focus, the organization can better align its human capital management with its overall business objectives, creating significant value and fostering a more dynamic and effective workforce.

## The Nexus Hub - Our Administration Department

### Janashakthi Limited

Moving to the Head Office at Mireka Towers

### Janashakthi Insurance PLC

Provided new access control units with face recognition for branches with using new technology

### Orient Finance PLC

4 new branches - Kiribathgoda, Piliyandala, Nuwara Eliya, Monaragala

### First Capital Holdings PLC

New branch opening at Jaffna



The Administration Department serves as the foundation of operational efficiency, encompassing a diverse spectrum of administrative functions critical to the seamless functioning of our Group.



The Administration Department serves as the linchpin that binds together various operational facets, ensuring a harmonious and conducive environment for the attainment of our organizational objectives.

### The Spell Book: Defining Our Functions

The Administration Department serves as the foundation of operational efficiency, encompassing a diverse spectrum of administrative functions critical to the seamless functioning of our Group. From meticulously managing utility bills and lease agreements to ensuring the immaculate upkeep of both branch and head office facilities, the department operates with precision and dedication.

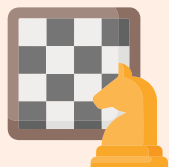
Beyond these foundational tasks, the Administration Department shoulders a multifaceted array of responsibilities. From maintaining hygiene to the coordination of new branch openings, the team navigates with finesse through the intricacies of coordinating branch refurbishments and relocations. Furthermore, the department is entrusted with the vital task of procuring capital-related items, contributing significantly to the strategic development and growth of the Group.

In essence, the Administration Department serves as the linchpin that binds together various operational facets, ensuring a harmonious and conducive for the attainment of our organizational objectives. With meticulous attention to detail and a commitment to excellence, the department remains steadfast in its mission to uphold the highest standards of efficiency and professionalism across all endeavors.



## Shared Services and Value Creation

### The Nexus Hub - Our Administration Department



The Administration Department assumes a broad spectrum of responsibilities, including office maintenance, financial planning, record-keeping, logistics, and more. Our administrative team consistently delivers high-quality work, furnishing essential infrastructure support for both branches and the head office. We are dedicated to ensuring uninterrupted service for both internal and external customers

Goal	Achievement	Strategy Pursued
<b>First Capital Holdings PLC</b> The company has undertaken a modernization initiative at its head office to provide customers with enhanced amenities and services. This transformational effort aims to convert the space from a traditional filing area into a revenue-generating unit.	Introducing a state-of-the-art headquarters space, outfitted with contemporary furniture and amenities. This initiative is designed to elevate both customer efficiency and internal staff morale.	Successful acquisition of an external consulting service to facilitate the establishment of a new headquarters, in alignment with the vision of our Group.
<b>Janashakthi Insurance PLC</b> We are currently exploring innovative strategies to reduce operational and administrative expenses. As part of this initiative, we have commenced the process of outsourcing the archive room to an external entity.	We implemented the off-site filing room to mitigate unforeseen operational challenges and to repurpose underutilized office space into a revenue-generating unit.	We have chosen to entrust the management of archive room files to an external party as part of our efforts to enhance efficiency and address operational challenges effectively.
<b>Orient Finance PLC</b> We are committed to furnishing customers with the essential amenities required to sustain our business and broaden our customer portfolio. As part of this commitment, we have successfully established four new branch locations to enhance our ability to serve our valued clientele.	We have expanded our operations by inaugurating four new offices, aimed at delivering the utmost level of service to our external clients through the establishment of additional branches.	By strategically shifting our branches, we ensure convenient accessibility for our clients, thereby facilitating seamless interactions and enhancing customer satisfaction.



Through the establishment of a cohesive Group culture, we aim to centralize functions to enhance value creation for each Business Unit within the Group. This approach enables us to fulfill common requirements across all units while offering supplementary advantages, such as centralized procurement of stationery, supplies, and other essentials.

#### The Call to Adventure: Embracing the Unknown

As integral contributors to the ambitious endeavor of relocating to our new headquarters to Mireka Towers, we take pride in our successful collaboration. The fruition of this project stands as a testament to our collective vision, culminating

in the unveiling of a cutting-edge office space poised to elevate the experience for our staff. Throughout the refurbishment of the First Capital Head Office, it became necessary for us to temporarily relocate from the premises to facilitate the contractors' smooth progress on the project. Our responsibility encompassed

assisting the staff in identifying a suitable alternative location to ensure uninterrupted operations. We are pleased to report our success in furnishing the necessary infrastructure and securing a superior location, thereby ensuring business continuity without disruption.

## The Ultimate Reward – Value creation by us

1

The Administration Department assumes a broad spectrum of responsibilities, including office maintenance, financial planning, record-keeping, logistics, and more. Our administrative team consistently delivers high-quality work, furnishing essential infrastructure support for both branches and the head office. We are dedicated to ensuring uninterrupted service for both internal and external customers. Moreover, our team diligently manages the timely payment of all utility bills for the branch network and headquarters, thereby averting any service disruptions and meeting customer demands effectively.

We have designated individual staff members to manage distinct administrative responsibilities. For instance, a technical executive has been appointed to swiftly coordinate and address technical issues. Likewise, administrative functions have been segmented, with dedicated staff members assigned to oversee each area.

2

3

Through the establishment of a cohesive Group culture, we aim to centralize functions to enhance value creation for each Business Unit within the Group. This approach enables us to fulfill common requirements across all units while offering supplementary advantages, such as centralized procurement of stationery, supplies, and other essentials. By leveraging negotiations with vendors to secure discounts on products traditionally procured separately by each unit, we anticipate substantial cost savings. This centralized purchasing strategy not only improves operational efficiency but also underscores our commitment to best practices in Group-level procurement, provide Group companies with stationery supplies from the same vendor and obtain volume discounts from the vendor on stationery supplies in order to implement a cost-effective process.

Initiate strategies to streamline manual processes, particularly in inventory systems (excluding Janashakthi Insurance PLC), and consolidate systems that rely more heavily on automation. This strategic approach aims to enhance process efficiency and system optimization while reducing reliance on paper-based documentation.

4

### Tech Nexus – Our Information and Technology Department

#### Janashakthi Limited

Investment in IT Infrastructure at Mireka office

#### First Capital Holdings PLC

Introduction of an ATM Card for Unit Trusts

#### Janashakthi Insurance PLC

Best CIO Award for our Chief Information Officer

#### Orient Finance PLC

Initiating a fully-automated Savings product



To streamline our business units and establish robust IT governance across the Group, we are focused on integrating four key pillars: Customer Life Cycle, IT Infrastructure, IT Governance and Security, and Digital Innovation.



A prime example of our commitment is our proactive adoption of the Data Protection Act. No.09 of 2022. We successfully deployed this critical regulation across all business units simultaneously.

#### The Spell Book: Defining Our Functions

To streamline our business units and establish robust IT governance across the Group, we are focused on integrating four key pillars: Customer Life Cycle, IT Infrastructure, IT Governance and Security, and Digital Innovation. By implementing standardized policies and procedures across all business units, we ensure consistency and eliminate discrepancies.

A prime example of this commitment is our proactive adoption of the Data Protection Act. We successfully deployed this critical regulation across all business units simultaneously. We are proud to announce that we are the first organization in South Asia to go live with this implementation, ahead of the mandated 2025 deadline.

Our IT department is dedicated to fostering both organic and inorganic growth, leveraging our expertise to manage Shared Services efficiently. This ensures consistent IT governance

throughout the entire Group. We have standardized our CRM and MIS solutions across all business units, driving a unified IT shared service model.

By aligning our governance and regulatory frameworks with standardized policies and procedures, we are able to share benefits and maintain uniformity across the organization. This strategic approach ensures that we meet governance requirements while optimizing our operational efficiency and enhancing our overall digital capabilities.



Within our organization, the art of risk management is not just a practice; it's a strategic imperative. By implementing proactive and innovative risk management measures, we fortify our defenses against potential threats and uncertainties, ensuring the protection of stakeholder interests and upholding the integrity of our operations.

Goal	Achievement	Strategy Pursued
<b>First Capital Holdings PLC</b> <ol style="list-style-type: none"> <li>Go-live of the Onboarding system</li> <li>Group-level hardware purchase</li> <li>Refurbishment of Office IT infrastructure</li> </ol>	<ul style="list-style-type: none"> <li>Enabling digital onboarding process for all products</li> <li>Cost-effectiveness within the companies</li> <li>Direction from the Management to refurbish the office premises with all IT infrastructure</li> </ul>	Digital and Infrastructure
<b>Janashakthi Insurance PLC</b> <ol style="list-style-type: none"> <li>Changing Business Requirements</li> <li>Dependency of external consultants for IBPS development</li> <li>Quality of Vendors and Fulfillment Capabilities</li> </ol>	<ul style="list-style-type: none"> <li>Direction from the Management to Complete Signed SRS before accepting any changes.</li> <li>Organize a training from the IBPS team to upskill our resources for development</li> <li>Building Relationships with Key Vendors for Long Terms Goals.</li> </ul>	<ul style="list-style-type: none"> <li>Deploying system as per SRS initially and then looking into changes of business stakeholders.</li> <li>Training and upskilling internal resources to reduce dependency on external resources</li> <li>Ensuring Long Term Relationships with Vendors.</li> </ul>
<b>Orient Finance PLC</b> <ol style="list-style-type: none"> <li>Go-Live of Core Banking System – Lending vertical</li> <li>Meeting the regulatory requirements</li> <li>AI solution for business process improvement</li> </ol>	<ul style="list-style-type: none"> <li>Completion of UAT and commencement of Live operations within the specified time.</li> <li>Complying to the requirements as per the technology direction</li> <li>Providing a considerable dataset for system training</li> </ul>	<ul style="list-style-type: none"> <li>Highly focused implementation team</li> <li>Enhancement and introduction of new processes</li> <li>Touch basing on multiple sources of both structured and unstructured data.</li> </ul>



Brain drain has posed a significant challenge across our entire Group, particularly in the IT sector. However, we have successfully countered this trend by fostering an environment that retains top talent and keeps our team engaged and committed.

### The Call to Adventure: Embracing the Unknown

Brain drain has posed a significant challenge across our entire Group, particularly in the IT sector. However, we have successfully countered this trend by fostering an environment that

retains top talent and keeps our team engaged and committed.

Inflation has also impacted our vendor relationships, resulting in some losses. For instance, at First Capital Holdings PLC, a project experienced substantial delays, cycling through six project

managers within nine months. Despite these setbacks, our dedication to creating a supportive and dynamic workplace has enabled us to maintain a stable and motivated workforce, ensuring continuity and resilience in our operations.



## Tech Nexus – Our Information and Technology Department

The Ultimate Reward – Value creation by us

### First Capital Holdings PLC

We are proud to announce the successful implementation of a fully integrated video KYC and electronic KYC (E-KYC) system, directly connected to the Colombo Stock Exchange (CSE) for seamless customer onboarding. This pioneering service, the first of its kind in Sri Lanka, allows us to onboard customers swiftly and efficiently, entirely online.

With this innovative solution, we have onboarded 1,800 customers across various portfolios, demonstrating our commitment to leveraging technology for superior customer experience and operational excellence. This milestone reflects our leadership in digital transformation and our dedication to setting new benchmarks in the industry.

### Janashakthi Insurance PLC

We are delighted to highlight our recent significant achievement with the implementation of our state-of-the-art CRM solution. This advanced system enhances our ability to classify and understand customers, efficiently manage feedback and escalations, and ensure timely resolution within specified periods. Our robust complaint tracking system further reinforces our commitment to customer satisfaction.

Additionally, our onboarding process has gone green, embracing a fully paperless approach. Notably, 73% of application usage for claims initiation comes from the corporate sector, marking a remarkable success in our digital adoption strategy. This achievement reflects our dedication to sustainability and our prowess in delivering efficient, technology-driven solutions.

### Orient Finance PLC

Yet another proud keystone to announce is our successful implementation of lean management practices and advanced CRM solutions, revolutionizing the way we track leases and identify potential customers. In a remarkable stride, we have achieved a 100% migration to our new elevated co-banking solutions, integrating workflow automation and robotic process automation to enhance operational efficiency.

Moreover, we have expanded our offerings by incorporating Islamic banking products, reflecting our commitment to diverse financial solutions. Our fully-automated auction process for pawning exemplifies our dedication to innovation and streamlined operations, ensuring a smooth and efficient experience for our customers.

The IT team delivers value to stakeholders by offering digital solutions that address business challenges and create opportunities.

JXG - IT's business model focuses on fostering innovation, operational excellence, strategic partnerships, and sustainability, all with the goal of creating value for stakeholders within the Janashakthi Group.

The process involves all stakeholders discussing and outlining the challenges. Subsequently, the IT team reviews and gathers additional requirements and information, ultimately providing a digital solution to resolve the challenge.

### Client Insights

The IT Department is instrumental in gaining a profound understanding of client needs, preferences, and expectations. This invaluable insight enables us to tailor our financial

solutions and services precisely, ensuring we meet and exceed the diverse needs of our clientele in the financial services sector. By leveraging advanced analytics and data-driven strategies, our IT team ensures that we remain attuned to the evolving demands of our customers, fostering stronger relationships and delivering unparalleled service excellence.

**Technology and Infrastructure:** Investing in advanced technology and robust infrastructure facilitates efficient operations and supports innovative initiatives, such as digital onboarding systems.

### Human Capital

Our skilled and motivated employees are the cornerstone of our success, driving the development and implementation of value-adding strategies. Their expertise and dedication ensure the delivery of high-quality services and foster continuous innovation. By investing in our team's growth and well-being, we cultivate a dynamic and resilient workforce that is committed to excellence and poised to lead the way in our industry.

### Strategic Partnerships

Collaborations with external partners, encompassing vendors, industry experts, and regulatory bodies, are pivotal in granting us access to invaluable resources, specialized expertise, and critical market insights. These alliances empower us to enhance our capabilities, stay ahead of industry trends, and deliver superior value to our clients. By fostering strong, strategic partnerships, we reinforce our commitment to innovation, growth, and excellence in all our endeavors.

## Financial Resources

Effective capital allocation and strategic financial investments are crucial for driving our growth initiatives, advancing technological innovation, and facilitating strategic acquisitions. By judiciously managing our financial resources, we ensure the continuous evolution and expansion of our capabilities, enabling us to seize new opportunities and maintain a competitive edge in the market.

Our key deliverables in terms of value creation are,

## Enhanced Customer Experience

Our commitment to value creation is epitomized by the elevated satisfaction levels and unwavering loyalty of our clients. Through the seamless integration of streamlined processes, personalized services, and innovative solutions, we consistently exceed expectations and forge lasting connections with our clientele. By prioritizing their needs and aspirations, we not only enhance their journey with us but also set new benchmarks for excellence in customer experience across the industry.

## Operational Efficiency

At the heart of our operations lies a commitment to excellence, where the synergy of efficient processes, technology-driven solutions, and resource optimization propels us towards unprecedented heights.

By seamlessly integrating these elements, we unlock new levels of productivity, slash unnecessary costs, and elevate our operational performance to unparalleled levels.

This relentless pursuit of efficiency not only strengthens our competitive edge but also positions us as trailblazers in our industry, setting the standard for excellence and innovation.

## Financial Performance

Our dedication to value creation is vividly illustrated through sustainable revenue growth, heightened profitability, and favorable returns on investment, all of which serve to maximize shareholder value.

## Risk Mitigation

Within our organization, the art of risk management is not just a practice; it's a strategic imperative. By implementing proactive and innovative risk management measures, we fortify our defenses against potential threats and uncertainties, ensuring the protection of stakeholder interests and upholding the integrity of our operations.

Our commitment to meticulous risk mitigation not only bolsters confidence among stakeholders but also underscores our resilience and foresight in navigating complex and dynamic environments. In essence, it's not merely about managing risks—it's about mastering them, transforming challenges into opportunities, and charting a course towards sustained success.

## Strategic Growth

At the heart of our organization lies a commitment to dynamic and visionary growth strategies, where value creation serves as the fuel igniting our path to success. Through bold and innovative initiatives, such as venturing into new markets, diversifying our product offerings, and forging strategic partnerships, we propel ourselves towards long-term growth and heightened competitiveness in the global arena.

Embracing a robust IT blueprint, we embark on a transformative journey characterized by digitalization and the delivery of unparalleled value-added services.

### In Search of New Horizons - Mergers and Acquisitions Department

#### Janashakthi Limited

Relocation of the corporate office which has uplifted the market perception of JXG



The Mergers and Acquisitions (M&A) team primarily focuses on identifying, evaluating, and executing potential merger and acquisition opportunities for the organization.



The M&A team has maintained a robust deal pipeline, played a significant role in the relocation of the corporate office which has uplifted the market perception of JXG, and successfully evaluated and provided strategic recommendations during the year.

#### The Spell Book: Defining Our Functions

The Mergers and Acquisitions (M&A) team primarily focuses on identifying, evaluating, and executing potential merger and acquisition opportunities for the organization. This includes conducting market research, financial analysis, due diligence, negotiation, and post-merger integration activities. In addition, the M&A team supports the strategic formulation of the JXG.

The M&A team has maintained a robust deal pipeline, played a significant role in the relocation of the corporate office which has uplifted the market perception of JXG, and successfully evaluated and provided strategic recommendations during the year. Despite external uncertainties, we have remained agile and focused on creating value for stakeholders through strategic acquisitions and partnerships. Our performance metrics

reflect our commitment to disciplined processes and value creation.

The M&A team's contributions to the organization's financial performance are reflected in several key metrics. The team's strategic initiatives have contributed to overall value of JXG. Additionally, the team's efforts have enhanced the organization's long-term shareholder value.



The M&A team's contributions to the organization's financial performance are reflected in several key metrics. The team's strategic initiatives have contributed to overall value of JXG. Additionally, the team's efforts have enhanced the organization's long-term shareholder value.

#### The Chessboard of Success: Laying Out Our Strategies

Throughout the year, the M&A team has focused on several key strategies to drive growth and value creation for JXG. These strategies include evaluating target companies that align with our strategic objectives, pursuing accretive acquisitions to expand our market presence and capabilities, and optimizing the Holding Company's portfolio through divestitures or strategic partnerships.

Despite the challenges posed by high interest rates and the upcoming Presidential election, the M&A team remains optimistic about its future. With improved funding capabilities and the recent trend of lower interest rates, the team sees new opportunities emerging in the M&A market. The team is leveraging its expertise, networks, and strategic partnerships to identify and pursue value-accretive transactions that align with the organization's growth objectives. Looking ahead, the

M&A team is committed to driving strategic initiatives, fostering innovation, and delivering sustainable value for stakeholders in the dynamic M&A landscape.



The M&A team's business model is designed to create value for all stakeholders by leveraging the organization's resources, capabilities, and market position to identify and execute strategic transactions that drive growth and profitability.

### The Call to Adventure: Embracing the Unknown

During the year, the prevailing environment has presented both opportunities and challenges. Market volatility, regulatory changes, and political instability have influenced

deal activity and valuation dynamics. High-interest rates and political uncertainties have impacted the M&A operating landscape, leading to greater caution among the management and delaying decision-making processes.

These factors have introduced complexities and uncertainties into deal negotiations and have required the M&A team to adapt its strategies to navigate the evolving market conditions effectively.

### The Ultimate Reward – Value creation by us

1

The M&A team creates value for its stakeholders by identifying and executing strategic transactions that enhance the organization's competitive position, drive revenue growth, and maximize shareholder value. By evaluating potential mergers, acquisitions, divestitures, and strategic partnerships, the team aims to capitalize on opportunities that align with the organization's strategic objectives and generate sustainable long-term value for shareholders, employees, customers, and other stakeholders.

The M&A process typically involves several stages, including strategic planning, target identification, due diligence, valuation, negotiation, and post-merger integration. Each stage requires thorough analysis, collaboration across functional teams, and adherence to regulatory and governance requirements. The process is guided by a disciplined approach to risk management, financial analysis, and strategic alignment to ensure that transactions are executed effectively and deliver value to stakeholders.

2

3

The M&A team's business model is designed to create value for all stakeholders by leveraging the organization's resources, capabilities, and market position to identify and execute strategic transactions that drive growth and profitability. By pursuing opportunities that enhance the organization's competitive advantage, expand its market presence, and optimize its portfolio, the team aims to deliver tangible benefits to shareholders through increased shareholder value, revenue growth, and enhanced profitability. Additionally, successful transactions contribute to employee engagement, customer satisfaction, and broader societal impact, thereby creating value for all stakeholders.

Key inputs to the value creation process include market research, financial analysis, strategic planning, due diligence, negotiation skills, and cross-functional collaboration with other business units and shared services. Outputs of the value creation process include successful mergers, acquisitions, divestitures, strategic partnerships, enhanced market position, increased shareholder value, revenue growth, profitability improvements, operational synergies, and strengthened competitive advantage. These outputs are monitored and evaluated to ensure that value creation objectives are met and that the organization continues to deliver sustainable long-term value to its stakeholders.

4



### The Influence Engine - Our Marketing Department



At JXG, we aspire to be the catalysts of transformation, igniting innovation and shaping a brighter future.



Our strategic vision is a symphony of innovation and creativity, crafted to establish an unparalleled reputation that resonates with our audience.

#### The Spell Book: Defining Our Functions

In the dynamic domain of marketing, our team at JXG embraces a bold mission: to sculpt the JXG brand into an emblem of modern sophistication and irresistible allure, commanding attention in today's bustling marketplace.

At JXG, we aspire to be the catalysts of transformation, igniting innovation and shaping a brighter future.

#### Crafting Brand Excellence

In the story of our brand, innovation, quality and trust seamlessly come together, each aspect intricately linked to create a fabric of distinction. Through captivating campaigns and powerful messaging, we carefully shape a brand that epitomizes reliability and sophistication, establishing a benchmark of excellence with each engagement.

#### Fostering Personal Connections

Central to our philosophy is the cultivation and sustenance of authentic connections with customers, stakeholders, and partners alike. We place a premium on genuine engagement, guaranteeing that the JXG brand isn't merely acknowledged, but sincerely embraced and valued.

#### Championing Corporate Social Responsibility

Embedded within our ethos are CSR endeavors that epitomize our commitment to ethical conduct and community development. Through proactive involvement and advocacy for meaningful causes, we not only bolster our brand's reputation but also foster positive impact on a global scale.

Engaging in Community Activities  
Driven by our core values, we strive to leave a tangible footprint both

within our local communities and on the global stage. Through active participation in community initiatives, we demonstrate JXG's commitment to making a meaningful difference in the lives of those we serve and the places we impact.

#### Becoming a Preferred Employer

At JXG, we aspire to cultivate a workplace that pulsates with vibrancy, inclusivity, and inspiration. By nurturing an atmosphere conducive to creativity and innovation, we endeavor to position ourselves as an employer of choice, magnetizing top-tier talent who resonate deeply with our brand ethos. At the helm of our strategic efforts lies the Group Marketing team—an assembly of industry luminaries dedicated to propelling our organization to new heights.

Propelling our Influence Engine forward, we navigate pivotal functions in the domains of,

Digital Brand Activation	Corporate Communication	Brand Management
Our team of specialists acts as architects of online experiences, sculpting immersive digital landscapes that elevate the presence and engagement of the JXG brand across all digital platforms. Through innovative strategies and captivating content, we craft digital journeys that resonate deeply with our audience, leaving a lasting impression and fostering meaningful connections in the digital sphere.	The Corporate Communication team operates as the voice of JXG, ensuring that our message is not only clear and consistent but also impactful. With finesse and precision, we navigate the complexities of communication, forging robust relationships with stakeholders and the public alike. By effectively conveying our brand story and values, we cultivate trust and credibility, laying the foundation for enduring relationships and positive perceptions.	In tandem, our Brand Management professionals serve as guardians of the JXG brand, meticulously curating and enhancing its reputation in the marketplace. With a keen eye for detail and an unwavering commitment to quality, they ensure that the essence of our brand remains strong, relevant, and admired. Through strategic initiatives and meticulous attention to brand consistency, they uphold the integrity of the JXG brand, ensuring its continued success and relevance in an ever-evolving landscape.



In each of these domains, our team operates at the forefront of innovation and excellence, driving forward the vision of JXG as a brand synonymous with distinction, integrity, and excellence.

**The Chessboard of Success:  
Laying Out Our Strategies**

By building brand credibility, we magnetize potential investors who recognize the robust reputation of our parent brand, creating a positive ripple effect that benefits our subsidiaries. This cascading trust enhances interest and confidence across all levels of our business units.

Unveiling our latest strategic endeavor: the inception of our in-house creative team. This move embodies our commitment to innovation and artistic

excellence. By fostering a collaborative environment within our organization, we're poised to unleash a new wave of creativity, agility, and brand cohesion. Get ready to witness our brand's evolution as we embark on this exciting journey together.

Gathered shortly after the close of the financial year, our staff summit emerged as a pillar of motivation, uniting employees from all corners of our organization. This event served as more than a mere assembly; it was a transformative experience, nurturing

a profound sense of belonging and camaraderie among our diverse team members.

Introducing our sponsorship policy: This methodical framework not only shields our financial assets but also guarantees that sponsorships are intricately woven into the fabric of our brand ethos and aspirations. By handpicking partnerships that strike a chord with our audience and bolster our mission, we're launching our marketing endeavors into uncharted territories of resonance and influence.

### The Influence Engine - Our Marketing Department



A major internal challenge has been the recruitment and retention of top talent. Attracting and keeping the right people is essential for maintaining our operational effectiveness and achieving our strategic objectives.

#### The Call to Adventure: Embracing the Unknown

##### External Challenges

Market sentiment has been volatile as the economy continues its recovery, with consumers focusing on other priorities, which has made it challenging to effectively promote our products and services. Identifying the optimal messaging and targeting the right audience required extensive experimentation and analysis to refine our communication strategies.

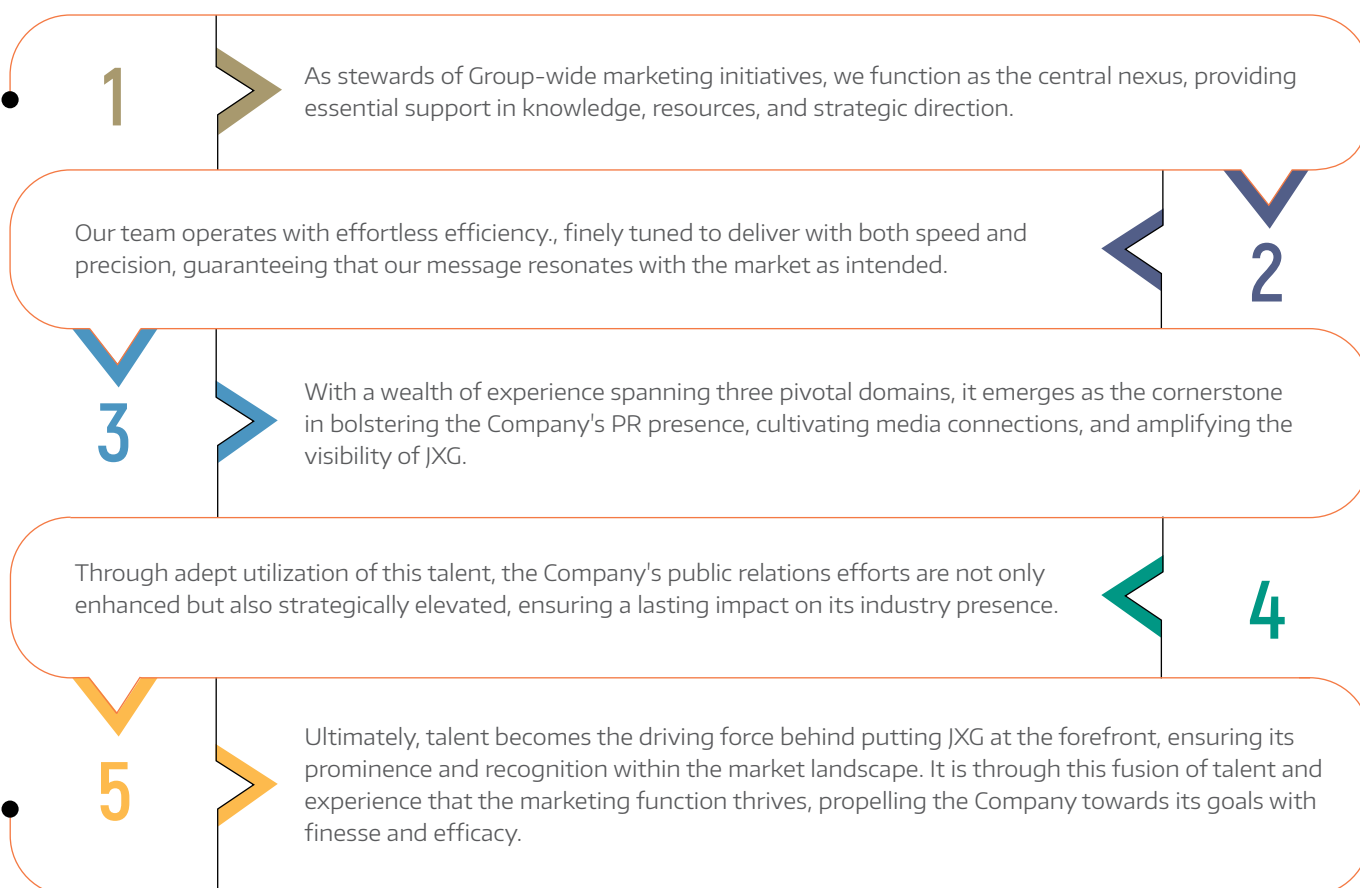
We also faced significant budgetary constraints in a highly competitive landscape. In the insurance sector, our budget is relatively limited compared to competitors, resulting in a greater emphasis on sales rather than media and brand-building activities. Similarly, in the Non-Banking Financial Institutions (NBFI) sector, our market share is substantially smaller compared to leading players. This budgetary challenge has made it difficult to achieve visibility and establish

credibility amidst competitors who have more extensive media presence.

##### Internal Challenges


A major internal challenge has been the recruitment and retention of top talent. Attracting and keeping the right people is essential for maintaining our operational effectiveness and achieving our strategic objectives.

#### The Ultimate Reward – Value creation by us




# Harnessing Legal Insights - Our Legal Department

Introduction of new DMS - Document Management System



Our legal department specializes in various legal and financial services for the Janashakthi Group.



This year, our department achieved notable successes and milestones. We were recognized as the top-performing department in the 'Great Place to Work' Survey for the second consecutive year.

**The Spell Book: Defining Our Functions**

Our department specializes in various legal and financial services for the Janashakthi Group. We handle conveyancing, finance law, and capital market activities. Our responsibilities include negotiating and drafting contracts, leases, and property-

related documents for projects such as condominiums and gated communities. We also manage the custody of Group properties, maintain the trademark registry, and oversee Document Management Systems.

Moreover, we handle takeovers, disposals, and provide legal compliance advice, including company secretarial

work and communication with stakeholders. Our team manages claims, litigation, and arbitration on both local and international levels.

We draft and review legal documents, offer legal opinions, and ensure comprehensive legal support across all areas.



In the past year, the Group Legal Department has significantly contributed to our organization's success through strategic counsel, cost management, and intellectual property protection.

**The Chessboard of Success: Laying Out Our Strategies**

**Support Strategic Goals**

We facilitated the Group's strategic objectives by ensuring seamless business operations through tailored legal documentation and advice. This included managing forward contract documentation, credit cards of Units Trusts agreements and property-related legal matters. We ensured efficiency by meeting SLA requirements and led negotiations with clients. Additionally, we supported mergers and acquisitions, strategic partnerships, and global joint ventures, while proactively addressing legal

risks through measures such as filing caveats.

**Artificial Intelligence tools integration**

We are integrating a new CRM system for Contracts and Litigation, set to launch towards the end of 2024, with ongoing staff training and system setup. We are also exploring automation options for draft reviewing and securing access to the Law Lanka system for enhanced legal research.

**Cost Management**

We focused on minimizing legal and litigation expenses by handling most legal services internally and pursuing settlements in costly cases. Our strategies included providing proactive legal advice, protecting organizational assets, and developing internal attorney processes. We evaluated alternative resource models, reduced reliance on external lawyers for attestations, and implemented cost-effective decision-making practices. Additionally, we engaged in benchmarking and revenue generation efforts to optimize overall cost efficiency.



# Shared Services and Value Creation

## Harnessing Legal Insights - Our Legal Department

### Team Development and Customer Service

We invested in enhancing team capabilities to effectively represent our legal position and foster trust with key stakeholders. Our focus included building strong relationships with regulators and external counsel, ensuring systematic legal

defense, and maintaining accurate regulatory compliance. Additionally, we emphasized the negotiation, drafting, and execution of agreements, established internal governance policies, and strengthened risk and crisis management, alongside talent management and succession planning.

**Relationship Building:** We prioritized strengthening connections within the legal community, including corporate lawyer associations, land registries, and government institutions. This included networking to stay abreast of industry.



The Group Legal Department's value creation process is driven by key inputs including expert legal knowledge, strategic alignment with organizational goals, and robust resources and infrastructure. We leverage these inputs to deliver critical outputs such as timely legal advice, effective contract management, and comprehensive compliance assurance.

### The Call to Adventure: Embracing the Unknown

This year, our department achieved notable successes and milestones. We were recognized as the top-performing department in the 'Great Place to Work' Survey for the second consecutive year. We generated approximately

LKR 8.7 million in revenue, including LKR 1.9 million recovered from Orient Capital litigation. We effectively implemented new amendments to various Acts and Ordinances, such as the Notaries Ordinance and the Wills Ordinance. Additionally, we obtained an order for substitute service and

completed the sale of Janashakthi Insurance-owned properties in Kandy and Negombo. We adeptly managed the challenges of relocating to a new workplace and optimizing storage and gained valuable insights from the post-disposal issues related to KD PLC, particularly in mortgage registration.

### The Endgame: Execution and Adaptation

Our team effectively operates in a compact workspace by utilizing an advanced online platform for document management. This platform enables us to scan and store all documents digitally, thereby optimizing our physical space. As physical files are archived, we maintain an organized and efficient work environment, ensuring easy access to essential information while minimizing the need for extensive physical storage.

### The Ultimate Reward – Value creation by us

#### How Our Unit Creates Value for Its Stakeholders

**Our department can create value for its stakeholders in several ways.**

In the past year, the Group Legal Department has significantly contributed to our organization's success through strategic counsel, cost management, and intellectual property protection. We provided crucial legal guidance on key decisions, including partnerships and regulatory developments, while managing legal costs effectively through prudent negotiations and dispute resolution.

Our commitment to safeguarding intellectual property and ensuring robust corporate governance has enhanced transparency and trust among stakeholders. Additionally, we focused on training programs to reduce legal risks, collaborated with the Risk and Compliance department to uphold regulatory standards, and fostered strong external relationships to support our legal strategy. Our adherence to ethical leadership has further reinforced our organizational integrity and reputation.

By emphasizing these areas, the Group Legal Department effectively showcases its value to both internal and external stakeholders, significantly enhancing the organization's success, resilience, and sustainability.

The Group Legal Department's value creation process is driven by key inputs including expert legal knowledge, strategic alignment with organizational goals, and robust resources and infrastructure. We leverage these inputs to deliver critical outputs such as timely legal advice, effective contract management, and comprehensive compliance assurance.

To create value for stakeholders, the Group Legal Department employs a strategic approach involving several key processes. We begin by thoroughly understanding the needs and expectations of both internal and external stakeholders. Our strategies are then aligned with the organization's business objectives to ensure that legal efforts support overall goals and enhance shareholder value. We commit to continuous improvement by regularly evaluating and refining our processes to stay effective and adaptable. Open communication and collaboration with stakeholders and partners further strengthen our legal initiatives. Through these practices, the Group Legal Department demonstrates its contribution to the organization's success, resilience, and stakeholder confidence.

Our prevailing business model acts as a comprehensive framework for creating, delivering, and capturing value for all stakeholders, including customers, employees, shareholders, suppliers, and the community. For customers, it defines a compelling value proposition and ensures a superior experience through continuous innovation. For employees, the model supports career development, fair compensation, and a safe, inclusive work environment. Shareholders benefit from a focus on profitability, effective resource allocation, and robust risk management. Suppliers are engaged through fair treatment and long-term partnerships. Additionally, our commitment to Corporate Social Responsibility (CSR) and ethical practices underscores our dedication

to positive societal impact. By aligning stakeholder interests with our business objectives, we achieve sustainable success and contribute meaningfully to the broader community.

The Group Legal Department's value creation process is driven by key inputs including expert legal knowledge, strategic alignment with organizational goals, and robust resources and infrastructure. We leverage these inputs to deliver critical outputs such as timely legal advice, effective contract management, and comprehensive compliance assurance. Our efforts in litigation and dispute resolution protect the organization's reputation, while our focus on intellectual property management preserves our competitive edge. Additionally, we develop and implement policies to enhance governance, provide training to mitigate risks, and continuously improve our processes to adapt to changing legal landscapes. Through these activities, the Group Legal Department significantly contributes to the organization's resilience, sustainability, and overall success.

# The Compass of Clarity

## Identifying issues that matter the most

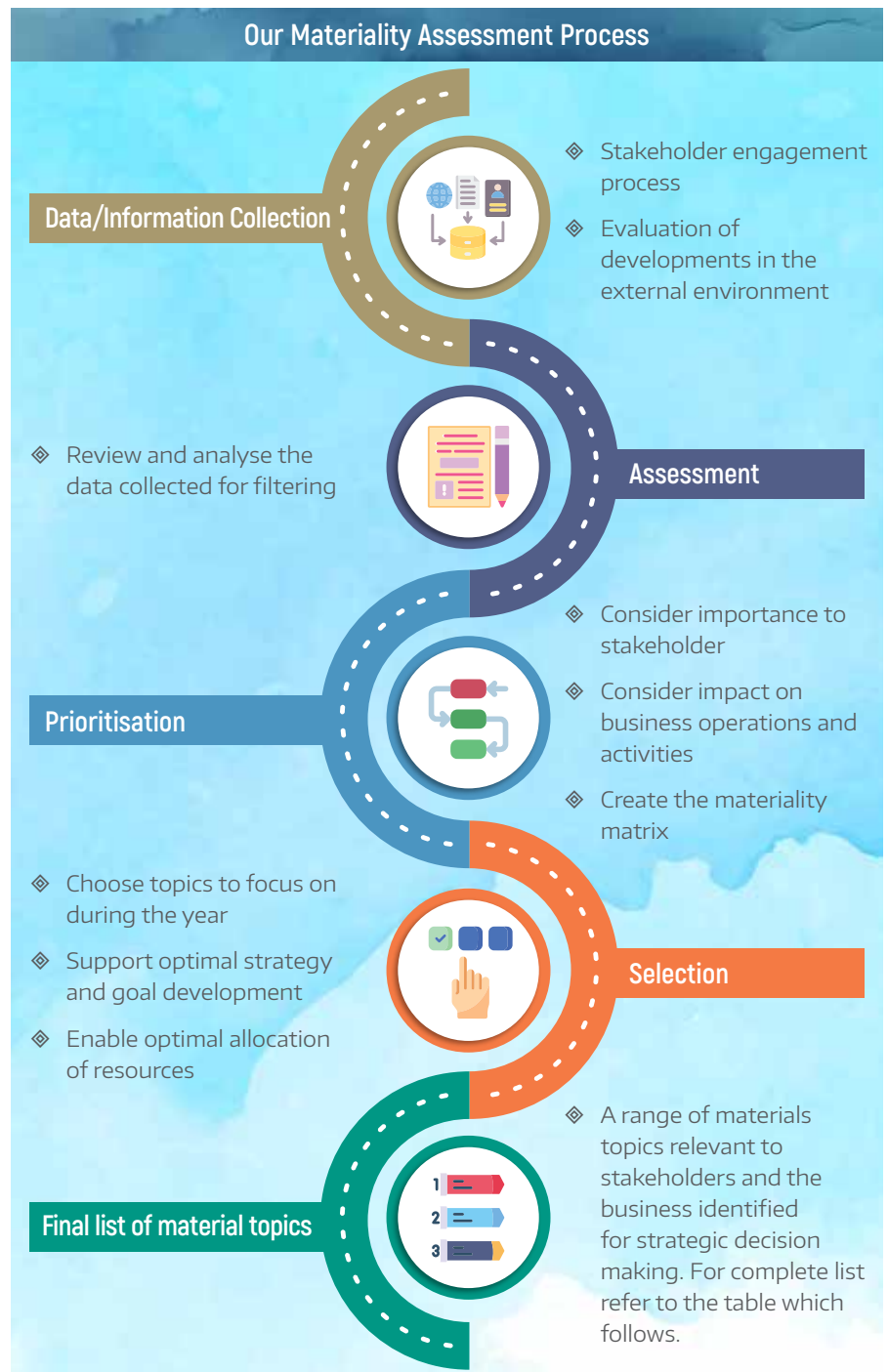
At JXG, we recognize that our success is intricately linked to the well-being of our stakeholders and the environment. Consequently, we prioritize understanding and addressing the sustainability issues that are most significant to both our stakeholders and our businesses. Our comprehensive materiality assessment process plays a pivotal role in this endeavour.

Our materiality assessment is an ongoing process that helps us identify and prioritize key areas of concern, allocate our resources effectively, and enhance transparency and communication.

Therefore, we engage deeply with our diverse stakeholders—ranging from investors and regulators to customers and local communities. This thorough engagement allows us to identify the

most pressing sustainability issues affecting our operations and respond to their needs with precision and effectiveness.

By articulating our material topics with clarity, we enhance stakeholder trust and confidence in our sustainability commitment. Our annual report exemplifies this transparency, highlighting our advancements on these critical issues.



## Steering Through Evolving Terrain

The Group's operating environment is perpetually shifting, necessitating an ongoing reflection in our materiality concerns. While we maintain our commitment to previously identified topics, we also proactively address emerging challenges as they arise.

Throughout the reporting period, Economic Fluctuations, Financial Instability, Dynamic Political Landscape, National Credit Rating, and Resource Constraints, identified since 2022/2023, remained pivotal concerns for the Group. In the 2023/2024 year, a significant new issue arose: Talent Shortage, primarily precipitated by the departure of skilled personnel due to migration.

## Forging a Pathway to Sustainable Success






Through our focus on these material topics, the Group aims to:

- ◆ Craft bespoke sustainability blueprints: Each focal area will be adorned with a tailored strategy detailing precise objectives, initiatives, and metrics for success.
- ◆ Enhance stakeholder collaboration: We are committed to fostering active involvement from our stakeholders in shaping and monitoring our sustainability initiatives.
- ◆ Propel transformative impact: Our overarching aim is to cultivate enduring, positive change that benefits both our organization and the global community.

## Continual Conversations: Fostering Persistent Engagement

This materiality assessment marks just the beginning. At JXG, we are dedicated to perpetually refining our processes and integrating emerging developments. We warmly invite our stakeholders to embark with us on this journey toward sustainable transformation.

### Table of Material Topics


































































Shareholders' wealth maximisation		PRIORITY	◆	◆	◆	◆	◆
Holds a foundational role in corporate governance, influences market dynamics, and aligns with the interests of a critical stakeholder group.		ADDRESSED WITHIN					
STAKEHOLDERS IMPACTED		Financial Capital					
							
Higher return on investment		PRIORITY	◆	◆	◆	◆	◆
Fostering increased financial gains and profitability, increases share value and dividends, and attracts future investments.		ADDRESSED WITHIN					
STAKEHOLDERS IMPACTED		Financial Capital					
 							
Talent shortage		PRIORITY	◆	◆	◆	◆	◆
Can significantly impact competitiveness, innovation, and overall performance.		ADDRESSED WITHIN					
STAKEHOLDERS IMPACTED		Financial Capital					
 							











Priority: 1 to 5 (1 ◆ = lowest and 5 ◆ = highest)



# The Compass of Clarity

## Identifying issues that matter the most
















































<b>Economic stability</b>		<b>PRIORITY</b>     
Fluctuations impact operations, profitability, investor confidence, employee satisfaction and motivation.		<b>ADDRESSED WITHIN</b> Throughout the annual report, as relevant
<b>STAKEHOLDERS IMPACTED</b>	       	
<b>Financial stability of the Group</b>		<b>PRIORITY</b>     
Strong finances foster trust, attract investment, and ensure our ability to fulfil our commitments.		<b>ADDRESSED WITHIN</b> Throughout the annual report, as relevant
<b>STAKEHOLDERS IMPACTED</b>	       	
<b>Scarcity of Resources</b>		<b>PRIORITY</b>     
Resource management protects against price hikes and operational disruptions, and enables long-term sustainability.		<b>ADDRESSED WITHIN</b> Throughout the annual report, as relevant
<b>STAKEHOLDERS IMPACTED</b>	       	
<b>Managing identified and emerging risks</b>		<b>PRIORITY</b>     
A robust risk management system mitigates financial losses, operational disruptions, and reputational damage, ensuring long-term sustainability.		<b>ADDRESSED WITHIN</b> Risk Management
<b>STAKEHOLDERS IMPACTED</b>	       	
<b>Contribution to government revenue - tax</b>		<b>PRIORITY</b>     
Responsible tax contributions build trust, showcasing the Group's ethical commitment and social responsibility.		<b>ADDRESSED WITHIN</b> Financial Capital
<b>STAKEHOLDERS IMPACTED</b>		
<b>Governance practices</b>		<b>PRIORITY</b>     
Demonstrates commitment to transparency, accountability, and ethical business practices.		<b>ADDRESSED WITHIN</b> Risk Management
<b>STAKEHOLDERS IMPACTED</b>	 	

Compliance with agreed terms and conditions		PRIORITY	◆◆◆◆◆
Compliance safeguards promised benefits and strengthens trust, ensuring stability for all stakeholders while avoiding legal disputes and attracting capital.		ADDRESSED WITHIN	Social and Relationship Capital
STAKEHOLDERS IMPACTED	 		
Transparency of business operations		PRIORITY	◆◆◆◆◆
Open communication builds trust and allows stakeholders to make informed decisions about the Group		ADDRESSED WITHIN	Corporate Governance Report Other Reviews and Reports
STAKEHOLDERS IMPACTED	 		
Attractive remuneration packages		PRIORITY	◆◆◆◆◆
Investing in employee well-being attracts and retains skilled talent, leading to higher productivity and innovation, and reducing employee turnover.		ADDRESSED WITHIN	Human Capital
STAKEHOLDERS IMPACTED			
Job satisfaction and security		PRIORITY	◆◆◆◆◆
Attracts and retains talent, fuelling innovation and loyalty for sustainable growth.		ADDRESSED WITHIN	Human Capital
STAKEHOLDERS IMPACTED			
Health, safety, and welfare		PRIORITY	◆◆◆◆◆
Prioritising health, safety, and welfare protects employees, ensures customer well-being during interactions, and builds trust with suppliers through responsible sourcing practices.		ADDRESSED WITHIN	Human Capital Social and Relationship Capital
STAKEHOLDERS IMPACTED	  		
Training and development		PRIORITY	◆◆◆◆◆
Enhances employee skills, innovation, adaptability, and problem-solving skills leading to competitive advantage.		ADDRESSED WITHIN	Human Capital
STAKEHOLDERS IMPACTED			

Priority: 1 to 5 (1 ◆ = lowest and 5 ◆ = highest)

# The Compass of Clarity

## Identifying issues that matter the most

Recognition in decision-making		PRIORITY	    
Empowers employees, increases engagement, and improves the quality of decisions.		ADDRESSED WITHIN	
Human Capital			
STAKEHOLDERS IMPACTED			
Easy processing and access		PRIORITY	    
Improves stakeholder experience of working with the Group and brand image.		ADDRESSED WITHIN	
Throughout the annual report, as relevant			
STAKEHOLDERS IMPACTED	       		
Service satisfaction and product quality		PRIORITY	    
Creates a positive customer experience, building loyalty and trust.		ADDRESSED WITHIN	
Social and Relationship Capital			
STAKEHOLDERS IMPACTED			
Trustworthiness		PRIORITY	    
Enhances competitive advantage, attracts new customers, enables easier sourcing of goods and funding, and increases market share.		ADDRESSED WITHIN	
Social and Relationship Capital Corporate Governance			
STAKEHOLDERS IMPACTED	  		
Adherence to rules and regulations		PRIORITY	    
Builds trust, ensures operational legitimacy, and demonstrates responsible business practices.		ADDRESSED WITHIN	
Corporate Governance			
STAKEHOLDERS IMPACTED	  		
Job opportunities for the community		PRIORITY	    
Contributes to local development, builds positive community relationships, and enhances brand image.		ADDRESSED WITHIN	
Social and Relationship Capital			
STAKEHOLDERS IMPACTED			

## Equal opportunities

PRIORITY     

Championing diversity and inclusion promotes a fair and ethical workplace, attracting talent and contributing to social progress.

### ADDRESSED WITHIN

Human Capital

Social and Relationship Capital

STAKEHOLDERS  
IMPACTED



## Initiatives to uplift society

PRIORITY     

Creates a positive social impact, strengthens community relationships, and enhances brand image.

### ADDRESSED WITHIN

Social and Relationship Capital

STAKEHOLDERS  
IMPACTED



## Sustainable business practices

PRIORITY     

Has a significant impact on both stakeholders and the Group's long-term success.

### ADDRESSED WITHIN

All Capital Reports

STAKEHOLDERS  
IMPACTED



## Reduction of our carbon footprint

PRIORITY     

Contributes to climate change mitigation, protects biodiversity, and aligns with regulatory goals.

### ADDRESSED WITHIN

Natural Capital

STAKEHOLDERS  
IMPACTED



## Projects to protect the environment

PRIORITY     

Protecting the environment demonstrates responsible business practices and contributes to a sustainable future.

### ADDRESSED WITHIN

Natural Capital

STAKEHOLDERS  
IMPACTED



Priority: 1 to 5 (1  = lowest and 5  = highest)



# The Art of Building Enduring Relationships

## Stakeholder Engagement

Our commitment to nurturing constructive and ongoing dialogue with stakeholders transcends mere strategy—it forms the very foundation of our identity.

At the heart of JXG's sustained success lies a foundational principle: the recognition and active engagement of stakeholders. Understanding that long-term relationships are crucial to achieving enduring prosperity, JXG prioritizes strategic stakeholder engagement as a core element of its operational success.



We are committed to cultivating a dynamic and ongoing dialogue with all our stakeholders. By truly understanding their concerns and weaving their needs into our strategic decisions, we ensure our actions resonate with those we serve. This dedication reflects the principles of the Global Reporting Initiative (GRI) and Integrated Reporting in O3 of our Business Units, reinforcing our pledge to transparency and accountability for our impacts across diverse stakeholder groups.

### The Power of Continuous Dialogue

Our approach is anchored in the firm belief that continuous, constructive dialogue holds transformative power. We know that nurturing open, ongoing communication with our stakeholders is essential for building trust and fostering mutual understanding. This exchange is not a momentary interaction but a perpetual process, deeply embedded in our operations and growth strategy.

### Integrating Stakeholder Insights into Strategy

Understanding stakeholder concerns is only the beginning; integrating these insights into our strategic framework is where the real impact is made. By incorporating stakeholder needs and expectations into our decision-making processes, we ensure our strategies are robust, relevant, and responsive.

### Commitment to GRI and Integrated Reporting

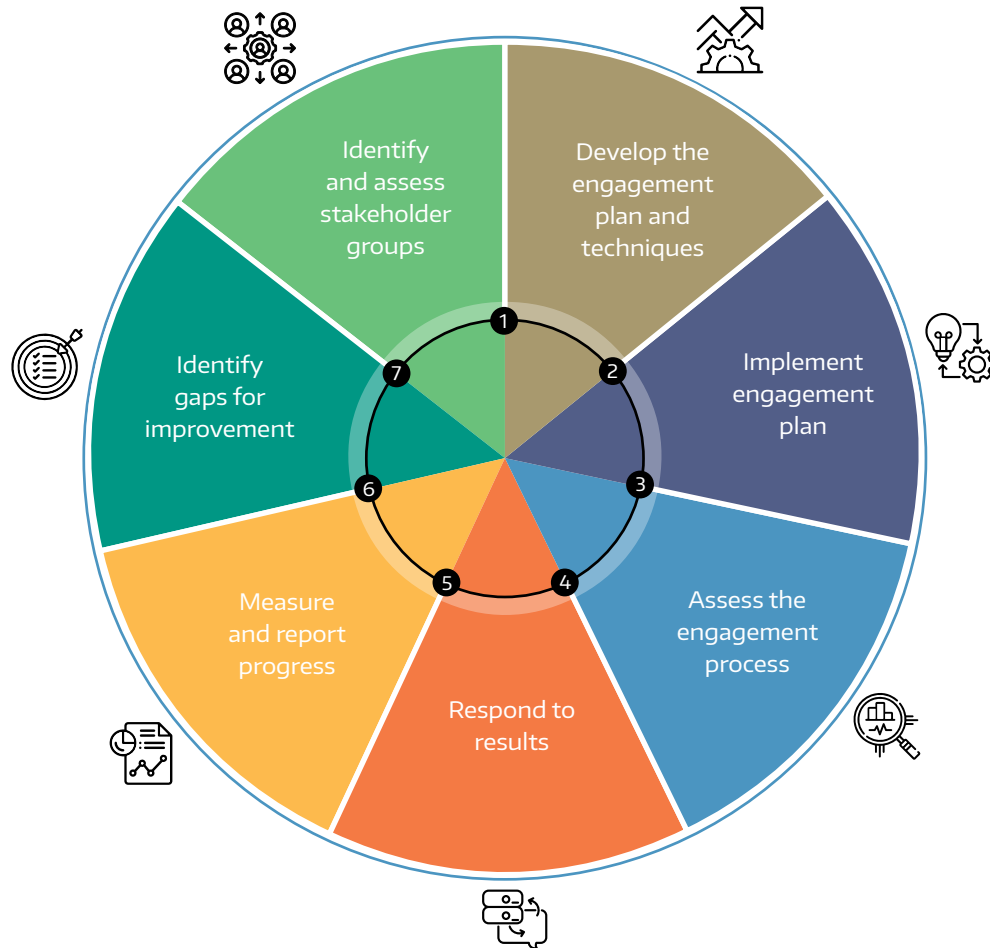
JXG has embarked on a journey to embrace the principles of the Global Reporting Initiative (GRI) and Integrated Reporting, while our Business Units have already taken strides in this direction. These frameworks serve as our compass, fostering unmatched transparency and accountability as we navigate our impacts on diverse stakeholder groups.

Adhering to GRI standards ensures our reporting is detailed, consistent, and comparable, offering stakeholders a clear and accurate view of our environmental, social, and governance (ESG) performance. Integrated Reporting complements this by providing a holistic view of how our strategy, governance, performance, and prospects create value over time.

### Promoting Transparency and Accountability

Transparency and accountability lie at the core of our approach to stakeholder engagement. We are committed to openly and honestly communicating about our actions, decisions, and their effects, which is essential for fostering and preserving stakeholder trust. This dedication to transparency is evident in our thorough reports, frequent updates, and transparent discussions that encompass both achievements and obstacles.

## Our Engagement Process



### Stakeholder Mapping and Materiality Assessment

During the current year, we have identified and given priority to key stakeholder groups based on their impact, both direct and indirect, on our business operations.

Through diverse engagement channels, we gather and evaluate their concerns and expectations, prioritizing those that are crucial for our long-term sustainability and value generation.

① Shareholders – 03 of our main Business Units are listed entities.

② Employees

④ Investors and Bankers

⑥ Suppliers

⑧ Environment/Eco System

③ Customers

⑤ Regulatory Bodies

⑦ Community/Society

# The Art of Building Enduring Relationships

## Stakeholder Engagements

Stakeholder Group	Role	Value Created	Key Satisfaction Factors
 Shareholders	Owners of the organizations	Financial Capital (through adequate returns)	<ul style="list-style-type: none"> <li>◆ Dividend payouts</li> <li>◆ Capital appreciation</li> <li>◆ Transparency</li> <li>◆ Good governance</li> </ul>
 Employees	Provide expertise and drive business goals	Human Capital (skills, knowledge) Intellectual Capital (innovation)	<ul style="list-style-type: none"> <li>◆ Competitive compensation</li> <li>◆ Career development opportunities</li> <li>◆ Positive work environment</li> </ul>
 Customers	Customers entrusting us with their financial security	Relationship Capital (trust, loyalty) Intellectual Capital (product development)	<ul style="list-style-type: none"> <li>◆ Diverse product offerings</li> <li>◆ Efficient service</li> <li>◆ Claims settlement</li> </ul>
 Investors and Bankers	Financial partners and service providers	Financial Capital (funding, access to markets)	<ul style="list-style-type: none"> <li>◆ Timely payments</li> <li>◆ Strong financial performance</li> <li>◆ Ethical business practices</li> </ul>
 Regulatory Bodies	Ensure fair and transparent market practices	Social Capital (public trust) Relationship Capital (compliance) Intellectual Capital (regulation)	<ul style="list-style-type: none"> <li>◆ Regulatory compliance</li> <li>◆ Ethical conduct</li> <li>◆ Transparency</li> </ul>
 Suppliers	Provide essential goods and services	Social Capital (fair treatment) Relationship Capital (partnership)	<ul style="list-style-type: none"> <li>◆ Timely payment</li> <li>◆ Fair contracts</li> <li>◆ Ethical procurement practices</li> </ul>
 Community/ Society	Source of future customers and employees, broader social environment	Social Capital (corporate responsibility) Relationship Capital (trust)	<ul style="list-style-type: none"> <li>◆ Ethical business practices</li> <li>◆ Social responsibility initiatives</li> <li>◆ Community engagement</li> </ul>
 Environment/ Eco System	Provides natural resources for business operations	Natural Capital (environmental sustainability)	<ul style="list-style-type: none"> <li>◆ Resource conservation</li> <li>◆ Environmental protection</li> <li>◆ Sustainable practices</li> </ul>

## Engagement Channels and Frequency

We strategically manage a diverse array of communication channels to maintain consistent and meaningful dialogue with every stakeholder group, tailoring our approaches to align with

their distinct needs and preferences. The frequency and depth of our engagement are adjusted based on the importance of their concerns and the specific nature of the information exchanged. Shareholders receive

updates through comprehensive annual reports and participate actively in general meetings, while employees engage via robust HR platforms and accessible open-door policies.

## Addressing Stakeholder Concerns

We proactively tackle stakeholder concerns through the following methods

Developing strategies and policies	Transparency and disclosure	Risk management	Value creation
We integrate stakeholder insights into our strategic planning, product development, service offerings, and day-to-day operations.	We provide open and timely communication through various channels, including annual reports, interim financial statements, press releases, and social media.	We proactively manage risks identified through stakeholder engagement, mitigating potential negative impacts on both the Group and stakeholders.	We strive to create shared value for all stakeholders by delivering sustainable financial performance, ethical business practices, and positive contributions to society and the environment.

## Adversities and potentials

Recognizing the complexities of meeting stakeholder expectations, especially amidst economic uncertainty, we steadfastly uphold our commitment to harmonizing their needs with conscientious business practices. Our approach embraces

innovation as we navigate and surmount these hurdles with resilience and creativity.

### Dedication to ongoing enhancement

JXG is committed to perpetually enhancing our stakeholder engagement practices. We consistently

assess and adjust our engagement strategy, incorporating input from stakeholders to enhance its efficacy and adaptability to changing needs. We firmly believe that cultivating robust stakeholder relationships is pivotal to achieving sustained success and nurturing a collective vision for a sustainable future.



MANAGEMENT DISCUSSION AND ANALYSIS



# Progress with Purpose



# Financial Capital Report

## Mastering the Art of Complexity in the Financial Arena

Despite economic turbulence, our business units have consistently delivered exceptional performances. We prioritize ethical and transparent financial management, adhering to industry and national regulations that govern our operations, implementing robust control systems, and adopting best practices. This unwavering commitment empowered us to meet our stakeholders' diverse needs, even in the most challenging times.

### Highlights for 2023/24

#### Janashakthi Limited

**307%**

Growth in Net Profit

#### First Capital Holdings PLC

**326%**

year-on-year improvement in PBT

**284%**

year-on-year improvement in PAT

**39.12%**

ROCE

**LKR 22.15**

EPS whereas it was LKR 5.78 in 2022/23

Highest Profit After Tax (PAT) of

**LKR 10.156 Bn**

Highest earnings per share recorded for 2023 of

**LKR 60.5**

#### Janashakthi Insurance PLC

Return on Equity

**113%**

Highest Investment Income of

**LKR 4.594 Bn**

Asset expansion recorded an impressive

**44%**

increase in total assets

Industry-leading Capital Adequacy Ratio (CAR) of

**272%**

Highest share price in our history at

**LKR 38.5**

#### Orient Finance PLC

PBT of **LKR 349.48 Mn**, marking a significant turnaround from the previous year's loss of LKR 69.57 Mn

**17.22%**

increase in the assets base

**21%**

growth in Loan portfolio

### Our Approach to Managing Financial Capital

We adopt a comprehensive approach in managing financial resources by thoroughly understanding the Group's financial goals, risk tolerance, and market conditions. This holistic financial management process includes several key aspects: capital budgeting, capital structure, working capital management, and tax planning.

Capital budgeting entails evaluating investment opportunities to identify projects that will generate the highest returns and align with the Group's objectives.

Decisions regarding capital structure involve determining the optimal mix of debt and equity financing to fund operations and investments while balancing risk and return.

## Mastering the Art of Complexity in the Financial Arena – A Financial Capital Report

Effective working capital management focuses on managing short-term assets and liabilities to ensure liquidity and support efficient day-to-day operations.

Strategic tax planning involves managing tax liabilities while ensuring compliance with relevant laws and regulations.

### Statement of Profit or Loss and Other Comprehensive Income Review

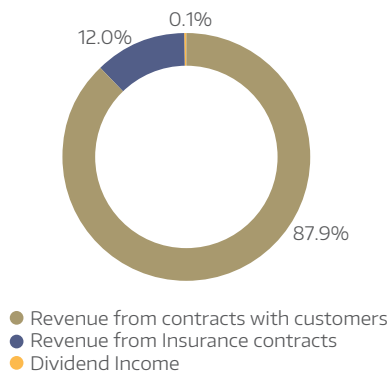
#### Revenue

Inspite of the economic crises and political instability that characterized 2023, the Group successfully generated a revenue of LKR 37.9 Bn.

The composition of Revenue is as follows.

#### REVENUE

LKR Mn



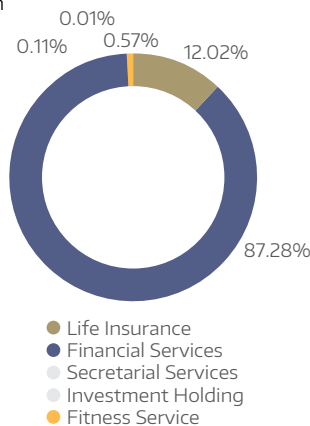
Financial Services emerged as the largest contributor to total revenue, representing 87%, with First Capital Holdings PLC achieving its strongest performance to date. The First Capital Group's Primary Dealer division excelled, securing successful bids of LKR 420 Bn and LKR 127 Bn in the T-Bill and T-Bond auctions, respectively, reflecting significant year-on-year improvements. Furthermore, the trading portfolio reported notable gains, with trading profits from the sale of government securities exceeding LKR 16 Bn for the first time.

Following First Capital Holdings PLC, Orient Finance PLC also significantly contributed to the Financial Services income, recording an impressive 80.7% year-on-year increase in Net Interest Income, reaching LKR 1,794.41 Mn compared to LKR 993.04 Mn the previous year. This substantial growth in Net Interest Income can be attributed to a resurgence in credit demand following the economic recovery and a decline in interest rates.

Janashakthi Insurance PLC contributed 12% to the total revenue from the Life Insurance sector, achieving a Gross Written Premium (GWP) of LKR 4.6 Bn, encompassing both First Year Premium (FYP) and Renewal Premium (RP). Compared to the previous financial year, the GWP did not show a substantial increase.

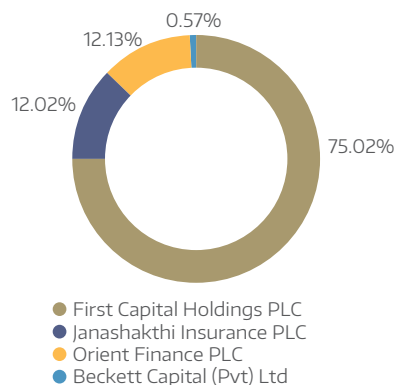
#### BUSINESS SEGMENT ANALYSIS

LKR Mn



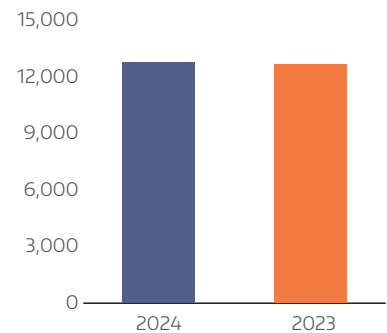
#### SUBSIDIARY WISE CONTRIBUTION

LKR Mn



#### COST OF SALES AND DIRECT EXPENSES

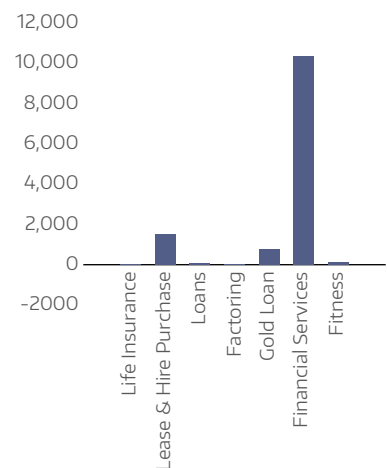
LKR Mn



Business Segment-wise Cost of Sales Analysis is as below.

#### SEGMENT-WISE COST OF SALES

LKR Mn



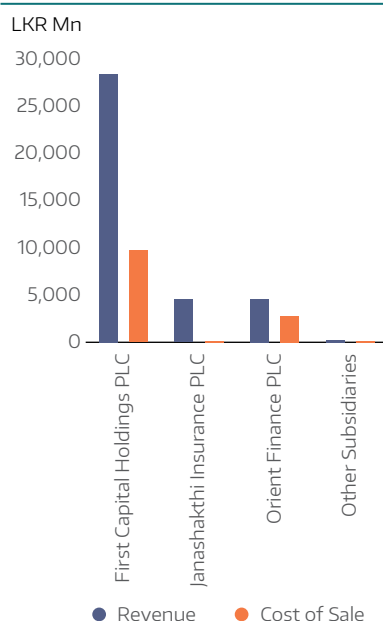
At First Capital Holdings PLC, the Group's strategy to leverage the low-rate environment to build the overnight repo portfolio was a key factor. Consequently, Group direct expenses for FY 2023/24 were LKR 9,927 Mn, remaining relatively stable compared to LKR 9,587 Mn in the previous financial year. Interest expenses on repos constituted the largest share of direct expenses, followed by interest expenses on corporate debt securities.

The Company exhibited strategic foresight in managing interest rate risks, leading to a substantial increase in investment income, from LKR 2.841 Bn in 2022 to LKR 4,594 Bn in 2023, marking a 62% rise. Despite the challenging environment, timely and well-informed decisions contributed to the strongest bottom line in the Company's history.

Janashakthi Insurance PLC experienced its highest claims period in the past decade, with a Claims Ratio of 78% in 2023. Net incurred claims rose by 23% to LKR 3.411 Bn compared to LKR 2.781 Bn in 2022. Policy maturity accounted for 48% of the total claims during the year under review. Underwriting and net acquisition costs decreased by 31% to LKR 1.163 Bn, primarily due to a reduction in GWP, significantly impacting the ratio of underwriting and net acquisition costs to GWP, which dropped from 35% in 2022 to 25% in 2023.

Orient Finance PLC optimized its cost structure and improved overall financial margins through portfolio growth. Lower interest expenses directly contributed to strengthening gross profits.

#### Total Other Revenue REVENUE VS. COST OF SALES



During the year, Janashakthi Ltd. sold 101,201,799 shares of First Capital PLC to Janashakthi Insurance on December 22, 2023, resulting in a gain of LKR 294.5 Mn recorded under Net Realized Gains/Losses.

At First Capital Holdings PLC, Other Income comprises disposal gains/losses on property, plant and equipment, exchange gain/(losses) and miscellaneous income.

#### Gains or losses on disposal of an item of property, plant and equipment (PPE)

Any gain or loss on disposal of an item of PPE (calculated as the difference between net proceeds from disposal and carrying amount of the item at the time of disposal) is recognised as 'other income' in the SOPLOCI in the year in which the Company transfers control of the asset to the buyer. When revalued assets are sold, any related amount included in the revaluation reserves are transferred to retained earnings.

#### Exchange gains/(losses)

The change in exchange rate differences arising from the valuation of the cash at bank in foreign currency is included under 'exchange gains/(losses).

Other Revenue sources of Janashakthi Insurance PLC encompass investment income, realized gains and losses, fair value gains and losses, fee and commission income, and other operating revenue.

The Company exhibited strategic foresight in managing interest rate risks, leading to a substantial increase in investment income, from LKR 2.841 Bn in 2022 to LKR 4,594 Bn in 2023, marking a 62% rise. Despite the challenging environment, timely and well-informed decisions contributed to the strongest bottom line in the Company's history.

Orient Finance PLC experienced substantial growth in its total operating income, driven by strategic initiatives and favorable 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 enhancing operational efficiency. A major factor contributing to this growth was the reduction in interest costs. Orient Finance PLC effectively managed its cost of funds by leveraging declining market interest rates to minimize interest expenses.

During the year, Orient Finance PLC recorded a significant interest income of LKR 2,421 Mn from finance leases, compared to LKR 1,966 Mn in the previous year. The Company's strategic focus on expanding its lease portfolio played a crucial role in boosting interest income. As of March 31, 2024, the total net lease portfolio amounted to LKR 9,166 Mn, underscoring Orient Finance PLC's success in capitalizing on opportunities within this segment.



## Mastering the Art of Complexity in the Financial Arena – A Financial Capital Report



### Operating and Administration Expenses

The rise in operating expenses at Janashakthi Limited is primarily due to construction costs for the Wattala land, amounting to LKR 431 million. Additionally, an increase in staff-related expenses by LKR 151 million has further contributed to this rise.

At First Capital Holdings PLC, Operating expenses doubled in the current financial year, primarily driven by a 116% increase in personnel expenses due to significant business expansion. Sales and distribution expenses also rose compared to the previous year, reflecting the First Capital Group's aggressive promotional activities aimed at enhancing product visibility and driving customer acquisition. Notably, other operating expenses turned positive due to the reversal of impairment for financial assets at amortized cost, amounting to LKR 101 Mn.

At Janashakthi Insurance PLC, other operating and administrative expenses decreased by 20% to LKR 1,330 Bn in 2023, down from LKR 1.662 Bn in 2022. This reduction brought the expenses to 29% of the GWP, compared to 34% the previous year. A substantial part of this decrease can be attributed to the legal costs related to the Singapore arbitration case, which concluded in Janashakthi Life's favor in 2022,

resulting in the receipt of LKR 296 Mn in 2023.

Expenses at Orient Finance PLC cover various costs essential for generating both current and future income, including personnel expenditures, depreciation, amortization, and other operational costs. For the fiscal year ending March 31, 2024, the Company experienced a 20.27% increase in total operating expenses, driven by strategic imperatives and market dynamics. This rise in expenses reflects ongoing investments in operational efficiencies and strategic initiatives aimed at sustaining growth in a challenging economic environment.

Orient Finance PLC implemented prudent cost management strategies to mitigate the impact of rising expenses. These strategies included rigorous cost monitoring, waste reduction measures, and optimization of administration, premises, equipment, and establishment expenses. Such disciplined practices enabled the Company to maintain financial resilience and operational agility throughout the year.

### Profit after Tax

First Capital Holdings significantly contributes to the total profit after tax, following an intercompany adjustment of LKR 10.29 billion, with Janashakthi Insurance being the second largest contributor.

Janashakthi Limited recorded a significant Year-on-Year increase to 307% in Profit after tax mainly attributable to the increase in share of profit of 356% in 2023/2024 (mainly contributed by First Capital Holdings PLC).

The First Capital Group reported a Profit After Tax (PAT) of LKR 10,156 Mn for FY 2023/24, reflecting a remarkable 284% increase from the LKR 2,647 Mn reported in the previous financial year.

Janashakthi Insurance PLC achieved a profit after tax of LKR 4.135 Bn, representing a 201% increase from the previous year, largely due to significant gains in investment income.

Orient Finance PLC reported a profit after tax of LKR 348.53 Mn for the year, marking a notable recovery from the after-tax loss of LKR 72.05 Mn recorded in the previous year.

### Statement of Financial Position Review

From a financial perspective, the balance sheet for the financial year ending 2023/24 demonstrates significant growth and strategic resource allocation. Total assets increased markedly by 12.96%, reaching LKR 134 Bn compared to the previous financial year. This substantial rise highlights the Group's strong financial performance and effective asset management.

The growth in financial investments played a crucial role in enhancing total assets. By prudently allocating funds into various financial instruments, such as bonds and securities, the Group maximized returns and minimized risks, thereby fortifying the asset portfolio. This strategic investment approach and growth in core business of business units not only yielded favorable returns but also positioned the Group for long-term sustainability and resilience amid current market conditions.





Decisions regarding capital structure involve determining the optimal mix of debt and equity financing to fund operations and investments while balancing risk and return.

The strategic focus of management lead a 17% reduction in total interest bearing borrowings of the Group compared to LKR 28 Bn in financial year 2022/23 to LKR 23.5 Bn in 2023/24.

#### Total Assets

As of March 31, 2024, the Group's total asset base grew to LKR 134,150 Mn, up from LKR 118,761 Mn at the end of FY 2022/23, representing a 12.96 % year-on-year increase.

Mainly coming from T-Bonds a massive campaign was initiated to drive longer tenure investments in Government Securities among the B2B segment as an effective solution to hedge against inflationary pressures, alongside a conscious effort to popularise Unit Trusts as a convenient and flexible option for retail customers to diversify investment risk and manage their cash flows.

#### Summary of Income Statement Analysis

Group	FY 2023/2024 LKR Mn	FY 2022/2023 LKR Mn	Variance
Gross Revenue	37,921	22,269	70%
Gross Profit Margin	66%	43%	54%
Operating Expenses	7,521	4,676	61%
Profit before Taxation	15,380	710	2,067%
Taxation	7,419	1,643	351%
Other Comprehensive Income	575	(447)	229%
Net profit margin (%)	20.99%	(4.19%)	35%
Return on assets (%)	5.93%	(0.79%)	7%
Return on equity (%)	52.02%	(8.91%)	70%
Return on capital employed	37%	7%	30%

#### Assets Composition

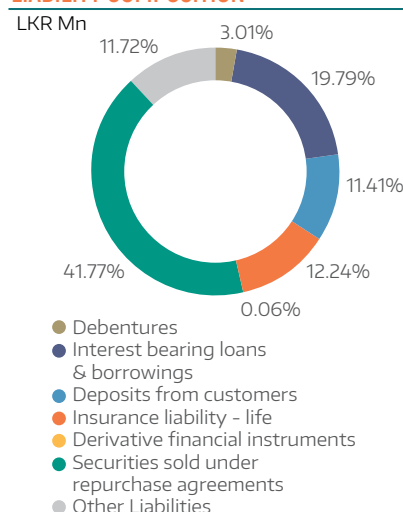
	Group LKR Mn	%
Property, plant & equipment	882	1%
Investment property	5,678	4%
Intangible assets	4,383	3%
Right of use of assets	916	1%
Deferred tax	497	0%
Investment in financial assets	96,577	72%
Loans and receivables to customers	15,659	12%
Other receivables and advances	7,575	6%
Cash and cash equivalents	1,983	1%
<b>Total assets</b>	<b>134,150</b>	<b>100%</b>

## Mastering the Art of Complexity in the Financial Arena – A Financial Capital Report

### INVESTMENT IN FINANCIAL ASSETS



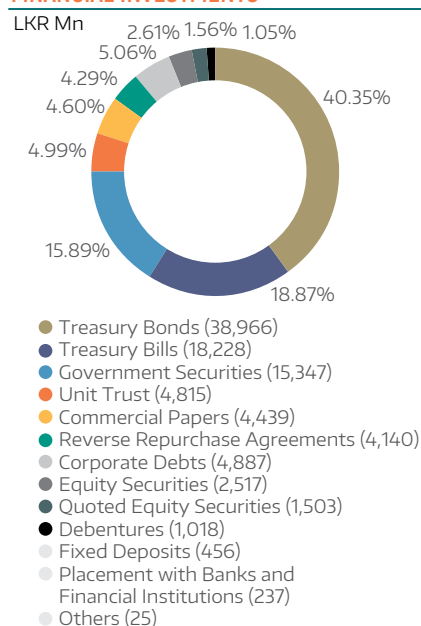
### LIABILITY COMPOSITION



### Total Liabilities

In alignment with the business growth, the Group's total liabilities increased to LKR 119 Bn for the financial year, reflecting a year-on-year expansion of 9.75%.

### FINANCIAL INVESTMENTS



### First Capital Holdings PLC

#### Financial investments is 94% of total assets base

A massive campaign was initiated to drive longer tenure investments in Government Securities among the B2B segment as an effective solution to hedge against inflationary pressures, alongside a conscious effort to popularise Unit Trusts as a convenient and flexible option for retail customers to diversify investment risk and manage their cash flows.

As at 31 March 2024, the First Capital Group's financial assets portfolio consists of quoted and unquoted equity investments, debtentures, investment in unit trusts, short term investments, corporate debt securities, treasury bills and treasury bonds measured at fair value and amortised cost amounted to LKR 73,784 Mn. Further, these financial assets make up 94% of total assets by value and is considered to be the key driver of the First Capital Group's capital and revenue performance.

Janashakthi Insurance PLC's financial investments, encompassing loans, receivables, and marketable securities, constituted 78% of the total asset base. These marketable securities are divided into two categories: available-for-sale investments and fair value through profit or loss investments.

In a declining interest rate environment, mark-to-market gains are particularly influenced by high fair values. Consequently, the fair value through profit or loss investments experienced a significant increase of 210%, rising to LKR 16 Bn from LKR 5.1 Bn in the previous financial year. Further, available-for-sale investments decreased to 15% of the total portfolio, amounting to LKR 4 Bn compared to LKR 5 Bn in the prior year.

Liability Composition	Balance LKR Mn	%
Debtentures	3,573	3%
Interest bearing loans & borrowings	23,522	20%
Deposits from customers	13,556	11%
Insurance liability -life	14,545	12%
Derivative financial instruments	72	0%
Securities sold under repurchase agreements	49,643	42%
Other Liabilities	13,934	12%
<b>Total Liabilities</b>	<b>118,847</b>	<b>100%</b>

## Orient Finance PLC

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 or 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.

Group	FY 2023/2024 LKR Mn	FY 2022/2023 LKR Mn	Variance
Total Assets	134,150	118,761	12.96%
Total Liabilities	118,847	108,285	9.75%
Equity	15,303	10,476	46.08%

Company	FY 2023/2024 LKR Mn	FY 2022/2023 LKR Mn	Variance
Total Assets	27,398	31,464	-13%
Total Liabilities	19,204	26,665	-28%
Equity	8,194	4,799	71%

## Share related Information of Business Units

First Capital Holdings PLC	FY 2023/2024 LKR	FY 2022/2023 LKR
Earning per Share	22.15	5.78
Dividend per Share	17.25	2.25
Market Price per Share	34.4	31.8

Janashakthi Insurance PLC	FY 2023/2024 LKR	FY 2022/2023 LKR
Earning per Share	18.25	6.07
Dividend per Share	-	2.6
Market Price per Share	38.5	31.7

Orient Finance PLC	FY 2023/2024 LKR	FY 2022/2023 LKR
Earning per Share	1.65	-0.34
Dividend per Share	-	-
Market Price per Share	8.4	8.9



## Human Capital Report

Our People, Our Power: Cultivating a Thriving Workforce

Navigating the dynamic terrain of 2023, JXG has not only evolved but thrived. Our strategic vision focused on cultivating a resilient organizational culture by launching a Shared Services function at the Group level. In the face of diverse internal and external challenges, we have dedicated ourselves to enhancing employee skills and seamlessly adapting to an ever-changing business landscape.

### Highlights for 2023/24

#### 04 Business Units receiving Great Place to Work certification



Regulatory Compliance	Voluntary Best Practices
Shop and Office Employees Act of 1954	UNGC Principle 3: freedom of association and the effective recognition of the right to collective bargaining
EPF Act	UNGC Principle 4: elimination of all forms of forced and compulsory labour
ETF Act	UNGC Principle 5: effective abolition of child labour
Payment of Gratuity Act of Sri Lanka	UNGC Principle 6: elimination of discrimination in respect of employment and occupation

The Group Board collaborates closely with the Remuneration and Nomination Committees of our business units to oversee HR-related issues across the Group.

The implementation of Board directives is entrusted to the Group HR Head. This role also includes ensuring adherence to all relevant labour laws in Sri Lanka and the integration of global best practices, such as the International Labour Organisation (ILO) mandate and the UN Global Compact (UNGC) principles on labour.

Key shared services functions include overseeing the Remuneration and Benefits policy, Staff Training policy, Job Rotation policy, Employee Secondments and Transfer procedures, Employee Separation/Cessation policy, and the Gift Declaration policy.

## Our Approach to Managing Human Capital

At JXG, our dedication to our employees is seamlessly integrated into our core values: Ethical and Honest, Collaborative, Respectful, Performance-Driven, and Transparent. These principles serve as a perpetual source of motivation, inspiring our team to deliver their utmost in every task. Our Group's culture is anchored in our unwavering commitment to advancing our employees' careers, reflecting our belief in the transformative potential they bring to our organization.

One of the Group's key success factors is fostering a happy and content workforce. To this end, all Human Resource (HR) policies and processes are strategically aligned to promote professional growth, skill development, and the achievement of our employees' career goals.

Throughout the year, we concentrated on continuous improvement by refining HR processes to meet the changing needs of the business. This effort was aimed at developing an agile business structure and emphasised the vital importance of shared service functions.

Management recognizes that employees are and will continue to be the primary catalysts for the Group's growth. Consequently, we prioritize investing in the well-being and educational advancement of our workforce.

### Human Resource Policies

- ◆ Code of Conduct
- ◆ Remuneration and Benefits policy
- ◆ Employee Secondments and Transfer procedure
- ◆ Work From Home (WFH) Policy

- ◆ Flexi-Hours Policy
- ◆ Staff Loan Policy
- ◆ Recruitment Policy
- ◆ Attendance and Leave Policy
- ◆ Staff Training & Development Policy
- ◆ Performance Management Policy
- ◆ Policy on Harassment in the Workplace
- ◆ Dress Code Policy
- ◆ Grievance Handling Policy
- ◆ Disciplinary Policy
- ◆ Employee separation/Cessation policy
- ◆ Gift Declaration policy

### A Responsible Employer [GRI 401-1, 404, 405, 406-1, 408-1]

JXG is dedicated to becoming a preferred employer, drawing and retaining top talent through ethical and equitable HR practices. The underlying principles of this concept are as follows:

#### Equitable and Inclusive Hiring:

We adhere to a methodical recruitment process that ensures equal opportunities and non-discrimination. This includes conducting thorough assessments that are unbiased.

#### Welcoming and Assimilation:

A comprehensive onboarding program familiarises new hires with internal policies, colleagues, and the Company culture, fostering a smooth transition.

#### Optimal Work Environment:

Our top priority is ensuring the safety and comfort of our employees, alongside fostering open communication. We create collaborative spaces and maintain transparent communication channels to cultivate a positive and engaging work environment.



Throughout the year, we concentrated on continuous improvement by refining HR processes to meet the changing needs of the business. This effort was aimed at developing an agile business structure and emphasised the vital importance of shared service functions.

### Employee Development and Training:

We offer various training and development opportunities aligned with fulfilling both employee needs and business growth. This helps employees to build skills and competencies throughout their careers, creating a lifetime of value for both individuals and the Company.

### Attractive Compensation and Benefits:

We recognize the significance of acknowledging and rewarding our employees' contributions. Therefore, we provide industry-leading benefits packages that are tailored to meet diverse needs, ensuring employee well-being while aligning with changes in the external financial market.

### Commitment to Responsible Labour Practices:

The Group strictly prohibits any form of forced or compulsory labour. We uphold the right to freedom of association and collective bargaining. Throughout the year under review, there were no reported cases of forced labour or unionization activities.



# Human Capital Report

## Our People, Our Power: Cultivating a Thriving Workforce

### Recruitments and Onboarding [GRI 202-2, GRI 401-1]

In 2023, recruitment became a primary focus for the Group, recognizing the critical importance of attracting and retaining the right talent for career progression and succession planning. This effort was especially pertinent given the prevailing trend of talented and experienced Sri Lankan nationals migrating due to the challenging economic climate since 2022.

Consequently, the Group conducted a thorough review and restructuring of its talent management plan. This initiative was designed to align our recruitment strategy with the organization's evolving needs and the workforce's changing expectations, particularly regarding stability and future prospects.

Monthly induction programs for the entire Group are conducted at the Mireka office premises, overseen by the Group Managing Director and Group Chief HR Officer.

#### Janashakthi Insurance PLC

Category	2023
Deputy General Manager/Consultant	2
AGM	-
Senior Manager	10
Manager	31
Senior Assistant Manager	26
Assistant Manager	31
Senior Executive	42
Executive	43
SCRO/Junior Executive	43
CRO	-
Fixed-Term Contract	2
Non-Executives	-
<b>Total</b>	<b>230</b>

During the year under review, the Group hired 450 employees.

#### Categories of employees hired for last 02 years and year under consideration

Company	No. of Employees as at 31/03/2023	No. of Employees as at 31/03/2024
Janashakthi Insurance	339	369
Orient Finance	492	555
First Capital	106	122
Janashakthi Limited	111	106

#### Janashakthi Limited

Category	2023
Senior Leadership	04
Middle Management	04
Line Managers	04
Executives	06
Junior Executives	03
Non-Executives	07
<b>Total</b>	<b>28</b>

#### Orient Finance PLC

Category	2023
Assistant General Manager	3
Senior Manager	3
Manager	2
Senior Assistant Manager	9
Assistant Manager	13
Senior Executive	22
Executive	11
<b>Total</b>	<b>63</b>

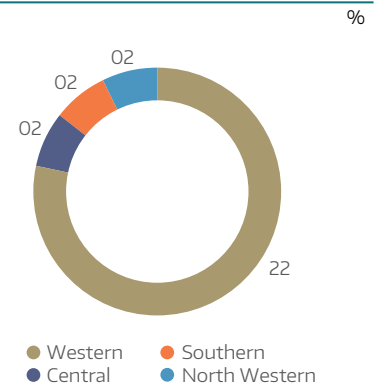
#### First Capital Holdings PLC

Category	2023
Senior Leadership	13
Middle Managers	22
Line Managers	17
Executives	67
Non-Executives	3
Interns	7
<b>Total</b>	<b>129</b>

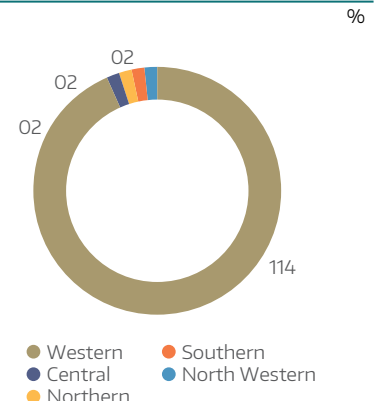


#### Employees by Region

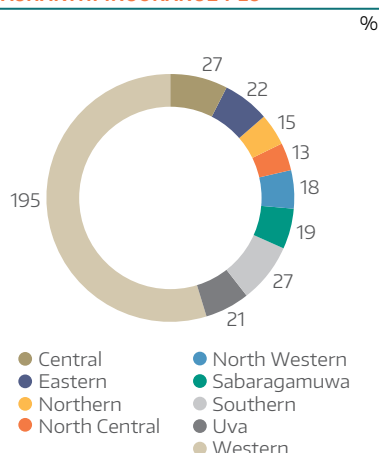
##### JANASHAKTHI LIMITED



##### FIRST CAPITAL HOLDINGS PLC



## JANASHAKTHI INSURANCE PLC

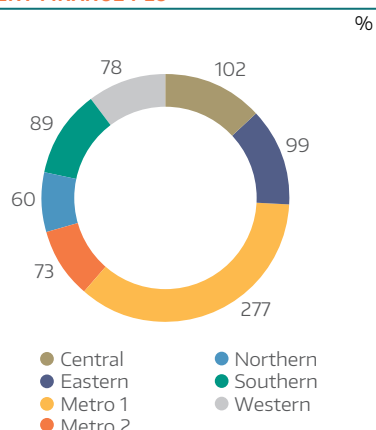


### Employee Promotions

The Group is dedicated to cultivating a diverse and high-performing teams through fair and equal-opportunity employment practices. Our commitment is evident in our competency-based approach to recruitment and promotion, which prioritizes selecting and advancing individuals based on their skills, work ethic, and values, rather than non-value-adding factors.

This approach is evident in our promotion practices and is demonstrated by the promotion of 146 employees who consistently demonstrated exceptional performance and alignment with our organisational values. Each promotion was carefully considered through a rigorous competency-based evaluation process, ensuring that the right individuals were rewarded for their contributions and given the opportunity to further advance their careers within the Company.

## ORIENT FINANCE PLC



### Breakdown of Employee promotions

#### Janashakthi Limited

Category	2023
GM	-
DGM	-
AGM	06
Senior Manager	02
Manager	00
Senior Assistant Manager	03
Assistant Manager	03
Senior Executive	02
Executive	02
Junior Executive	00
<b>Total</b>	<b>18</b>

#### Janashakthi Insurance PLC

Category	2023
DGM	-
AGM	-
Senior Manager	2
Manager	2
Senior Assistant Manager	3
Assistant Manager	4
Senior Executive	2
Executive	26
SCRO/Junior Executive	-
<b>Total</b>	<b>39</b>

The Group is dedicated to cultivating diverse and high-performing teams through fair and equal-opportunity employment practices.

#### First Capital Holdings PLC

Category	2023
GM	-
DGM	-
AGM	4
Senior Manager	2
Manager	1
Senior Assistant Manager	-
Assistant Manager	4
Senior Executive	6
Executive	4
Junior Executive	5
<b>Total</b>	<b>26</b>

#### Orient Finance PLC

Category	2023
DGM	-
AGM	3
Senior Manager	3
Manager	2
Senior Assistant Manager	9
Assistant Manager	13
Senior Executive	22
Executive	11
SCRO/Junior Executive	-
<b>Total</b>	<b>63</b>

## Our People, Our Power: Cultivating a Thriving Workforce

### Employee Attrition

An ongoing challenge for the Group during the year under review was retaining top talent due to the mass imminent migration mindset that has beset the younger generations of the nation. Losing valued employees due to overseas relocation disrupted workflow and necessitated swift action. To overcome this, the Company has implemented a targeted HR strategy which focuses on long-term recruitment, where we actively seek candidates with a potential long-term commitment to remain within Sri Lanka, building a stable talent pool for the future. Additionally, the Business Units launched a management trainee program in collaboration with a Sri Lankan university to address talent supply challenges within our regional sales teams.

Furthermore, to mitigate immediate disruptions, the Group explored options such as temporary bridging placements within Sri Lanka, and filling roles until the migrating employee's departure.

During the year under review, the Company lost 46 employees due to migrations.

#### Janashakthi Limited

Reason for leaving (Voluntary Resignations)	2023
Personal	-
Better Prospects	10
Family Commitment	-
Migration	06
Other	04
<b>Total</b>	<b>20</b>

#### First Capital Holdings PLC

Reason for leaving (Voluntary Resignations)	2023
Personal	2
Better Prospects	6
Government Opportunities	-
Family Commitment	-
Migration	6
Higher Education	1
<b>Total</b>	<b>15</b>

#### Janashakthi Insurance PLC

Reason for leaving (Voluntary Resignations)	2023
Personal	10
Better Prospects	45
Government Opportunities	1
Family Commitment	2
Migration	11
Higher Education	3
<b>Total</b>	<b>72</b>

#### Orient Finance PLC

Reason for leaving (Voluntary Resignations)	2023
Personal	38
Better Prospects	104
Government Opportunities	5
Family Commitment	-
Migration	23
Higher Education	6
<b>Total</b>	<b>176</b>



Our succession planning initiative extends beyond mere position filling. It centers on cultivating a culture of ongoing learning and development, empowering individuals to maximize their potential and ready themselves for future prospects within the Group.

### Succession Planning

The Group is dedicated to achieving a smooth leadership transition in the future through the implementation of a strong succession planning process. This approach focuses on nurturing talented employees with high potential, equipping them for upcoming leadership responsibilities. Furthermore, succession planning aids the Company in mitigating attrition rates and fostering long-term retention of top talent.

Our succession planning initiative extends beyond mere position filling. It centers on cultivating a culture of ongoing learning and development, empowering individuals to maximize their potential and ready themselves for future prospects within the Group.

To ensure our succession plan remains current with internal business demands and external market trends, the Group conducts annual reviews and updates. Each identified successor undergoes a personalized Individual Development Plan (IDP), addressing their specific strengths and areas for improvement. These plans encompass technical competencies as well as vital soft skills such as communication, teamwork, and effective decision-making.

Our employees gain valuable insights through the Leadership Development Program provided by the Postgraduate Institute of Management (PIM), Sri Lanka. This program offers expertise that equips potential successors with essential skills and knowledge to navigate leadership challenges and evolving business environments. It plays a pivotal role in nurturing a robust pipeline of future leaders within our organization.

### Compensation and Benefits

Acknowledging the importance of our workforce, JXG is dedicated to providing competitive compensation and an extensive benefits package that recognizes employees' commitment and enhances their overall welfare. We recognize that a one-size-fits-all approach doesn't suffice when it comes to employee rewards. Therefore, our compensation and benefits initiatives are tailored to meet the diverse needs of our employees, taking into account their roles and levels of seniority.

#### Key Financial Rewards:

- ◆ Competitive salaries benchmarked against industry standards.
- ◆ Performance-based bonuses recognizing individual and team achievements.
- ◆ Attractive profit-sharing programs aligning employee success with each Business Unit's growth.

#### Non-Financial Benefits:

- ◆ Robust health insurance coverage for employees and their families.
- ◆ A comprehensive retirement plan ensuring long-term financial security.
- ◆ Paid time off, including vacation, sick leave, and personal days, promoting work-life balance.

- ◆ Continuous learning and development opportunities through training programs and professional development initiatives.
- ◆ Access to recreational facilities and employee discounts on Company products and services.

The details of our compensation and benefits programs are clearly communicated to all employees through readily available resources and regular briefings. We ensure consistency and transparency in application, fostering trust and fairness within the Group.

### Employee Performance Appraisal [GRI 404-3]

The Group's performance appraisal system is seamlessly integrated with our compensation, benefits, and reward programs, creating a merit-based environment where employees' achievements and teamwork are recognised.

The Group's performance appraisal process is streamlined and automated; and is based on a behavioural competency framework to ensure fair and transparent evaluations for all employees.

**Janashakthi Limited** – Aligned with our Company's core values, which prioritize performance excellence, appraisals are conducted using Key Performance Indicators (KPIs) for all employees.

**First Capital Holdings PLC** – The Performance Management process is crafted to foster goal alignment, motivating employees to advance within the First Capital Group by harmonizing their career ambitions with the performance targets and strategic growth objectives of their respective business units/departments. This begins with setting KPIs at the outset of each financial

The Group's performance appraisal system is seamlessly integrated with our compensation, benefits, and reward programs, creating a merit-based environment where employees' achievements and teamwork are recognised.

year, ensuring they are directly tied to business goals and formulated using the SMARTS principle (Specific, Measurable, Achievable, Realistic, Time-bound, and Stretched).

#### Janashakthi Insurance PLC –

Executive-level employees undergo bi-annual reviews against assigned KPIs, while other employees receive annual appraisals from their immediate supervisors. This structured approach provides valuable feedback and opportunities for development, empowering everyone to reach their full potential.

#### Orient Finance PLC –

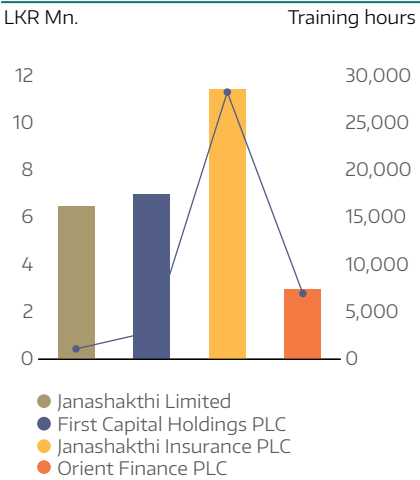
Orient Finance PLC has established a comprehensive performance management system designed to evaluate and enhance employee performance. This system encompasses the setting of KPIs and goals at the start of the year, followed by year-end evaluations to assess individual accomplishments and identify areas for growth. This cyclical process is instrumental in boosting employees' future potential and their overall value to the Company.

Our People, Our Power: Cultivating a Thriving Workforce

We consider investment in employee development integral to enhancing the Group's long-term intellectual capital. Our comprehensive training programs encompass all employee categories.

Overview of Key Learning and Development Milestones

TRAINING HOURS AND INVESTMENT IN TRAINING



Growth Through Continuous Learning [GRI 404]

Throughout 2023, the Group maintained its commitment to enhancing employee learning and development as a pivotal driver of organizational success and expansion. By cultivating a supportive learning environment and enabling diverse career pathways, we achieved significant gains in knowledge retention and facilitated effective knowledge transfer among our workforce. This culture of ongoing learning has cultivated innovation and agility, enabling the business to adeptly navigate unexpected challenges in demanding operational environments.

Given the current business environment, we prioritized deploying tailored training programs and initiatives for knowledge sharing to enhance retention and cultivate a culture of continuous learning. As employee skills and expertise grew, these programs supported internal promotions and aligned with our succession planning objectives, cultivating a robust pipeline of future leaders. These efforts empowered our workforce, resulting in heightened engagement and motivation levels across the Group.

We consider investment in employee development integral to enhancing the Group's long-term intellectual capital. Our comprehensive training programs encompass all employee categories. Each year, our HR team identifies training needs and crafts a detailed plan, complete with a transparent training calendar designed to minimize business disruption while maximizing learning opportunities for employees.

2024 Training Program Highlights

Janashakthi Limited

- ◆ JXG Speechcraft Programme  
Toastmasters International – District 82 | Division A
- ◆ eXplore  
Leadership Development Programme – Postgraduate Institute of Management
- ◆ Winning goals  
Goal setting workshop – By Sandun Fernando



First Capital Holdings PLC

- ◆ Rollout of the Ambassador Programme, Competency Development Programme on Power Communication conducted by Sandun Fernando
- ◆ Certificate Course on Statistical Modelling
- ◆ Goal Setting for People Managers  
Two-day workshop by Prof. Ajantha Dharmasiri
- ◆ Webinar session on updated financial reporting
- ◆ Diploma in Treasury and Risk Management
- ◆ Elevate your business insight and self worth with Prof. Boris Groysberg



### Janashakthi Insurance PLC

#### Customised Chat GPT Training:

Recognising the importance of digital fluency in today's insurance landscape, the Company provided our back office teams with customised training on the effective use of Chat GPT to enhance operational efficiency and enable employees to leverage AI-driven insights for improved customer service and decision-making.

#### Comprehensive Leadership Development Training for the Lion Force:

Recognising the critical role of our sales team in the success of Janashakthi Life, we launched a targeted leadership development programme spanning over 06 weeks, exclusively for the sales department's management team. This intensive programme, delivered by our internal Training Team, aims to enhance the skills and capabilities of our sales leaders, ultimately driving sustainable growth for the business.

#### Management Development

**Programme with PIM:** To strengthen our pipeline of future leaders, Janashakthi Life collaborated with the prestigious Postgraduate Institute of Management (PIM), Sri Lanka, on a targeted Management Development Programme for high-potential Senior Managers and Managers. This programme leverages PIM's cutting-edge curriculum to equip participants with the tools to navigate industry complexities with vision and decisiveness. Contemporary management practices, strategic leadership training, and immersive challenges are expected to hone their critical thinking and empower them to make impactful choices in a competitive market environment.

#### Emotional Intelligence (EQ) and

**Mindfulness Series:** To empower our employees with emotional intelligence, the Company introduced a transformative workshop series on

EQ and Mindfulness. Designed for the demands of today's workplaces, these sessions equip participants with practical tools for emotional regulation, empathetic communication, and stress management. By integrating these skills into their daily lives, employees contribute to a work environment that values well-being and encourages mindful decision-making.

**Managing Your Manager Workshop:** Aimed at bridging the gap between employee and manager, this workshop empowers participants to navigate professional relationships with confidence. By equipping them with communication tools, conflict resolution strategies, and assertiveness techniques, this workshop fosters open dialogue, aligns expectations, and unlocks the full potential of individuals and teams.



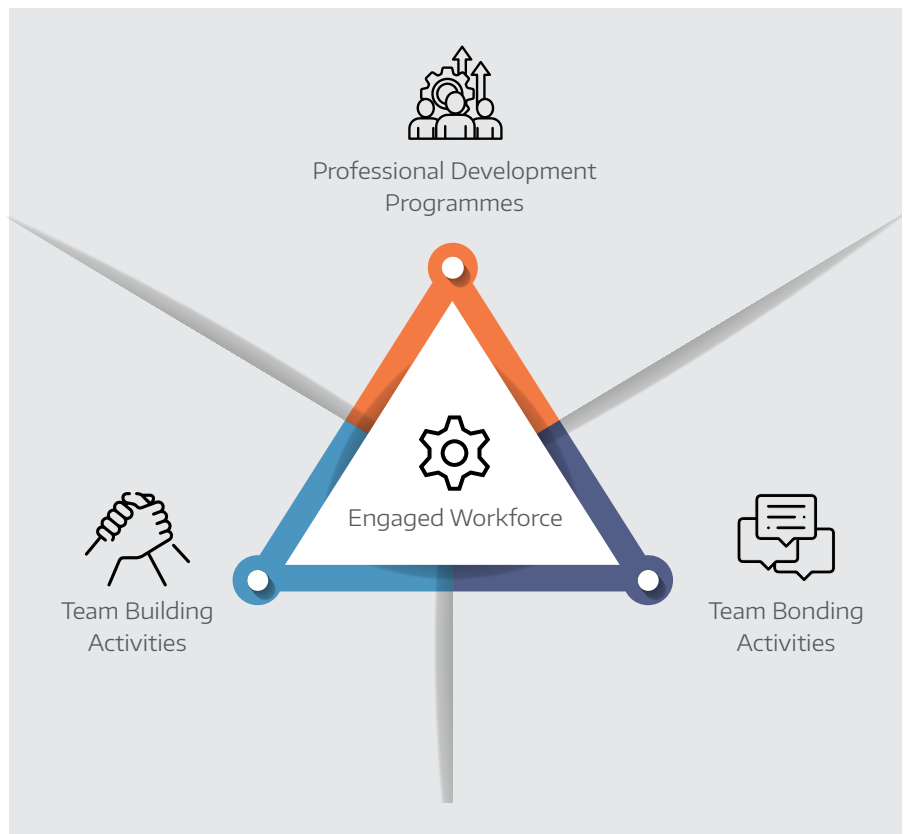
### Orient Finance PLC

Throughout the year under review, Orient Finance PLC has developed and implemented a Learning Management System (LMS). This system allows employees to conveniently access a wide range of learning resources, empowering them to continuously improve their skills and knowledge.



### Our People, Our Power: Cultivating a Thriving Workforce

The Group believes that every voice is strengthened through regular feedback mechanisms, ensuring concerns are heard and addressed. These continuous processes enhance employees' work-life, prepare them for success, and ultimately contribute to both Group and personal growth.



#### Employee Engagement

We nurture and empower our employees, creating a workplace that's as fulfilling as it is stimulating. In 2023/24, our engagement strategy evolved beyond mere events, becoming an embedded process woven into the fabric of our daily operations.

Accordingly, our robust engagement framework caters to each department's unique needs, empowering individual teams to thrive. Structured upon customised professional development programs for refining supervisory skills and team-building initiatives to ignite collaboration and unity, the third facet centres on feedback. The Group believes that every voice is strengthened through regular feedback mechanisms, ensuring concerns are heard and addressed. These continuous processes enhance employees' work-life, prepare them for success, and ultimately contribute to both Group and personal growth.

#### Awards and Recognitions

At JXG, we take pride in recognizing both individual and team accomplishments that contribute to our collective success. Our robust employee recognition programs transcend traditional rewards, fostering an environment of appreciation, motivation, and continuous improvement. We highlight exceptional contributions through various initiatives:

##### Performance-based awards:

Celebrating consistent excellence and surpassing expectations.

##### Peer-to-peer nominations:

Promoting teamwork and recognizing the collaborative spirit.

##### Special recognition programs:

Honoring unique achievements and innovative ideas.

These programs not only celebrate individual achievements but also inspire others to pursue excellence, make meaningful contributions, and elevate JXG to new heights. We believe that acknowledging accomplishments reinforces a positive work culture where everyone feels valued and empowered to excel.



## Employee Grievance Management [GRI 406]

Understanding that employee satisfaction is fundamental to organizational success, we have established a comprehensive and accessible grievance management framework. This proactive system empowers employees to voice their concerns and promotes a culture of open communication.

Emphasizing proactive engagement, our approach involves the organic identification of employee grievances. We achieve this through regular feedback sessions, focus groups, and skip-level meetings, actively seeking employee input to identify and address potential issues before they escalate.

Our commitment to continuous improvement is demonstrated by actively soliciting feedback and continually refining our practices. This dedication ensures that we maintain a supportive and responsive workplace, addressing concerns promptly and effectively.

During the year under review, the Company received minor grievances from employees, all of which were promptly resolved to the satisfaction of all parties involved.

## Occupational Health and Safety [GRI 405]

For JXG, the health and safety of employees manifests in the form of ensuring employee well-being and mental health. Accordingly, we have taken significant strides this year to foster a supportive and empathetic workplace. Our comprehensive initiatives prioritise both individual accessibility and broader cultural awareness.



Our commitment to continuous improvement is demonstrated by actively soliciting feedback and continually refining our practices. This dedication ensures that we maintain a supportive and responsive workplace, addressing concerns promptly and effectively.

In alignment with the Group's commitment, our business units are proud to offer confidential access to external counselling services. This personalized support enables our employees to address personal challenges in a safe and secure environment, fostering overall well-being and enhancing resilience.

Moreover, we have partnered with a qualified psychologist to launch an innovative in-house mental well-being program. Through interactive sessions and workshops, our employees have explored essential topics such as stress management, resilience building, and work-life balance. This initiative equips our team with practical tools to navigate modern challenges, fostering open dialogue and understanding, and effectively destigmatizing mental health within the workplace.

These initiatives underscore our holistic approach to employee well-being, recognizing that mental health is integral to physical health and essential for a thriving work environment.



# Manufactured Capital Report

## Transcending Engines and Masonry – A Manufactured Capital Report

At our core, we believe that a robust foundation is the bedrock of a towering future. This is why we invest heavily in manufactured capital – the physical assets that power our operations and enable us to deliver unparalleled value to all our stakeholders. In today's tech-driven landscape, these assets transcend traditional engines and masonry. They embody the tools that empower our people, elevate customer experiences, and propel sustainable growth.

Our commitment to investing in manufactured capital is not just about building structures; it's about constructing the very framework that supports innovation and progress. Each investment is meticulously planned, ensuring it aligns seamlessly with our business objectives and generates value across all dimensions and stakeholder groups. By doing so, we are not only fortifying our present but also paving the way for a prosperous and a resilient future.

### Highlights for 2023/24

#### Janashakthi Limited

Embracing the future of work, Mireka Tower is redefining the modern workplace. Our state-of-the-art facilities blend cutting-edge technology with innovative design to create an environment where creativity and productivity thrive.



#### First Capital Holdings PLC

Embarked on a monumental renovation to transform our Head Office at Deal Place into a beacon of modern innovation and efficiency.

e-launch of the ATM Card for Unit Trust investment customers in partnership with Hatton National Bank PLC.

#### LKR 150 Mn

Investment in IT infrastructure



#### Janashakthi Insurance PLC

The Life Referral Management System won the Bronze Award in the Indigenous and Community Services in Inclusion and Community Services Category at the 25th National ICT Awards – NBQSA 2023.

#### LKR 301 Mn

allocated for IT hardware and software enhancements

Invested

#### LKR 166 Mn

to increase our asset base



#### Orient Finance PLC

The establishment of new branches in Kiribathgoda, Piliyandala, Monaragala, and Nuwara Eliya.





## Our Approach to Managing Manufactured Capital

Through our commitment to integrated thinking, we are not just constructing assets; we are building a resilient and a prosperous future. The strategic use of manufactured capital fuels our progress, ignites innovation, and delivers lasting value across every dimension of our Group.

Our approach to manufactured capital exemplifies our dedication to integrated thinking, acknowledging the interconnectedness of financial, social, and environmental capitals. We emphasize the strategic deployment of manufactured capital assets to drive business growth, accelerate digitalization, and enhance stakeholder value creation.

Our investments in IT infrastructure and branch network are transformative, extending our reach and adapting to evolving customer needs while securing our position at the forefront of a competitive market. By integrating modern facilities with cutting-edge digital platforms, we empower our employees with advanced tools, enhance customer satisfaction, and drive progress towards our long-term objectives.

Embracing innovation and upgrading our infrastructure ensures our operations remain agile and responsive in a rapidly changing environment. This strategic focus not only strengthens our market presence but also reinforces our dedication to delivering exceptional value to our stakeholders. Through these advancements, we are crafting a future where efficiency, customer delight, and success align harmoniously.

## Geographical Presence

### Janashakthi Limited

Shortly after the financial year, we transitioned to a modern workspace at Mireka Tower, ushering in a

transformative experience for our staff. This move not only introduced a state-of-the-art environment but also redefined our daily work experience, fostering a dynamic and invigorating atmosphere that enhances productivity and collaboration.

### First Capital Holdings PLC

Beyond the Group corporate offices in Colombo, the branch network serves as the key point of contact for customers nationwide. Currently, they operate seven physical locations in Colombo, Kandy, Matara, Kurunegala, Jaffna, Batticaloa, and Anuradhapura, alongside a virtual branch in Negombo. Please note, however, that the branches in Batticaloa and Anuradhapura are not yet fully operational.

### Janashakthi Insurance PLC

Janashakthi Life extends its support across Sri Lanka with 75 branches island-wide, acting as a trusted companion for our customers. Whether the customers are in a vibrant city or a remote village, their presence ensures that insurance services are

always within reach, ready to be delivered right to their doorstep.

For younger, tech-savvy clients who seek convenience, their online and mobile app portals provide 24/7 access to our comprehensive insurance solutions. No matter where individuals are or what their needs may be, Janashakthi Life is just a click or a visit away, offering a truly Sri Lankan insurance solution with dedication and ease.

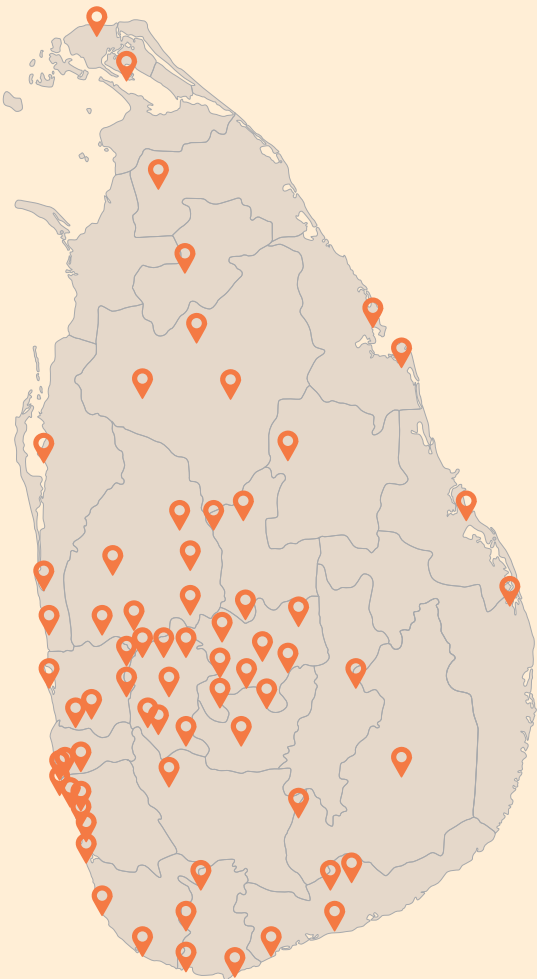
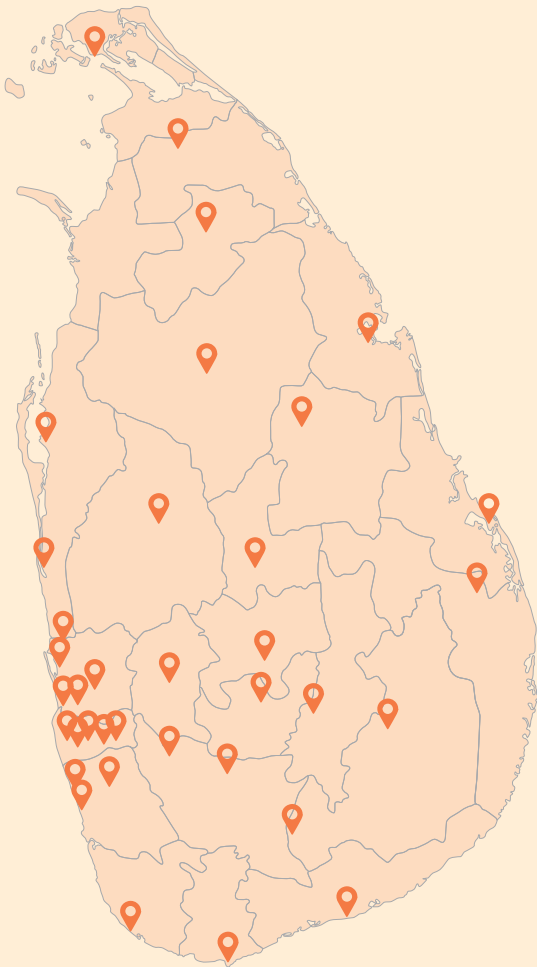
### Orient Finance PLC

Despite navigating through challenging economic conditions, Orient Finance PLC has demonstrated unwavering resolve by inaugurating four new branches over the past year. The opening of these branches in Kiribathgoda, Piliyandala, Monaragala, and Nuwara Eliya highlights their proactive strategy to address growing customer demands and tap into new markets. This expansion underscores their commitment to broadening reach and enhancing service offerings, ensuring that we remain responsive and adaptable in a dynamic financial landscape.





Branch Network at a Glance



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

Janashakthi Insurance PLC			
Pettah	Avissawella	Nuwara Eliya	Tambuttegama
Wellawatta	Wennappuwa	Matale	Monaragala
Kalubowila	Giriulla	Anamaduwa	Dehiattakandiya
Nugegoda	Aluthgama	Galle	Ambalantota
Malabe	Mahawewa	Akuressa	Anuradhapura
Maharagama	Ratnapura	Welimada	Polonnaruwa
Ruwanwella	Chilaw	Galewela	Hingurakgoda
Kadawatha	Elpitiya	Galgamuwa	Tissa
Ja-Ela	Kegalle	Puttalam	Medirigiriya
Gampaha	Ambalangoda	Bandarawela	Medawachchiya
Piliyandala	Kalutara	Embilipitiya	Ampara
Moratuwa	Gampola	Badulla	Batticaloa
Panadura	Kuliyapitiya	Mahiyanganaya	Kalmunai
Hanwella	Kurunegala	Matara	Trincomalee
Padukka	Pilimathalawa	Hatton	Vavuniya
Nittambuwa	Nikawaratiya	Hettipola	Kilinochchi
Negombo	Malsiripura	Dambulla	Jaffna
Kirindiwela	Kandy	Tangalle	Nelliyadi
Horana	Balangoda	Wellawaya	



## Information Technology Investments

### Janashakthi Limited

With the inauguration of our new headquarters at Mireka Towers, Janashakthi Limited has made a strategic investment in cutting-edge technology to enhance support for our staff and all stakeholders.

### First Capital Holdings PLC

During the year under review, First Capital Group upgraded its core systems hardware to bolster readiness for supporting the Group's medium-term capacity expansion goals across all business verticals.

In recent years, they have made a concerted effort to develop a variety of digital platforms. During the current financial year, the Group embarked on several significant initiatives to revolutionize its digital channel architecture. Notable developments included enhancements to internal workflow systems, particularly the e-onboarding tool, which streamlines the self-onboarding experience through their corporate website.

The Group's online portal was revamped to enhance customer accessibility and improve self-management features. Additionally, new modules were integrated into the mobile app to enable e-onboarding and enrich the information available to customers. Another significant

initiative was the launch of the Group's WhatsApp channel in March 2024, providing a valuable source of investor information.

The highlight of these initiatives was the introduction of an ATM card for Unit Trust investment customers, facilitated through our strategic partnership with Hatton National Bank PLC.

### Janashakthi Insurance PLC

Modern hardware and software ensure efficient data processing, enabling quicker policy issuance, claims handling, and risk assessment. This leads to reduced operational costs and heightened customer satisfaction, with minimal delays and hassle-free administrative processes.

Moreover, the impact of IT extends beyond internal efficiency. A strong online presence, through mobile apps and user-friendly portals, empowers customers with self-service options, 24/7 access to policy information, and a seamless claims reporting process. This fosters trust and loyalty, ultimately enhancing customer retention and acquisition.

Aligned with this strategy, Janashakthi Life has consistently prioritized and made timely investments in IT upgrades and enhancements over the years. Demonstrating our steadfast commitment to technology-driven progress, Janashakthi Life invested LKR 143 million in IT and digitalization initiatives during the year under review.

During the year under review, the Company leveraged investments in manufactured capital to directly contribute to operational efficiency, cost reduction, improved customer experience, and increased revenue generation, showcasing Janashakthi Life's commitment to leveraging technology for sustainable growth. Key highlights include:

### Individual DTA System:

Fully automated system extending BFSI capabilities for Deteriorating Term Assurance plans, streamlining the journey from quotation to policy issuance.

### JSV System:

A-to-Z automation for Group Life insurance, covering quotation, issuance, proposal management, and policy issuance, previously manual tasks.

### Claim Flow Automation:

This system is expected to expedite claims processing, leading to cost savings, improved resource allocation, and enhanced customer experience, freeing up sales teams for growth.

### Janashakthi Life Referral Management Solution:

Enhances customer experience and referral tracking, leading to improved agent productivity and increased business opportunities.

### Other Service Automations:

Streamlined processes through various initiatives like product development, anti-virus solutions, endpoint management, infrastructure upgrades, commission and incentive revisions, and claims voucher re-implementation.

### Orient Finance PLC

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



# Intellectual Capital Report

## Conscious Capital Curated with Care – An Intellectual Capital Report

This report sheds light on the dynamic interplay of our intellectual resources. In the modern era, where ideas shape the marketplace and innovation fuels progress, the essence of a company's worth transcends its physical assets. Intellectual capital, encompassing the knowledge, skills, and innovative potential within a company, plays a critical role in driving sustainable growth and competitive advantage.

Through strategic integration of cutting-edge digitalization technologies, we move forward with foresight and innovation. Yet, it is the unwavering expertise of our dedicated team that threads these elements together, weaving a seamless synergy that empowers us to exceed conventional standards of protection. Together, we forge ahead, ushering in an era defined by heightened value and unwavering security for our clientele.

### Highlights for 2023/24

- ◆ Janashakthi Limited – Great Place to Work certified
- ◆ First Capital Holdings PLC- Double wins at SLIM, 'Most Valuable Consumer Brand'
- ◆ Janashakthi Insurance PLC - Garnered recognition from 10 international entities, highlighting the Janashakthi Life brand's acclaim
- ◆ Orient Finance PLC - SLIBFI - Emerging Islamic Finance Entity of the Year 2022/23



### Our Approach to Managing Intellectual Capital

JXG strategically cultivates intellectual capital across various functions to generate value for stakeholders. This integrated approach leverages cutting-edge technologies, fosters employee growth, and enhances stakeholder engagement. Our investments are concentrated on brand development, digital transformation, employee training, and improving stakeholder communications. We are confident that timely and targeted investments in intellectual capital fortify our differentiation, bolster competitive advantage, and deliver holistic customer solutions across our business units.





# Intellectual Capital Report

## Conscious Capital Curated with Care – An Intellectual Capital Report

- ◆ Best Mobile Insurance App of the Year, Sri Lanka – Janashakthi Life Mobile App

- ◆ Most Trusted Life Insurance Company, Sri Lanka

### International Finance Awards 2023

- ◆ Best Domestic Life Insurance Company – Sri Lanka
- ◆ Most Innovative Life Insurance Company – Sri Lanka



### TAGS Awards

- ◆ Silver award for reporting excellence

### Orient Finance PLC

- ◆ SLIBFI – Emerging Islamic Finance Entity of the Year 2022/23
- ◆ SLIBFI – Digital Marketing Campaign of the year (Merit) 2022/23
- ◆ IFFSA – Emerging Islamic Finance Entity of the Year 2022/23
- ◆ IFFSA – Personality of the year 2022/23 (CEO)





Since initiating its digital transformation, the FCH Group has made consistent strides in bolstering its digital ecosystems to enhance operational efficiency, protect data integrity, and foster digital innovation. In the current financial year, several parallel projects were launched, including the first phase of a new CRM system roll-out designed to streamline call centre operations, improve the management of customer inquiries, and expedite the resolution of customer complaints.

#### Enhancing Brand Awareness [GRI 203-1] and Automation and Digital Transformation [GRI 205-1]

##### Janashakthi Limited

In the dynamic realm of marketing, our team at JXG embraces an ambitious goal: to shape the JXG brand into a symbol of contemporary elegance and irresistible appeal, commanding attention in today's vibrant marketplace. Our strategic vision blends innovation and creativity, aimed at establishing an unmatched reputation that resonates deeply with our audience.

Through a series of strategic initiatives, we endeavor to forge a unique identity for JXG—one that captivates both hearts and minds. From immersive experiences to compelling narratives, each effort contributes to the canvas of our brand's journey towards prominence and distinction in the ever-evolving landscape of modernity.

##### First Capital Holdings PLC

The First Capital brand plays a pivotal role in defining the identity of First Capital Group within Sri Lanka's local capital market and the broader financial services industry. Guided by its visionary mission, "To improve the lives of all Sri Lankans through financial solutions," the FCH Group has consistently endeavored to position itself as a paragon of trust and reliability in the local capital market since its establishment.

Efforts to create significant value are concentrated on providing a wide range of competitive products, augmented by qualitative value through thorough research insights and market analysis. These initiatives enable prospective investors to make well-informed decisions. Central to this strategy, each unit plays a crucial role in strengthening FCH's reputation as a reliable and performance-oriented investment brand. With an exceptional track record and a steadfast



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commitment to surpassing customer expectations, all units sustain a strong presence in their respective fields, thereby elevating the overall prominence of the FCH brand.

##### Digitalization at First Capital Group

Since initiating its digital transformation, the FCH Group has made consistent strides in bolstering its digital ecosystems to enhance operational efficiency, protect data integrity, and foster digital innovation. In the current financial year, several parallel projects were launched, including the first phase of a new CRM system roll-out designed to streamline call centre operations, improve the management of customer enquiries, and expedite the resolution of customer complaints.

Another significant project involved the implementation of the RTGS fund transfer module and the SWIFT system upgrade, aligning with the latest global standards, specifically ISO 20022. Other notable projects initiated during the year included the launch of an independent stock trading platform, designed to offer a comprehensive

## Conscious Capital Curated with Care – An Intellectual Capital Report

trading experience with quicker response times for First Capital Equity customers. Additionally, a new digital archiving system was introduced, providing secure electronic storage of customer data. This initiative not only enhanced data security but also improved internal cost efficiencies and systematically reduced paper usage.

### Janashakthi Insurance PLC

In a competitive insurance market, Janashakthi Life strives to carve out a distinctive niche in the hearts and minds of the Sri Lankan people. Their objective extends beyond mere brand recognition; seeking to build a relationship of trust, demonstrating relevance and presenting a compelling image of the Janashakthi brand. This is achieved by:

- ◆ **Unified Communication:** Janashakthi Life ensures consistent messaging across various channels, including digital platforms, social media, and local partnerships, reinforcing their core values and commitments.
- ◆ **Delivering Informative Content:** They are dedicated to delivering valuable and engaging information that directly addresses the diverse needs and aspirations of target audiences, with a focus on their specific insurance requirements.
- ◆ **Authentic Community Engagement:** Going beyond traditional marketing by prioritizing the establishment of genuine connections and fostering meaningful interactions within their communities.

Janashakthi Life thrives in a dynamic insurance landscape by continuously evolving our systems and processes. We embrace automation and digitalisation not just as trends, but as powerful tools to empower our customers and employees, safeguard

our planet, and unlock new levels of efficiency and competitiveness. From catering to tech-savvy consumers to optimising internal operations and driving sustainable practices, the Company sees technology as a catalyst for progress, ensuring we remain agile and responsive in the ever-changing market while building on intellectual capital wealth.

### Digitalization at Janashakthi Insurance PLC

As part of Janashakthi Life's strategic focus on intellectual capital growth, a pivotal initiative involves the implementation of the Janashakthi Mobile App. Meticulously designed interfaces encompassing customer onboarding, premium payments, policy performance tracking, premium receipts, claims management, and efficient communication are seamlessly integrated into the app. This app empowers both corporate and individual customers, offering a comprehensive array of services at their fingertips throughout the customer life cycle journey whilst enhancing convenience and ensuring customer satisfaction and loyalty.

Moreover, the Company continued to enhance several process automations, transforming numerous workflows to optimise operational efficiency. These initiatives resulted in a reduction of manual tasks and processing times, ultimately leading to cost savings, improved resource allocation, and higher levels of business efficacy.

### Enhancing Efficacy - Key Initiatives

- ◆ **Agent Virtual Office and On-Time Payments:** Enhancing agent efficiency with self-service tools and automating payroll via complimentary admin solution reallocates resources towards agent development and personalized customer interaction. This strategy fosters improved

employee satisfaction and heightened customer engagement, crucial components of enhancing intellectual capital value.

- ◆ **Fast-Track Claims Processing:** Streamlining claims processing to achieve a 24-hour-or-less turnaround time not only alleviates customer stress and reinforces brand loyalty but also generates essential data for risk assessment and product development, thereby enhancing our intellectual capital.
- ◆ **Digital Inclusion for Corporate Clients:** Facilitating OPD claims updates through the Janashakthi Mobile App for corporate clients promotes autonomy and reduces administrative workload. This initiative cultivates robust client relationships and strengthens brand preference, significant intangible assets that bolster our intellectual capital.
- ◆ **Business Automation:** Implementing automated policy issuance and proposal processes for corporate and individual clients enhances decision-making speed and operational efficiency within the Company. This streamlined approach empowers teams to concentrate on strategic initiatives and innovation, thereby strengthening our intellectual capital capabilities.

### Orient Finance PLC

At Orient Finance PLC, their intellectual capital embodies the cumulative wealth of knowledge, expertise, and innovative thinking within the organization. They are dedicated to cultivating and enhancing this intellectual capital to drive growth and empower employees to excel in their roles.

### Digitalization at Orient Finance PLC

Orient Finance PLC is intensifying its digitalization initiatives to expand

the array of platforms available to customers for engagement. By leveraging digital channels to improve accessibility, convenience, and efficiency in customer interactions, they aim to enhance their overall experience significantly.

They are currently implementing the digitalization of their client onboarding process in partnership with the National Development Bank (NDB) and Cargills. By harnessing the NDB Neos app and leveraging the extensive Cargills network, the goal is to streamline the onboarding experience and offer customers seamless access to services. This extension of outreach underscores their dedication to meet customers at their convenience and delivering customized solutions that cater to their evolving requirements.

Another significant initiative was the automation of the gold loan auction process. This project showcases a commitment to innovation and efficiency by transforming auction operations, ensuring transparency, fairness, and compliance. It also optimizes resource allocation and reduces manual errors. This emphasis on operational excellence and providing value-added solutions has empowered stakeholders and improved business outcomes.

Moreover, they have commenced the deployment of a CRM solution for managing leads and handling complaints for effective relationship management with customers.

As a part of their continuous dedication to innovation, they have launched an AI-powered solution aimed at enhancing business lead generation and segmentation. Leveraging advanced machine learning algorithms and predictive analytics, this state-of-the-art solution enables efficient analysis of extensive data volumes to uncover valuable insights.

## Data Security and Privacy [GRI 418]

At JXG, we recognize the inherent value of our intellectual capital, encompassing customer data, operational systems, and proprietary knowledge. Safeguarding these assets from evolving cyber threats necessitates robust security measures. We adhere to compliance with the Sri Lankan Data Protection Act, conduct regular vulnerability and audit assessments with a respected cybersecurity partner, and implement essential tools, guidelines, and solutions to protect customer information and critical infrastructure across our Group by the IT shared services function which is established centrally.

Ongoing upgrades and updates ensure our defenses remain proactive against

emerging threats. By prioritizing cyber resilience, we not only meet regulatory obligations but also cultivate trust among our customers and stakeholders, thereby enhancing our reputation and facilitating sustainable long-term value creation.

## Marketing and Communications [GRI 407]

At JXG, we understand that transparent communication is fundamental to making well-informed decisions. This principle guides our approach to marketing and communications, which is customized to meet the distinct preferences of our diverse customer base through our centralized Marketing shared services function. Across multiple channels and languages including Sinhala, English, and Tamil, we ensure that

### Social Media, Key Statistics

#### Janashakthi Limited

##### Facebook

Absolute Growth	1,469
Total Reach	1,348,200
Total Engagement	39,390

##### Instagram

Absolute Growth	231
Total Reach	260,683
Total Engagement	11,456

#### First Capital Holdings PLC

##### Facebook

Absolute Growth	2,208
Total Reach	2,600,000
Total Engagement	39,600

##### Instagram

Absolute Growth	162
Total Reach	475,500
Total Engagement	6,600

#### Janashakthi Insurance PLC

##### Facebook

Absolute Growth	19,908
Total Reach	12,116,490
Total Engagement	1,072,016

##### Instagram

Absolute Growth	74
Total Reach	1,299,699
Total Engagement	39,883

#### Orient Finance PLC

##### Facebook

Absolute Growth	1,929
Total Reach	2,633,695
Total Engagement	370,290

##### Instagram

Absolute Growth	145
Total Reach	11,208
Total Engagement	1,625

## Conscious Capital Curated with Care – An Intellectual Capital Report



comprehensive information about our Company, products, and services reaches all our stakeholders effectively.

In step with the dynamic evolution of global communication, the Group has embraced the digital revolution, pivoting from conventional advertising to vibrant social media platforms such as Facebook and Instagram. This strategic shift enables us to engage directly with customers, employees, and the broader community, fostering a rich dialogue that amplifies our brand presence.

### Product and Service Labelling [GRI 417]

In accordance with the Group's commitment to transparency and effective communication for informed customer decision-making, we ensure comprehensive information about our products and services is easily accessible through various channels. This includes informative brochures, our regularly updated website, and direct interactions with our customers. Our dedicated team is proficient in delivering clear and concise explanations of terms and conditions, promptly addressing queries, and offering additional information

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

All our Business Units maintained exemplary compliance with product and service information and labelling throughout 2023/24 with no incidents of non-compliance reported.

when required. This dedication to open communication underscores our core value of building trust and empowering customers to make well-informed choices that meet their specific needs.

### Improving Employee Knowledge, Skills, and Know-How [GRI 404-1]

Throughout a challenging year, the Group demonstrated resilience, driven by the dedication of our employees and their steadfast commitment to continuous learning and self-improvement. We placed a strong emphasis on comprehensive learning and development programs aimed at expanding skill sets and equipping our teams with the expertise needed to navigate and optimize our systems and processes effectively. This focus on ongoing education nurtured a

robust knowledge base, laying the groundwork for innovation, ambitious goal setting, and the capability to overcome unforeseen challenges.

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## Social and Relationship Capital Report

### Nurturing Symbiotic Synergies

Forging strong bonds with customers, partners, authorities, suppliers, and the community unlocks far-reaching prosperity and progress. By fostering diverse value creation and nurturing our social capital, we endeavour to contribute to macroeconomic advancement and set higher standards in the industries in which we operate

#### Highlights for 2023/24

##### Janashakthi Limited

Launching the Central Vendor Management System via our Shared Services Function.

##### First Capital Holdings PLC

Introduction of 'First Capital Money Plus Fund,' which provides retail investors with the convenience of instant fund access through EMV-enabled cards, in collaboration with Hatton National Bank.



#### Our Approach to Managing Social and Relationship Capital

Our management approach is dedicated to delivering value to a diverse spectrum of stakeholder groups with varying expectations.

We have thoughtfully crafted an integrated value-creation framework that prioritizes the essential needs of our stakeholders. This framework not only fosters and sustains mutually beneficial relationships but also creates

value across various types of capital, thereby boosting the Group's overall performance.

Understanding the importance of contributing to the communities in which we operate, we actively engage in initiatives aimed at giving back to our supporters. This value-centric approach has been pivotal in building enduring trust, admiration, and loyalty throughout our history.

## Janashakthi Insurance PLC

Introducing the 'Dream Saver' Product - Janashakthi Life is proud to unveil the 'Dream Saver' product, poised to transform the life insurance landscape. This innovative savings solution offers a fresh approach to high-yield savings, providing customers with a unique opportunity to invest strategically in medium or long-term options for significant returns. Complementing this launch, They have also introduced a mobile app to enhance convenience and simplify the lives of their customers.



## Orient Finance PLC

### Wilpattu Reforestation

Orient Finance PLC launched a tree-planting initiative to reinforce their dedication to environmental stewardship. As part of this effort, They successfully planted 6,000 trees within the scenic Wilpattu Forest.

Despite facing external challenges over the years, our commitment to this approach has remained unwavering. We have consistently improved customer service levels and convenience, actively contributed to social upliftment and welfare, and fulfilled the expectations of governing bodies. This ongoing dedication highlights our belief in the mutually beneficial relationship between our business and the diverse stakeholders we serve.

## Customers

Provide enhanced service levels, increased convenience, and continued product innovation to meet their needs.

## Partnerships

Collaborating with suppliers and business partners to meet their expectations and contribute to shared success, without compromising our own performance.

## Governing Bodies

Successfully meet expectations and maintain transparent communication.

## Community Engagement

Actively contribute to the communities where we operate through initiatives that enhance lives and well-being.

## Creating Social and Relationship Value

Utilizing a dynamic question-response approach, the Group has crafted a cohesive strategy to generate social and relational value for stakeholders.



## Fostering Deep and Impactful Customer Relationships

### Customer Centricity at the Core



Enhancing the Experience

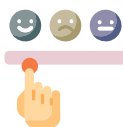


Driving Innovation



Building Trust through Engagement

## Nurturing Symbiotic Synergies – Social and Relationships Capital Report



### Enhancing the Experience and driving Innovation

The Group is dedicated to enhancing the customer experience by advancing service quality, expanding autonomy and convenience, and embracing digital transformation.

- ◆ First Capital Holdings PLC, By setting the FCH Group Unit Trusts apart from competing offerings and traditional investment solutions, the 'First Capital Money Plus Fund' introduces a unique feature: it allows retail investors to access their investments conveniently via an EMV-enabled card, for the first time in Sri Lanka
- ◆ Janashakthi Life, introduced mobile app features to provide faster, more efficient service. Further, By leveraging AI and partnering with local banks, it enable convenient payment options like debit/ credit card usage and direct claim settlement through savings accounts

The rollout of CRM system is set to transform operational landscape, enabling front office staff to effortlessly access a comprehensive view (360 degrees) of customer details and their interactions with the Company

- ◆ Orient Finance PLC – Teamed up with distinguished partners – Singer Sri Lanka, Singhagiri Limited, and Fuji Energy Solutions – to deliver premium solar panels and installation services.



### Building Trust through Engagement

Transparent and open communication is at the heart of our customer-centric strategy, essential for cultivating and strengthening customer relationships. We proactively connect with customers through multiple channels across our Group

- ◆ Proactive Communication: We ensure that customers are kept informed about updates, policies, and industry trends through various channels, including mobile app notifications, emails, and social media. This approach is consistently implemented across all our Business Units
- ◆ Feedback Channels: We offer multiple channels for customers to voice their feedback and concerns, including surveys, online feedback forms, and specialized customer service avenues
- ◆ Addressing Grievances Efficiently [GRI 2-25]: We maintain a transparent and efficient grievance resolution system to address customer complaints promptly and fairly. We utilize various channels, including an online platform, social media, a call center, and in-branch visits, to manage grievances. During the review year, no serious grievances were reported.

### Customer Privacy [GRI 418]

At JXG, we prioritize customer trust as a crucial asset and are dedicated to ensuring the utmost privacy and security of confidential information. Our rigorous security protocols, advanced software, and comprehensive employee training programs safeguard customer data. Notably, throughout the review year, there were no incidents of privacy violations or data breaches. We are committed to maintaining these robust measures to protect customer information effectively.

- ◆ Rigorous Security Protocols: We utilize a multi-layered security approach that incorporates advanced encryption technologies, stringent access controls, and routine security audits.
- ◆ Dedicated Software: We deploy cutting-edge security software to safeguard customer data against unauthorized access, theft, and loss.
- ◆ Employee Training: Upholding customer privacy is embedded in our culture. We regularly train all employees and advisors on data confidentiality regulations and best practices.
- ◆ Clear Code of Conduct: Our employee code of conduct explicitly emphasizes our dedication to safeguarding customer privacy, ensuring it remains a top priority in all interactions.

We are pleased to report that there were no incidents of customer privacy violations or data loss during the review year. Nevertheless, we remain vigilant and continuously enhance our security measures to address emerging threats.

## Our Portfolio of Products and Solutions

### First Capital Holdings PLC

They serve clients through 04 segments, Government Securities, Corporate Finance Advisory and Corporate Dealing Securities, Asset Management and Stock Brokering.

Fixed Income	Equities	Funds/Multi Asset Class	First Capital Research
Primary market access to government securities, Fixed income investment products including repos, reverse repos, term repos and structured products with gilts as underlying, Rate solutions including forwards and swaps, Corporate debt securities and structured products Secondary market trading in government securities and corporate debt, Market making.	Secondary market trading in listed equities, Credit against listed equities.	Unit trusts, Private wealth management, Discretionary and nondiscretionary portfolio management, Personal financial planning, Succession planning, Lifestyle financial planning solutions.	Provides deep sector expertise complementing both buy-side and sell-side analytics to support investment and trading solutions.

### Orient Finance PLC

Leasing	Fixed Deposits	Tuk Leasing	Minor Savings
Offering a diverse range of lease assets for both individuals and corporations.	Senior citizens aged 60 years and above, are offered an additional interest rate of up to 0.5% p.a	Special feature is providing tailor-made rent packages.	Specially designed to offer attractive benefits for young savers in Sri Lanka.
Gold Loan	FD Plus	Orient Solar Leasing	Islamic Finance
Offering most competitive interest rates in the market for sovereign, without compromising on the security of asset.	Special fixed deposit scheme that goes beyond traditional investments with the assurance of life insurance cover and critical illness protection.	Innovative solar leasing product simplifies the process of owning a solar panel system. With Orient Solar Leasing, customers can avoid the necessity of an upfront full payment.	Since beginning operations in 2021, the Orient Alternative Finance Business Unit has been dedicated to transforming the financial sector. Licensed by the Central Bank of Sri Lanka, the unit offers Islamic financial services and deposit mobilization, presenting a unique Islamic banking proposition for businesses.
Orient Ruwaththi			
Exclusively designed for women, Orient Ruwaththi was launched to address and support the distinctive financial needs of Sri Lankan women. This program provides customized solutions to help them achieve their personal and business objectives.			

## Nurturing Symbiotic Synergies – Social and Relationships Capital Report

### Janashakthi Insurance PLC

Janashakthi Insurance PLC offers a diverse range of products categorized into Protection and Health, Retirement Plans, Savings and Investment Plans, and Child-focused Plans.

#### Protection & Health

##### Janashakthi Good Health

Truly comprehensive and affordable health insurance that frees you from worrying about how you will pay your hospitalisation bills.

##### Janashakthi Loan Guard

Taking a loan to build your dream home or to purchase a car? Now you can protect your loved ones from financial trouble in case something happens to you.

##### Janashakthi Jeevitha Vardana

Watch your insurance cover grow right before your eyes. Your coverage increases by 50% every 5 years.

##### Janashakthi Suwashakthi

A pure protection plan, offering insurance benefits, with the highest protection for the lowest premium.

##### Janashakthi Life Unlimited

A 20-year plan with lifetime hospitalisation and benefits.

##### Janashakthi Family Plus

An inbuilt inflation guard benefit of 10% every year, means your protection and maturity value will keep up with inflation throughout the term.

##### Janashakthi COVID Guard

Protects against the various risks that emerged due to the COVID-19 pandemic.

#### Securing Your Child's

##### Janashakthi Jeevitha Thilina

The ultimate children's savings plan gives your child stability even when they grow up. Pay premium until their 18th birthday and protect them to their 50th year.

##### Janashakthi Shilpa Shakthi

A unique policy that creates two funds in one for your child.

#### Retirement Plans

##### Janashakthi Life Unlimited

With a guaranteed investment return each year and added superior protection covers, we will help you create and protect your wealth so you can live a truly fulfilled life.

##### Janashakthi Life Investment Account

With a guaranteed investment return each year and added superior protection covers, we will help you create and protect your wealth so you can live a truly fulfilled life.

#### Savings & Investment Solutions

##### Janashakthi Cash Advance

Why wait for your insurance to mature to enjoy life? Cash advance makes lump-sum payments every three years.

##### Janashakthi Life Investment Account

With a guaranteed investment return each year and added superior protection covers, we will help you create and protect your wealth so you can live a truly fulfilled life.

##### Janashakthi Dream Saver

Offers the highest dividend with the highest security for your investment to fulfil planned expenses.

##### Janashakthi Flexi Pay

Offers shorter premium-paying durations for a long-term protection plan.

##### Dream Saver

Is a single premium annuity product, ideal for individuals with a minimum investment value of LKR 1 million with an above-the-market dividend rate coupled with an annual guaranteed rate. Also offers built-in life and accidental death coverage.



## Establishing Fair and Collaborative Partnerships with Suppliers [GRI 204]

Our longstanding relationships with suppliers reflect the depth and durability of our associations. A structured procurement process upholds ethical practices, compliance, and operational efficiency. The introduction of our dedicated supplier management platform in 2023/24 further enhances our ability to foster and sustain strong relationships with suppliers, providing a streamlined avenue for improved engagement and collaboration.

### Procurement Process [GRI 414]

JXG is committed to a responsible supply chain management approach, adhering to a rigorous procurement process. We prioritize suppliers who demonstrate ethical practices, comply with local regulations, and actively combat forced and child labor. A dedicated committee supervises this process, ensuring robust relationships with our partners. Our supplier management platform enhances communication and streamlines ordering, reinforcing the integrity of our supply chain. Importantly, we have not received any reports of negative social impacts during the review year.

### Engaging in Collaborative Efforts with Regulators [GRI 419]

At JXG, integrity is the foundation of our operations. We continually invest resources to maintain our reputation for transparency and ethical conduct. This dedication is reflected in several key areas:

**Regulatory Compliance:** We comply with all national laws, policies, and regulations, as well as the guidelines and best practices set forth by the regulatory authorities governing each of our highly regulated business units. We actively monitor industry and financial regulatory standards, ensuring that we promptly adapt to any necessary operational changes.

**Listed Entity Governance:** With three of our primary business units listed on the Colombo Stock Exchange (CSE), we adhere to the regulations set by industry regulators, the CSE, and the Securities and Exchange Commission.

### Employee Value Champion:

Acknowledging the vital contribution of our workforce to value creation, we prioritize strict adherence to labor laws and the Shop and Office Act, promoting a positive and responsible work environment.

**Responsible Citizenship:** We support Sri Lanka's well-being by timely meeting our statutory and tax obligations and ensuring the prompt submission of all required reports to regulatory authorities.

### Nurturing Connections with Local Communities [GRI 413]

In alignment with our values, JXG Life remains dedicated to supporting local communities through impactful projects that foster community development. During the review year, we executed several notable initiatives.

### Empowering Sri Lanka: The Janashakthi Foundation's Impactful Initiatives

The Janashakthi Foundation was founded through a collaboration

between our Group companies – Janashakthi Insurance PLC, First Capital Holdings PLC, and Orient Finance PLC – with the aim of making a positive societal impact through initiatives focused on sports, education, and community development.

The Foundation is dedicated to supporting underserved communities with a strong emphasis on empowerment and upliftment. By partnering with various organizations, we strive to achieve meaningful results nationwide. Notably, we continued our Meal Distribution Programme, recognizing its relevance and significant impact amidst challenging economic conditions.

### Nurturing the Growth of Young Minds and Bodies

Acknowledging the critical importance of nutrition in childhood development, the Janashakthi Foundation's Meal Distribution Programme delivers nutritious meals to children in vulnerable communities and underprivileged schools. Over the past year, we provided nearly 7,000 meals, addressing hunger and bringing joy to many. Our varied menu not only meets nutritional needs but also ensures a pleasant dining experience. With regular deliveries to 15 locations, we have surpassed 21,000 meals distributed to date.



#### St. Mary's College, Dehiwela

Over 3,000 meals provided between 24th July to 11th August, 2023.

#### Kalaimagal Tamil School, Kotahena

More than 3,680 meals delivered between 20th September to 13th October, 2023 to support students.

### Nurturing Symbiotic Synergies – Social and Relationships Capital Report

The Janashakthi Foundation is dedicated to ongoing growth and impact. We are proactively seeking new partnerships and expanding our current programs to extend our reach to more communities throughout Sri Lanka. We are committed to fostering a brighter future through collective efforts and acts of empowerment.

#### First Capital Holdings PLC

Promoting Financial Inclusion - Among the notable initiatives this year was a specialized awareness program held at Hayleys Advantis Limited. This program aimed to educate corporate professionals on economic trends, key industry sectors, capital market products, and emerging opportunities in the capital markets.

#### Fin Power Her

In celebration of International Women's Day in March 2024, the First Capital Group launched a special webinar series titled #FinPowerHer. This initiative is designed to boost financial awareness and literacy among women, offering valuable insights and education in financial matters.

Advancing Educational Equality - In partnership with the non-profit organization "Room to Read," we

are supporting its Girls' Education Programme, which focuses on enhancing access to secondary education for girls. Through this collaboration, the FCH Group aims to assist young girls facing obstacles such as chronic poverty, the current economic climate, and unstable home environments, providing them with vital educational opportunities.

#### Support for Sports

We proudly served as the Platinum Sponsor for the Ceylonese Rugby and Football Club during the 2023-24 Rugby League season and were the primary sponsor of the "Masters of Performance" Golf Tournament in July 2023, a monthly event at the Royal Colombo Golf Club. Additionally, the FCH Group remains committed to advancing and promoting tennis in Sri Lanka through our ongoing partnership with the Sinhalese Sports Club.

#### Janashakthi Insurance PLC

"Nidahas Adahas" Art Competition and Exhibition

Sparkling Imagination: The Colours of Sri Lankan Youth

Janashakthi Life organized the Nidahas Adahas Art Competition and Exhibition, a nationwide initiative designed to foster creativity and artistic expression among children aged 3-5 and 6-10. The event garnered over 10,000 submissions from across Sri Lanka, showcasing the vibrant imaginations of our young participants.





In celebration of this year's World Book Day, our "Gift a Book – Gift a Future" project aimed to support education through book donations. They are pleased to announce that they contributed over 100 gifts and library books to the enthusiastic students at Millewa Primary College.

In addition to the competition, Janashakthi Life offers a complimentary workshop for all participants, aimed at developing their skills and enhancing their artistic growth. This initiative complements the Shilpashakthi Year-5 Scholarship Programme, which continues to provide vital support to underprivileged students.

#### Supporting Grade Five Scholarship Examination Students

Actively extended support to students preparing for the Grade Five Scholarship Examination for the 08th consecutive year by engaging in a comprehensive outreach initiative.

#### Orient Finance PLC

##### Wilpattu Reforestation

On July 26, 2023, Orient launched a tree-planting initiative to reinforce their dedication to environmental stewardship. As part of this effort, they successfully planted 6,000 trees within the scenic Wilpattu Forest.

Donations to Ratmalana Hindu College  
- As part of their ongoing tree-planting initiative, They have donated 100 saplings to Ratmalana Hindu College.

#### "Gift a Book – Gift a Future"

In celebration of this year's World Book Day, our "Gift a Book – Gift a Future" project aimed to support education through book donations. They are pleased to announce that they contributed over 100 gifts and library books to the enthusiastic students at Millewa Primary College. This initiative, organized by their Sports and Welfare Committee, reflects their commitment to fostering a love for reading and supporting young learners.







# Natural Capital Report

## Blending Ecology and Technology – A Natural Capital Report

We are dedicated to creating enduring environmental value by prioritizing nature. Our commitment to sustainable business practices is driven by our focus on protecting the environment and conserving resources. Embracing the principles of "remove, reduce, reuse, and recycle," we aim to minimize our ecological footprint while maximizing our positive impact.

### Highlights for 2023/24

#### Janashakthi Limited

Initiating Paperless Workflow

Ecologically safe working environment at Mireka towers

#### First Capital Holdings PLC

A programme to replace conventional lighting at the Deal Place (Head Office) building, with more energy efficient LED solutions

#### Janashakthi Insurance PLC

Initiating Paperless workflow

#### Orient Finance PLC

Has implemented LED lighting upgrades and smart scheduling for air conditioning systems and elevator operations

### Our Approach to Managing Natural Capital

JXG understands that safeguarding and efficiently using natural resources is essential for creating lasting value. At the core of our business strategy lies a commitment to minimizing our environmental impact. As a service organization, the Group's core business does not rely heavily on natural resources. However, as a responsible corporate entity, we are committed to achieving optimal resource efficiency to effectively manage our carbon footprint and minimize the loss of Natural Capital.

### Energy Conservation [GRI 302]

The Group remains dedicated to reducing its carbon footprint through effective energy conservation strategies. We have successfully decreased energy consumption by replacing high-energy equipment with more efficient alternatives. By utilizing hydropower from the national grid for our electricity needs, we actively contribute to the adoption of renewable energy sources.

### First Capital Holdings PLC

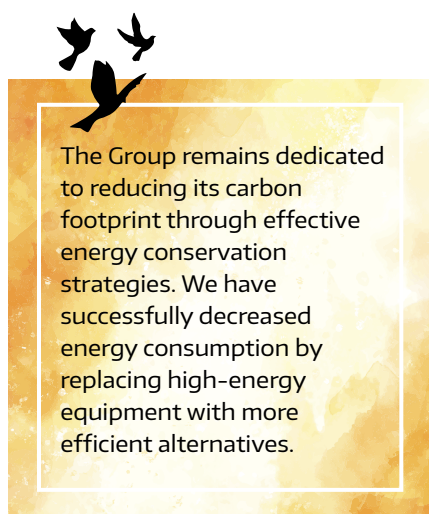
During the review year, First Capital Group initiated a program to upgrade

the conventional lighting at the Deal Place Head Office with energy-efficient LED solutions. This initiative is a key component of a larger renovation project designed to enhance the sustainability of our headquarters.

### Janashakthi Insurance PLC

While their corporate initiatives directly target resource conservation, employee fuel consumption in personal vehicles introduces an indirect yet significant aspect of sustainability. Acknowledging this interconnectedness, they are committed to actively involving their employees in broader sustainability discussions. By fostering a sense of environmental responsibility at the individual level, they aim to create a ripple effect of conservation that extends beyond the office and into their homes and communities.

Recognizing the need for further optimization, the Company is actively exploring alternative fuel sources for its operations. In addition, they are implementing fuel-efficiency measures across their fleet and power generation systems. These initiatives, combined with heightened employee awareness, pave the way for a future where the business thrives in harmony with the environment.



### Orient Finance PLC

In their commitment to energy efficiency, Orient Finance PLC has undertaken significant upgrades by installing LED lighting and integrating smart scheduling for air conditioning and elevator systems. The transition from conventional lighting to energy-efficient LED bulbs, combined with the optimization of HVAC and elevator operations, has led to a substantial reduction in energy consumption and carbon emissions. These measures are integral to their corporate sustainability objectives, contributing meaningfully to climate change mitigation and the preservation of natural resources.

### Minimise Paper Usage

[GRI 301]

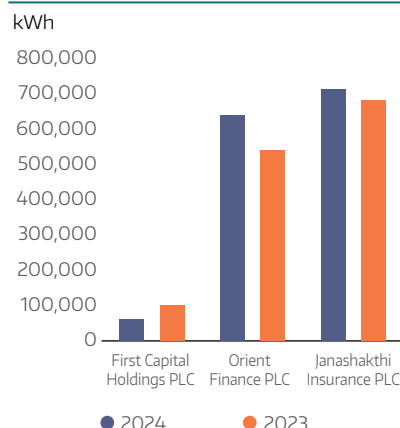
Over the last few years, the Group has been striving to achieve a paperless work environment. In line with this goal.

### Janashakthi Limited

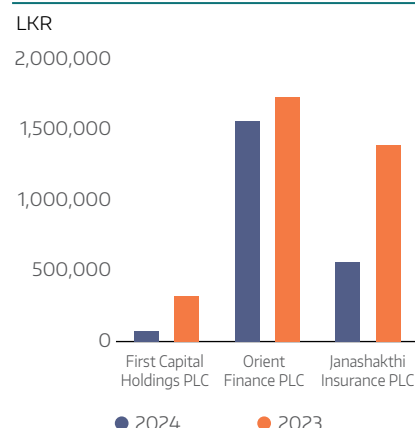
They laid the foundation for a paperless working environment by adhering to sustainable practices.

We have identified several potential areas for automation within JXG, focusing on eliminating manual processes that have previously been a source of inefficiency. In light of this,

### ELECTRICITY CONSUMPTION



### FUEL CONSUMPTION



we have received a proposal from Get Connectz to automate specific processes that we have traditionally handled manually. Our overarching goal is to enhance business success by providing innovative and effective solutions that streamline operations.

The following areas have been identified as key focus points for automation:

#### Maintenance and Asset Management

Currently, there is no suitable system in place to store detailed information about office equipment and assets. Additionally, the implementation of QR code labels is needed for fast and accurate asset identification and tracking.

#### Automated Maintenance Scheduling

Manual processes are insufficient to meet the demands of routine maintenance, leading to a decrease in overall efficiency. Automating maintenance scheduling will ensure timely and consistent upkeep of assets.

#### Centralized Supplier Management

We aim to provide a centralized platform for tracking third-party suppliers. By automating supplier management, we can enhance accuracy and streamline the process of managing supplier relationships.

### Automatic Internal Dispatches (Stationery, etc.)

Monitoring internal dispatches manually has led to challenges in ensuring accountability and accuracy. Automation in this area will help maintain precise records and improve operational transparency.

By focusing on these areas, we aim to eliminate manual processes and achieve a higher level of efficiency, accuracy, and accountability across our operations.

### First Capital Holdings PLC

Adopting cutting-edge digital technologies has significantly streamlined processes across their operations, reducing reliance on physical resources and minimizing paper waste.

### Janashakthi Insurance PLC

Janashakthi Life has embraced digitalization and technology to streamline and automate its processes. This commitment has resulted in a successful year-on-year reduction in paper usage. Today, it is evident that many of their operations have been converted into digitized workflows, marking a significant achievement.



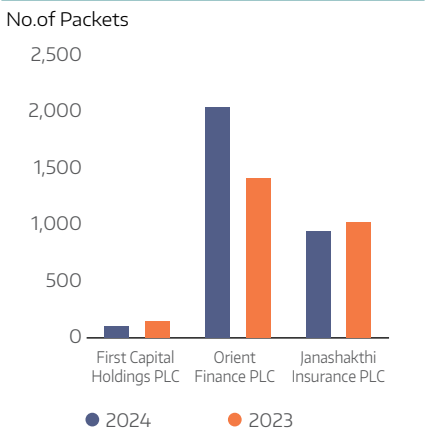
Blending Ecology and Technology – A Natural Capital Report

In accordance with municipal guidelines, the Group has implemented comprehensive waste management practices across all its business units and continues to improve these processes.

**Orient Finance PLC**

By leveraging digital platforms and technology, they have not only reduced their reliance on paper but also enhanced operational efficiency. Their ongoing efforts in this direction signify a strong dedication to sustainable and environmentally conscious business practices.

**PAPER USAGE**



**Waste Management [GRI 306]**

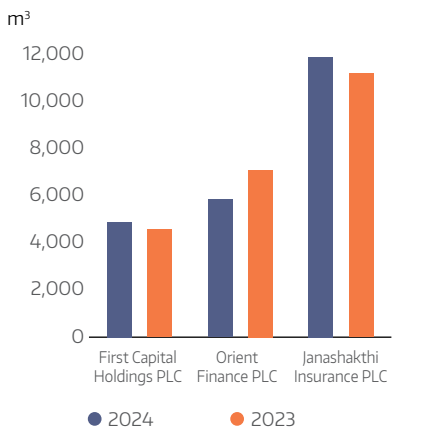
In accordance with municipal council guidelines, the Group has implemented comprehensive waste management practices across all its business units and continues to improve these processes. By segregating waste, they efficiently direct materials towards either landfill disposal or recycling operations.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

**Water Management [GRI 303-5]**

The Group is committed to responsible water resource management by limiting water consumption for personal hygiene across all operational sites. We source our water from the National Water Board, thereby supporting responsible usage practices. This focus on controlling consumption reflects our dedication to sustainable water management.

Additionally, Orient Finance PLC has initiated a range of awareness and education campaigns to encourage water-saving practices among employees. By providing informative programs and practical tips on reducing water waste, they aim to cultivate a culture of water conservation and responsible usage throughout the organization.

**WATER CONSUMPTION**



**Biodiversity Conservation [GRI 304]**

Recognizing the significance of biodiversity conservation, the Group takes proactive measures to ensure that our business locations do not negatively affect conservation areas. Our commitment encompasses preserving the delicate balance of ecosystems and protecting the natural habitats around our operational sites.

**Environmental Compliance [GRI 304]**

The Group upholds a robust record of environmental compliance, with no reported instances of non-compliance with local environmental regulations. This reflects our commitment to operating within regulatory frameworks and ensures that our business practices adhere to ethical and environmentally responsible standards.

RISK AND GOVERNANCE

An artistic illustration of a man and a child on a cliff at sunset. The man is crouching, and the child is standing and pointing towards the horizon. The sky is filled with many birds in flight. The colors are warm and vibrant, with a mix of orange, yellow, and blue.

# Strengthening Guidance

# Corporate Governance

Reference to Section in CSE Listing Rule &/ ICASL Code	Principle	Compliance Status	Extent of Compliance
<b>Sec. 1 The Company</b>			
<b>A Directors</b>			
Code A.1	<b>The Board</b> 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 page 30.
Code A.1.1	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	Board meetings are held every quarter and as and when the need arises. The Board met 04 times during the year 2023/24.  The Board approved the Company's business strategy for the year 2023/24 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.

Reference to Section in CSE Listing Rule &/ ICASL Code	Principle	Compliance Status	Extent of Compliance
Code A.1.2	The Board's role is to provide entrepreneurial leadership to the Company within a framework of prudent and effective controls which enables risk to be assessed and managed. In performing its role, the Board should be responsible for matters including:		
	Formulation and implementation of sound business strategy.	Complied	<p>The Board, in principle, is responsible for approving the business strategy and guiding the business operations of the Company in line with such strategy and ensuring that the management team possesses the expertise to implement same. Strategies formulated are implemented through the Managing Director/Group Chief Executive Officer and the Senior Management Team.</p> <p>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.</p>
	Appointing the Chair and the Senior Independent Director, if relevant.	Complied	The Chairperson of the Board Independent and 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 (Profiles of Senior Management Team is provided on pages 34), led by a Managing Director/Group Chief Executive Officer with diversified qualifications and experience, who reports to the Board of Directors. The senior management team possesses the necessary qualifications and skills to perform their respective roles.
	Ensuring the adoption of an effective CEO and Key Management Personnel succession strategy;	Complied	Janashakthi Limited 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	<p>The annual budget, prepared by the Management is submitted to the Board for its review and approval.</p> <p>Any major capital expenditure items are submitted to the Board for approval.</p>
	Determining the matters expressly reserved for the Board and those delegated to the Management including limits of authority and financial delegation.	Complied	The matters specifically reserved for the Board are specified in the Corporate Governance Framework of Janashakthi Limited. Other matters that are delegated to the Management are determined by the Board, from time to time.

## Corporate Governance

Reference to Section in CSE Listing Rule &/ ICASL Code	Principle	Compliance Status	Extent of Compliance
	Ensuring effective systems to secure integrity of information, internal controls, cyber security and business continuity and Risk Management;	Complied	<p>Integrity of information, internal controls, information security and cyber security are considered a key factor in Janashakthi Limited's operations. Such systems are continuously monitored by the management and verified by the internal and external auditors. Any breaches identified are reported to the Board Audit Committee periodically and the remedial action taken is reported to the Board for their decisions.</p> <p>Effective mechanisms are also in place to identify, assess and manage/mitigate risks faced by the Company which are discussed in detail in the Risk Management Report on page 122.</p> <p>Janashakthi Limited duly reviews and updates its Business Continuity Plan to ensure the sustainability of operations.</p>
	Ensuring compliance with laws, regulations and ethical standards.	Complied	<p>Compliance with regulatory requirements and applicable laws is considered a high priority in the governance framework of Janashakthi Limited. New regulatory requirements are promptly disseminated to the relevant business/operational divisions for implementation by the Risk Management and Compliance Division. The compliance status pertaining to the applicable laws and regulations are submitted for the information of the Board, thus ensuring the commitment of the highest governing body of the Company.</p> <p>Further, the monthly status of compliance with statutory requirements is monitored by the Risk Management and Compliance Division and is informed to the Board on a quarterly basis. This process also ensures that the Board is updated on all Compliance aspects of the Company.</p>
	Ensuring that all stakeholder interests are considered in corporate decisions.	Complied	<p>Janashakthi Limited 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.</p>



Reference to Section in CSE Listing Rule &/ ICASL Code	Principle	Compliance Status	Extent of Compliance
	Recognizing sustainable business development and ESG Risk in Corporate Strategy, decisions and activities and consider the need for integrated reporting;	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. The annual report of the Company is prepared as an integrated report.
	Ensuring that the company's values and standards are set with emphasis on adopting appropriate accounting policies and fostering compliance with financial regulations.	Complied	<p>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.</p> <p>The Company's accounting policies are in adherence to Sri Lanka Accounting Standards (SLFRS/LKAS). In addition to the above, the accounting policies are reviewed on a frequent basis to ensure they are in line with the changing business and best practices in the industry.</p> <p>The adoption of proper accounting standards and policies are embedded in the Company's values and ethical standards.</p>
	Fulfilling other Board functions as are vital to the organization, given the nature, scale and complexity of the organization.	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.
A.1.3	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.
A.1.4	All Directors have access to the advice and services of the Company Secretary.	Complied	Janashakthi Corporate Services Ltd. serves as the Company Secretary for Janashakthi Limited, who ensures compliance with Board procedures, Companies Act & CSE regulations. All Directors have access to the Company Secretary on any relevant matter. The Company Secretaries do not perform any functions that give rise to a conflict of interest.

Reference to Section in CSE Listing Rule &/ ICASL Code	Principle	Compliance Status	Extent of Compliance
A.1.5	All Directors should bring independent judgment to bear on issues of strategy, performance, resources and standards of business conduct.	Complied	<p>The Directors of Janashakthi Limited are well qualified and experienced in their fields of expertise. They bring their independent judgment into matters 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.</p> <p>Each year various executive officers meet with the Board Members to review the previous year's results and progress to focus on goals and challenges of the upcoming year. Management also periodically updates the Board on progression of the business unit's focus goals.</p>
A.1.6	Every Director should dedicate adequate time and efforts to matters of the Board and the Company.	Complied	<p>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.</p> <p>Board papers are discussed in detail and debated at the Board meeting before a final decision is made. Members of the Executive Committees are also requested to make presentations when needed to obtain clarity in order to analyse a given situation.</p> <p>Directors' time was spent on strategy evaluation, performance review and directing corrective measures for fine tuning areas where it was deemed required. During 2023/24, the Directors allocated a significant amount of time to address the strategies to meet the economic conditions that prevailed during the year and strategies to overcome the risks posed by the economic challenges.</p>
A.1.7	One third of Directors can call for a resolution to be presented to the Board.	Complied	This is accommodated through the Corporate Governance Policy.

Reference to Section in CSE Listing Rule &/ ICASL Code	Principle	Compliance Status	Extent of Compliance
A.1.8	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 subsidiaries 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 as necessary on relevant topics.
CSE 9.3	<b>Board Committees</b>		
CSE 9.3.1	<p>The following Board committees to be established and maintained at a minimum and are functioning effectively:</p> <p>Nomination &amp; Governance Committee</p> <p>Remuneration Committee</p> <p>Audit Committee</p> <p>Related Party Transactions Review Committee</p>	Complied	The said Committees have been established with written Terms of Reference and the composition in line with the requirements under the Rules.
CSE 9.6/A.2	<b>Chairperson &amp; CEO</b>		
	<p>The Chairperson shall be a Non-Executive Director and the position of Chairperson and CEO shall not be held by the same person.</p> <p>There should be a clear division of responsibilities at the head of the company, which will ensure a balance of power &amp; authority so that no individual has unfettered power.</p>	The Chairperson of the Board is Independent and Non-Executive.	<p>There is a clear division of responsibilities between the position of Chairperson and the Managing Director/Group Chief Executive Officer.</p> <p>The Chair ensures Board governance and that stakeholder expectations are met, while the Managing Director/Group Chief Executive Officer makes decisions on day-to-day operational matters of the Company. At the same time, the Chairman and Managing Director/Group Chief Executive Officer maintain an excellent working relationship facilitating the distinction between conduct of business operations and governance and authority.</p>
A.2.1	A decision to combine the posts of Chairman and the CEO as one person should be highlighted and justified.	Not Applicable	The Chairman and Managing Director/Group Chief Executive Officer positions are held by different individuals.
A.3	<b>Chairman's Role</b>		
	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.

## Corporate Governance

Reference to Section in CSE Listing Rule &/ ICASL Code	Principle	Compliance Status	Extent of Compliance
A.3.1	The Chairman conducts Board proceedings in a proper manner.	Complied	<p>The Chairman ensures effective participation of both Executive and Non- Executive Directors in the conduct of Board meetings.</p> <p>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.</p>
A.4	<b>Financial Acumen</b>		
	The Board should ensure that the availability within it of those with sufficient financial acumen & knowledge to offer guidance on matters of finance.	Complied	The Board comprises of three 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.
CSE 9.5	<b>Policy on Matters Relating to the Board of Directors</b>		
CSE 9.5.1	The Company to maintain a formal policy on matters relating to the Board of Directors.	Complied	<p>The Board has approved a policy on Corporate Governance, which encompasses the requirements under the Rules.</p> <p>The desired balance of skills, expertise and qualifications on the Board is monitored and ensured by the Nomination and Governance Committee.</p> <p>In terms of the Framework of Corporate Governance, the maximum number of Directors on the Board of Janashakthi Limited has been specified as 10, which would accommodate the range of skills and expertise required on the Board in terms of the size and complexity of operations of Janashakthi Limited.</p> <p>The Board meetings are held on a quarterly basis, at the minimum or as often as necessary.</p> <p>The Corporate Governance Framework also requires a Director to participate in at least 50% of the meetings held in a year, in order to ensure consistent attendance at Board Meetings. Participation via audio-visual means and acceptance of such attendance when deciding on the quorum is included in the Governance framework.</p>

Reference to Section in CSE Listing Rule &/ ICASL Code	Principle	Compliance Status	Extent of Compliance
CSE 9.5.1 (a)/ Code A.5	<b>Board Balance</b>		
	A balance of Executive and Non-Executive Directors such that no individual or small group of individuals dominate the Board Meetings.	Complied	As at 31 <sup>st</sup> March 2024, the Board comprised of 8 Non- Executive Directors, out of a total of nine Directors. This provides a desirable mix of Executive and Non-Executive Directors and the majority is Non-Executive Directors.
A.5.1	The Board should include at least three Non-Executive Directors or such number of one third of total number of Directors, whichever is higher.		The views of all Directors are taken into consideration at Board Meetings and no individual or group of individuals dominate.
A.5.2	Three or two-thirds of the Non-Executive Directors appointed to the Board, whichever is higher, should be independent.	Complied	There were six Independent Directors out of the seven Non-Executive Directors as at 31 <sup>st</sup> March 2024.
A.5.3	Criteria for a Director to be deemed independent.	Complied	The independence of Non-Executive Directors is determined in line with the Listing Rules of Colombo Stock Exchange.
CSE 9.8.5/ Code A.5.4,	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.
CSE 9.8.5 (b)/ Code A.5.5	The Board should make a determination annually as to the independence or non-independence of Directors and set out in the Annual Report the names of Directors.	Complied	The Board has made a determination of the independency of the Directors. The information is disclosed in page 130.
CSE 9.10.4	The Board to publish in its annual report a brief profile of each Director which includes information on the nature of his/her qualifications, expertise in relevant functional areas etc.	Complied	Please refer the details of Directors in page 30.
CSE 9.10.2	Make a Market Announcement on details of new Directors appointed to the Board.	N/A	N/A
CSE 9.6	<b>Chairperson and CEO</b>		
CSE 9.6.1	Chairperson to be a Non-Executive Director and the position of Chairperson and CEO shall not be held by the same individual.	Complied	The roles of the Chairperson and the Managing Director/Group Chief Executive Officer of Janashakthi Limited are held by different individuals.
CSE 9.6.2/9.6.3	If unable to comply with Rule 9.6.1 above, make a Market Announcement and appoint a Senior Independent Director.	N/A	N/A
Code A.5.10	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.



Reference to Section in CSE Listing Rule &/ ICASL Code	Principle	Compliance Status	Extent of Compliance
Code A.6	<b>Supply of Information</b>	Complied	
	The Board should be provided with timely information in a form and of a quality appropriate to enable it discharge its duties.		The Board receives a standard set of timely, accurate and reliable information regularly. These include both financial and non-financial data and the Board at any given time could request for additional information in order to clarify or make a reliable judgment and discharge its duties effectively. The papers for each meeting is uploaded in advance enabling the Directors to prepare for the discussion at Board Meetings and to request for any additional information.
Code A.6.2	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.
CSE 9.7	<b>Fitness of Directors and CEO</b>		
CSE 9.7.1	Ensure the Directors and the CEO are, at all times, fit and proper persons as required in the Rules.	Complied	The fitness and propriety of Directors are reviewed by the Nomination and Governance Committee.
CSE 9.11.1 Code A.7	<b>Appointments to the Board</b>		
	To establish a Nomination & Governance Committee that conforms to the requirements under the Rules.  There should be a formal and transparent procedure for the appointment of new Directors to the Board.	Complied. Although this requirement comes into effect from 01.10.2024, Janashakthi Limited is in compliance with the requirement in advance. The composition of the Committee has been reconstituted in order to fall in line with the requirements under the Rules.	The Board Nomination and Governance Committee is in place with the mandate of ensuring the right balance of skills and knowledge on the Board. Names of Chairman and members of the Nomination Committee and details of meetings is available on page 140.
A.7.1	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.		

Reference to Section in CSE Listing Rule &/ ICASL Code	Principle	Compliance Status	Extent of Compliance
Code A.7.2	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 A.8	<b>Re-election</b>		
	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 A.8.1	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.
Code A.8.2	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 A.8.3	<b>Resignation</b>		
	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.	N/A	N/A
A.9	<b>Appraisal of Board Performance</b> Boards should periodically appraise their own performance in order to ensure that Board responsibilities are satisfactorily discharged.		
A.9.1	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.
A.9.2	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.
A.9.3	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.

## Corporate Governance

Reference to Section in CSE Listing Rule &/ ICASL Code	Principle	Compliance Status	Extent of Compliance
A.9.4	Disclosure regarding the performance evaluation in the Annual Report.	Complied	A formal evaluation of the Board is currently conducted. and disclosed in page 130.
A.11	<b>Appraisal of CEO</b>		
	The Board should be required, at least annually, to assess the performance of the CEO.	Complied	The Board assesses the performance of the Managing Director/Group Chief Executive Officer annually in keeping with Board stipulated guidelines.
A.11.1	The Board in consultation with the CEO, should set, financial and non-financial targets that should be met by the CEO.	Complied	<p>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.</p> <p>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.</p> <p>The overall KPIs are used to evaluate the performance of the Managing Director/Group Chief Executive Officer against results achieved by the Company.</p>
A.11.2	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>B</b>	<b>Directors' Remuneration</b>		
B.1	<b>Remuneration Procedure</b>		
	Companies should establish a formal and transparent procedure for developing policy on executive remuneration.	Complied	<p>The Board has implemented a formal &amp; transparent procedure for developing policies on remuneration by setting up a Human Resources and Remuneration Committee.</p> <p>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.</p>

Reference to Section in CSE Listing Rule &/ ICASL Code	Principle	Compliance Status	Extent of Compliance
Code B.2.1	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 139.
Code B.2.2	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 139.
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 Managing Director/Group Chief Executive Officer where necessary and has access to professional advice within and outside the Company.
Code B.2.4	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.
Code B.2.5	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 B.2.15	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 Corporate Governance report on page 139.

## 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 shareholders - The Board should implement effective communication with shareholders.	Complied	All information with regard to the Annual Report is disseminated through the Chief Financial Officer and all other changes through the Company Secretary.
C.2.1	There should be a channel to reach all shareholders of the Company in order to disseminate timely information.		

Reference to Section in CSE Listing Rule &/ ICASL Code	Principle	Compliance Status	Extent of Compliance
<b>C.3</b>	<b>Major Material Transactions</b> Further to complying with the requirements under the Companies Act, Securities and Exchange Commission law and Colombo Stock Exchange regulations; as applicable, Directors should disclose to shareholders all proposed material transactions, which if entered into, would materially alter/vary the Company's net asset base.		
<b>D</b>	<b>Accountability &amp; Audit</b>		
<b>D1</b>	<b>Financial Reporting</b>		
	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	<p>The Directors have taken all reasonable steps in ensuring the accuracy and timeliness of published information and in presenting a true &amp; balanced assessment of the Company's position. The financial information is reviewed by the Board Audit Committee and the Board, prior to publishing.</p> <p>Company's position and future direction is discussed in detail in Chairman's &amp; Managing Director/Group Chief Executive Officer's Reviews on pages 20 - 29 and Management Discussion &amp; Analysis on page 67 - 106.</p>
<b>D.2</b>	<b>Risk Management &amp; Internal Control</b>		
	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	<p>The Board and the Board Audit 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 &amp; Compliance Team.</p> <p>The detailed Risk Management Report is provided on page 122.</p>
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 defence in the risk management process.
<b>Code D.3</b>	<b>Audit Committee</b>		
	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.



Reference to Section in CSE Listing Rule &/ ICASL Code	Principle	Compliance Status	Extent of Compliance
Code D.3.1	Composition should be exclusively of Non-Executive Directors with a minimum of three Non-Executive Directors of whom at least two should be independent.	Complied	The Audit Committee comprises of 2 Independent Non-Executive Directors and a Non Independent Non-Executive Director. The composition of the Audit Committee is provided on page 136.
Code D.5	<b>Related Party Transactions Review Committee</b>		
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.

### Compliance Status of Requirements – Janashakthi Limited

During the year 2023/24, Janashakthi Limited was in compliance with the applicable rules and regulations issued by various regulatory authorities.

### Conclusion

Corporate Governance is of paramount importance to a company and is virtually as important as its major business strategies. It augments a company's image in the public eye as a self-policing company that is accountable and worthy of shareholder and debt holder capital. It dictates the collective philosophy, practices and culture of an organisation and its employees. At Janashakthi Limited, Corporate Governance plays a strong role in all its principal activities. Janashakthi Limited strives to further enhance its governance structure to identify Corporate Governance practices that can effectively bring about a culture of sustainability within the business entity. In 2022, Janashakthi Limited continued to stand strong with a resilient governance structure to face the challenges the year brought about.

During 2023/24, Janashakthi Limited was in compliance with the Corporate Governance requirements of the Listing Rules of the Colombo Stock Exchange and to a great extent with the Code of Best Practice on Corporate Governance issued by the Securities and Exchange Commission of Sri Lanka and the Institute of Chartered Accountants.

# Risks and Opportunities

## Approach to Risk Management

The Group adopts a robust and strategic approach to risk management, designed to maximise positive outcomes and minimise negative impacts. The Board provides overall guidance and leadership for risk management.

The Company's Board Audit Committee (BAC) and individual subsidiaries BACs support the Board and Management by offering advice and guidance on the adequacy of the Group's risk management processes and practices. The approach is multifaceted, focusing on risk avoidance, reduction, sharing, and retention, ensuring that all risks and opportunities are effectively managed or mitigated. This process is supported by a strong governance structure and clearly defined responsibilities across the Group.

The Risk Management Function (RMF), a vital function of Group Risk & Compliance, acts as the catalyst in driving risk management framework at all levels across the Group. Central to the organisation's ethos, RMF facilitates risk management by aiding the management in making informed decisions, protecting, and improving value.

## Fostering a Culture of Risk Awareness

In today's dynamic business landscape, effective risk management is paramount for organisational resilience and sustainability. Recognising this, the Group places significant emphasis on cultivating a strong risk management culture across the organisation. Collaboration with subsidiary companies ensures that risk management is integrated into the organisational culture, fostering identification, evaluation, and mitigation of risks.

## Framework and Methodology

The Group has implemented its risk management framework in accordance with the ISO 31000:2018 standard, serving as the foundation for risk management across all business units. This framework provides a standardised and effective approach, guiding risk management activities throughout the organisation. By aligning with this global standard, the Group ensures adherence to best practices, promoting prudent risk management at every level.

## Integrating Risk Management into Strategy

At JXG, risk management is integral to shaping organisational strategies and decisions, ensuring operations are safeguarded, resilience enhanced, and growth opportunities unlocked. By integrating risk management principles throughout all planning and decision making processes, the Group not only identifies and mitigates risks but also uses them as catalysts for informed decisions in an evolving business environment.

## Governance, Leadership and Oversight

Management is accountable for risk management but engages actively with various stakeholders for escalation and guidance, ultimately enhancing sustainable value creation.

The Group's strong risk management framework, supervised by the Board and bolstered by specialised committees and teams, guarantees effective risk oversight and mitigation.

Below, the roles and responsibilities of the different stakeholders in risk management are detailed

Stakeholder	Responsibilities
Janashakthi Limited/ JXG Board	<ul style="list-style-type: none"> <li>Discharges responsibility for effective risk management</li> <li>Establishing the Company's risk strategy</li> <li>Ensures understanding of risk tolerance and the impact of risk management cascades from top-level governance to line managers</li> </ul>
Board Audit Committee	<ul style="list-style-type: none"> <li>Oversees risk management, governance, and accountability, and informs the Board about key and emerging risks</li> <li>Advises the Board on important issues requiring action or attention</li> <li>Offers reasonable assurance to the Board regarding the adequacy of the ERM framework</li> <li>Ensures alignment with the Group's strategic objectives</li> <li>Maintains a robust risk management structure across the organization</li> </ul>
Subsidiary Companies' Boards	<ul style="list-style-type: none"> <li>Oversees risk management at each company level</li> <li>Supports the functions and responsibilities of the JXG Board</li> <li>Ensures alignment between each company level risk management and overall corporate governance.</li> </ul>

Stakeholder	Responsibilities
Subsidiary Companies' Board Audit Committees	<ul style="list-style-type: none"> <li>◆ Provides assurance on adequacy of risk management to each subsidiary companies' Board.</li> <li>◆ Advises the Board on important issues requiring action or attention</li> </ul>
Subsidiary Companies' Management	<ul style="list-style-type: none"> <li>◆ Identifies and analyses risks</li> <li>◆ Manages risks to achieve company objectives</li> </ul>
Group Risk & Control	<ul style="list-style-type: none"> <li>◆ Fosters a culture of risk management and risk-awareness</li> <li>◆ Ensures compliance with Group's ERM framework and regulatory standards</li> <li>◆ Identifying areas for improvement of the overall ERM framework</li> <li>◆ Facilitates risk management across the Group by collaborating with all subsidiary companies.</li> </ul>



## Risks and Opportunities

In our subsidiary companies, the management has nominated persons responsible for risk management at the upper managerial level and risk management to coordinates that an effective system for early identification of risks is implemented and maintained. Group Internal Audit co-ordinating the identification and documentation of control risk areas throughout the Group, enhancing the risk management system and monitoring its effectiveness at regular intervals. In addition, during the year-end audit, the External Auditor issues a Management Letter and informs the Company Audit Committee and the Board of Directors the outcomes of these evaluations. These outcomes are taken into account in the continuing enhancement of our risk management system.

Our Group assurance function independently evaluates the adequacy and effectiveness of the Group's overall risk management framework and controls.



Subsidiary business units are responsible for identifying, evaluating and managing the risks that they originate within approved risk appetite and policies. They are required to establish and maintain appropriate risk management controls, resources and self-assurance processes.



- ◆ Audit Committees of each subsidiary company lead the optimization of risk-reward by overseeing the development of risk appetite statements, risk management frameworks, policies and risk concentration controls, and monitoring JXG's risk profile for alignment with approved appetites and strategies.
- ◆ Subsidiary companies are responsible for developing company-specific risk appetite statements, policies, controls, procedures, monitoring and reporting capability, which align with the Board's Statement of Risk Appetite and the risk management frameworks approved by the Board of Directors. These risk areas are independent of the Subsidiary's 1st Line business areas, with Group internal audit having a direct reporting line to the subsidiary companies' Audit Committees, as well as to the JXG Audit Committee.



The third line of defence is provided through independent assurance, which involves regular and rigorous audits conducted by internal and external auditors. This layer ensures that risk management processes are not only effective but also aligned with the Company's strategic objectives, providing an unbiased evaluation of the overall control environment.

## Risk Management Process





# Risks and Opportunities

## Opportunities

Strategic	Operational	Compliance	Financial
Achieving strategic objectives	Innovation process	Legal	Treasury
Macro-economic changes	Value chain	Tax	Accounting and reporting
Changes in industry market	People	Market practices	
Acquisitions	Business disruption	Regulatory	
Growth emerging markets	Reputation	General business principles	
		Internal controls	
		Data privacy/product security	

## Specific Risks faced by the Group and Mitigating Actions

Techniques for the measurement and management of risks continue to evolve in the Group for Enterprise Risk Management during the financial year 2023/24.


**EFFECT**

Potential losses owing to actual results being significantly different from the strategy and business plan


**STRATEGIES AND MITIGATING ACTIONS**

- Continuous ongoing monitoring and regular reporting to the Board detailing the actual performance against both short term and long term strategic objectives.

**RISK RATING** ● ●


**EFFECT**

Impacts the Group's earnings, cash flow and economic value


**STRATEGIES AND MITIGATING ACTIONS**

- Interest rates and socio-economic circumstances are monitored to allow accurate and prudent forecasts to be built.
- Advice is provided in respect of the relevant backdrop and in managing existing and new borrowing facilities.
- Negotiations with banks/financiers are actively supported.

**RISK RATING** ● ● ●


**EFFECT**

Potential losses owing to service failures


**STRATEGIES AND MITIGATING ACTIONS**

- Continuous and ongoing monitoring of service quality parameters.
- Regular training of sales teams on customer service.
- Monitoring and promptly addressing customer complaints.

**RISK RATING** ●

## Liquidity Risk



### EFFECT

Inadequate funds would lead to postponement of investments and resorting to costly funding alternatives



### STRATEGIES AND MITIGATING ACTIONS

- ◆ Business models and working capital management are reviewed periodically to ensure cash flow alignment as far as possible, and minimize dependence on external lenders of liquidity.
- ◆ Trade cycles are analysed with a view to generating liquidity from operations, thereby mitigating liquidity risk.
- ◆ The Group's bank relationships are managed with involvement of the Group Treasury to ensure access to essential credit and cash management services.

RISK RATING ● ●

## Equity Risk



### EFFECT

Potential losses in the equity portfolio of the Group



### STRATEGIES AND MITIGATING ACTIONS

- ◆ Continuous monitoring of key equity market performance indicators.
- ◆ Significant scaling down of equity market trading activities in the first nine months of the year.
- ◆ Capability of in-house research divisions to provide reliable forecasts on equity market trends.

RISK RATING ●

## Business Continuity Risk



### EFFECT

Potential losses owing to business disruptions attributed to the failure of back end systems or inadequate



### STRATEGIES AND MITIGATING ACTIONS

- ◆ Conducting routine BCP Drills in the presence of an independent observer to provide additional assurances.
- ◆ Implementing IT infrastructure to facilitate remote working under secured environment.
- ◆ Implementing and maintaining a strong succession and back-up plan.

RISK RATING ● ●

# Risks and Opportunities

## Investment Risk



### EFFECT

The future profitability of the Group is affected by the degree of realization of expected earnings on investments.



### STRATEGIES AND MITIGATING ACTIONS

- ◆ The portfolio of ongoing activity is analysed so it is better managed by the Group, and necessary action (including divestiture) taken.
- ◆ Gaps in the business portfolio are identified and potential new areas of business identified.
- ◆ Proposals from Subsidiaries/business sectors on new investments are extensively reviewed and improved, and appropriate recommendations are made to Group management.
- ◆ Information on returns from business activities are aggregated each quarter to form a risk early-warning system.

RISK RATING ● ● ●

## Credit Risk



### EFFECT

The possibility of incurring bad debts, and the prospect of protracted legal proceedings without assurance of satisfaction.



### STRATEGIES AND MITIGATING ACTIONS

- ◆ Credit risks are assessed, credit limits are set and credit granted is closely monitored.

RISK RATING ● ● ●

## Foreign Exchange Risk



### EFFECT

Affects Group results



### STRATEGIES AND MITIGATING ACTIONS

- ◆ The exchange rate risk that the Group is exposed to is identified and the associated risk exposure measured.
- ◆ Exchange rate movements are forecasted and outlooks developed for currencies in which the Group carries exposure.
- ◆ Group-wide FX exposures are monitored, and appropriate action is recommended to reduce inherent risks and minimize adverse impacts of currency rate movements on assets and liabilities.
- ◆ Benefits are sought from Group synergies and the use of natural hedges.
- ◆ Measures are established to determine effectiveness of action taken.

RISK RATING ● ●

## Operational Risk



### EFFECT

Potential losses owing flawed and failed systems, policies, processes or events that disrupt business operations.



### STRATEGIES AND MITIGATING ACTIONS

- ◆ A robust framework of policies and processes in place that mitigates operational risk.
- ◆ Frequent risk assessments and gap analysis conducted to assess the efficiency of policies and processes.

RISK RATING ● ●

## IT Risk



### EFFECT

The Group depends on accurate, timely information from key computer systems to enable decision-making.



### STRATEGIES AND MITIGATING ACTIONS

- ◆ Implementation of sound IT policies throughout the Group is supported by adequate systems and controls.
- ◆ A contingency plan is in place to mitigate the risk of IT failures.
- ◆ A central IT team is in place to support IT within the Group

RISK RATING ●

## Product Risk



### EFFECT

Loss of markets for existing product range.



### STRATEGIES AND MITIGATING ACTIONS

- ◆ Accreditations are received from customers and international standards-setting bodies on products marketed.
- ◆ Product innovation is given high priority.
- ◆ The highest priority is given to closeness to customers and responsiveness to their needs.

RISK RATING ● ●

## ESG Risk



### EFFECT

Potential losses attributed to the lack of focus on Environmental, Social and Governance Best Practices



### STRATEGIES AND MITIGATING ACTIONS

- ◆ Board focus on ESG integration across all levels of the Group.
- ◆ Improve ESG reporting transparency through the adoption of global frameworks.

RISK RATING ●

● Low ● ● Moderate ● ● ● High

# Annual Report of the Board of Directors

The Directors of Janashakthi Limited have the pleasure of presenting their Annual Report together with the Audited Financial Statements for the year ended 31 March 2024.

## Review of Operations

The Company reported a profit after tax of LKR 4,144 Mn. A more comprehensive review of the operations of the company during the financial year is contained in the Chief Executive Officer's review on pages 24 of the Annual Report.

## Principal Activities

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

## Legal Status

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

## Financial Results

The Group's net profit after tax was LKR 7,961 Mn compared with net loss after tax of LKR 933 Mn in the previous year. A summary of the financial results for the year is set out below.

	2023/24	2022/23
	LKR '000	LKR '000
Revenue	37,921,338	22,268,632
Profit/(Loss) before tax	15,379,686	709,836
Profit/(Loss) after tax	7,961,020	(933,481)
Total Comprehensive Income attributable to equity holders of the parent	4,765,410	(2,247,298)
Non-controlling interest	3,770,373	866,951

The Financial Statements of the Company are set out in pages 144-153 of the Annual Report.

## Directorate

The following were the Directors of the Company as of 31 March 2024

**Chandana De Silva**  
Independent Non-Executive

**Ramesh Schaffter**  
Non-Independent Executive

**Prakash Schaffter**  
Non-Independent Executive

**Eardley Perera**  
Independent Non-Executive

**Saliya Wickramasuriya**  
Independent Non-Executive

**Piranan Sivagananathan**  
Independent Non-Executive

**Manjula Mathews**  
Non-Independent Non-Executive

**Minette Perera**  
Independent Non-Executive  
Appointed with effect from 16th Feb 2024

**Vishnu Balachandran**  
Independent Non-Executive  
Appointed with effect from 16th Feb 2024

Directors and their shareholdings as at 31 March 2024 were as follows

	2023/24	2022/23
Chandana De Silva – Independent Non-Executive	Nil	Nil
Ramesh Schaffter – Non-Independent Executive	Nil	Nil
Prakash Schaffter – Non-Independent Executive	Nil	Nil
Eardley Perera – Independent Non-Executive	Nil	Nil
Saliya Wickramasuriya – Independent Non-Executive	Nil	Nil
Piranan Sivagananathan – Independent Non-Executive	Nil	Nil
Manjula Mathews – Non-Independent Non-Executive	Nil	Nil
Minette Perera – Independent Non-Executive	Nil	Nil
Vishnu Balachandran – Independent Non-Executive	Nil	Nil



## Other Directorship/Significant Positions of Directors

Information of the Other Directorships/significant positions of the present Directors of the Company are given on pages 228.

## Related Party Transactions

Related party transactions have been declared at meetings of the Directors and are detailed in Note 53.2 - 53.3 of the financial statements.

## Directors' Interest

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

## Remuneration and Fees

Details of Directors' remuneration and fees are set out in Note 47 to the Financial Statements. All fees and remuneration have been duly approved by the Board of Directors of the Company.

## Risk and Internal Control

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

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

## Corporate Governance

The Directors acknowledge their responsibility for the Group's corporate governance and the system of internal control. The Directors are responsible to the shareholders for providing strategic direction to the Company and safeguarding the assets of the Company. The Board is satisfied with the effectiveness of the system of internal control for the period up to the date of signing the Financial Statements. Compliance with recommended Corporate Governance practices is disclosed on pages 108 to 121 of the Annual Report. The performance of the Company is monitored by way of regular review meetings. These meetings provide an opportunity to ensure that progress is in line with agreed targets. Regular Board meetings are held to further strengthen the review process and ensure compliance with all statutory and regulatory obligations.

## Significant Accounting Policies

The accounting policies adopted in the preparation of the Financial Statements are given on pages 144. There were no changes in the accounting policies adopted by the Company during the year under review from those adopted in the preceding year.

## Going Concern

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

## Capital Expenditure

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

## Reserves

The movements in reserves during the financial year 2023/24 have been presented in the Statement of Changes in Equity on pages 148 to 151 of the Annual Report.

## Income Tax Expenses

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

## Stated Capital

The stated capital of the Company as of 31 March 2024 was LKR 4,300 Mn consisting of 633,551,000 ordinary shares.

## Corporate Donations

During the year under review, the Group made charitable donations, as disclosed on page 103.

## Statutory Payments and Compliance with Laws and Regulations

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

# Annual Report of the Board of Directors

## Equal Opportunities

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

## Events Occurring after the Reporting Date

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

## Independent Auditors

The Company's Auditors during the period under review were Messrs KPMG, Chartered Accountants. The fees paid to auditors are disclosed in Note 47 to the Financial Statements. Based on the declaration from Messrs KPMG, Chartered Accountants and as far as the Directors are aware, the Auditors do not have any relationship or interest in the Company or its subsidiaries, other than as disclosed in the above paragraph. Messrs KPMG, Chartered Accountants, have expressed their willingness to continue in office as Auditors of the Company for the ensuing year.



Chandana De Silva  
Group Chairman



Ramesh Schaffter  
Managing Director/Group Chief  
Executive Officer

30th August 2024

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

The Financial Statements of Janashakthi Limited as at 31st March 2024 are prepared and presented in compliance with the following;

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

Accordingly, the Group has prepared the financial statements which comply with SLFRSs / LKASs and related interpretations applicable for the year ended 31st March 2024, together with the comparative data as at and for the year ended 31st March 2023, where required, as described in the accounting policies.

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

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

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

view of the financial performance and position of the Group.

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

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

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

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

The BAC pre-approves the audit and non-audit services provided by Messrs. KPMG, in order to ensure that the provision of such services does not impair KPMG's independence. The BAC also reviews the external audit

plan, the internal audit plan, all internal audit reviews and management letters and follows up on any issues raised during the statutory audit as well as the internal audits. The BAC also meets with the external and internal auditors to review the effectiveness of the audits.

We confirm that,

- ◆ the Company and its subsidiaries have complied with all applicable laws, regulations and prudential requirements
- ◆ there are no material non-compliances and
- ◆ there are no material litigations that are pending against the Group other than those disclosed in the Note 59.1 to the Financial Statements in this Annual Report.



Ramesh Schaffter  
Group Chief Executive Officer



Thanushka Jayasundera  
Group Chief Financial Officer

30th August 2024

# STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

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

The Directors have taken proper and sufficient measures to safeguard the assets of the Group and, in that

context, have instituted appropriate systems of internal control and accounting records to prevent and detect fraud and other irregularities. These have been reviewed, evaluated and updated on an ongoing basis.

The external Auditors, KPMG, Chartered Accountants who were re-appointed in terms of the Companies Act No. 7 of 2007 were provided with every opportunity to undertake the inspections they considered appropriate to enable them to form their opinion on the Financial Statements. The report of the Auditors, shown on pages 142 to 143 sets out their responsibilities in relation to the Financial Statements

## Compliance Report

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

By order of the Board



Company Secretaries

30th August 2024

# DIRECTORS' STATEMENT ON INTERNAL CONTROLS

## Introduction

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

## Responsibility

The Board of Directors is responsible for maintaining a sound system of internal controls to safeguard shareholders' investments and the Company's assets. The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company and Group. This process includes enhancing the system of internal controls as and when there are changes to business environment or regulatory guidelines. The process is regularly reviewed by the Board.

The Board is of the view that the system of internal controls in place is sound and adequate to provide reasonable assurance regarding the reliability of financial reporting, and the preparation of Financial Statements for external purposes and is in accordance with relevant accounting principles and regulatory requirements.

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

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

- ◆ The Audit Committee reviews internal control issues identified by internal auditors and evaluates the adequacy and effectiveness of the risk management and internal control systems. They also review the internal audit functions with particular emphasis on the scope of audits and quality of internal audits. The minutes of the Board Audit Committee meetings are tabled at the Board meetings of Janashakthi Limited
- ◆ The adoption of new Sri Lanka Accounting Standards comprising LKAS and SLFRS in 2013, processes that are required to comply with new requirements of recognition, measurement, presentation and disclosures were introduced and implemented. Continuous monitoring is in progress to ensure effective implementation of the required processes.
- ◆ The comments made by External Auditors in connection with the internal control system during the financial year 2023/24 were taken into consideration and appropriate steps have been taken to incorporate them where appropriate

## Confirmation

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

The Board of Directors confirm that the financial reporting system of Janashakthi Limited has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes has been done in accordance with the Sri Lanka Accounting Standards, requirements of the Companies Act No 7 of 2007 and the Listing Rules of the Colombo Stock Exchange.



Ramesh Schaffter  
Group Chief Executive Officer



Eardley Perera  
Director



Minette Perera  
Chairperson - Audit Committee

30th August 2024



# Board Audit Committee Report

The Board Audit Committee is tasked with assisting the Board in fulfilling its oversight responsibility to the shareholders, potential shareholders, the investment community and other stakeholders in relation to the integrity of Financial Statements of the Group, that a good financial reporting system is in place and is well managed in order to give accurate, appropriate and timely information, that it is in accordance with the Companies Act and other legislative reporting requirements and that adequate disclosures are made in the Financial Statements in accordance with the Sri Lanka Accounting Standards.

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

The Board Audit Committee ensures that the internal controls and the risk management process are effective and adequate to meet the requirements of the Sri Lanka Auditing Standards and that the Group is in compliance with legal, regulatory and ethical requirements.

The Board Audit Committee assesses the Group's ability to continue as a going concern for the foreseeable future.

The Committee evaluates the performance and the independence of the Internal Auditors and External Auditor. The Committee is also tasked with the responsibility of recommending to the Board the re-appointment or change of the External Auditor and to recommend their remuneration and terms of engagement.

In fulfilling its purpose, the Board Audit Committee maintains a free and open communication with the independent External Auditor, the outsourced Internal Auditors and the management of the Company and the Subsidiaries to ensure that all parties are aware of their responsibilities.

The Board Audit Committee is empowered to carry out any investigations it deems necessary and review all internal control systems and procedures, compliance reports, risk management reports etc. to achieve the objectives as stated above.

The Committee has reviewed and discussed with the management and the External Auditor the audited Financial Statements for the year ended 31st March 2023 as well as matters relating to the Group's internal control over financial reporting, key judgement and estimates in the preparation of Financial Statements and the processes that support certification of the Financial

Statements by the Directors and the Group Chief Financial Officer (GCFO).

The committee also reviewed and approved the quarterly unaudited Financial Statements.

## Composition

The Board Audit Committee, appointed by the Board of Directors, comprises three Non-Executive Directors. The composition of the committee for the year ended 31st March 2024 was as follows.

**Manjula Mathews (Chairperson)**

**Chandana De Silva**

**Pirananavan Sivagananathan**

The composition of the Board Audit Committee was changed effective 02nd April, 2024 was as follows.

**Minette Perera (Chairperson)**

**Vishnu Balachandran**

**Manjula Mathews**

Brief profiles of the members of the Board appointed Board Audit Committee are given on pages 136 to 137 of the Annual Report.

## MEETINGS AND ATTENDANCE

No	Members	8th May 2023	7th Aug 2023	6th Nov 2023	9th Feb 2024	Total
1	Manjula Mathews (Chairperson)	✓	✓	✓	✓	4/4
2	Chandana De Silva	✓	✓	✓	✓	4/4
3	Pirananavan Sivagananathan	✓	✓	✓	✓	4/4

## Functions

The primary function of the Committee is to assist the Board in fulfilling its oversight responsibilities, primarily through:

- ◆ Overseeing management's conduct of the Group's financial reporting process and systems of internal accounting and financial controls.
- ◆ Monitoring the independence and performance of the Group's external auditors; and
- ◆ Providing an avenue of communication among the external auditors, internal auditors, management and the Board

## Financial Reporting System

The Committee reviewed the financial reporting system adopted by the company with particular reference to the following.

- ◆ The preparation, presentation and adequacy of the disclosures in the Company's annual and interim financial statements in accordance with the Sri Lanka Accounting Standards, the Companies Act No. 7 of 2007 and other applicable statutes.
- ◆ The underlying rationale and basis for the significant estimates and judgments to the financial statements.

## External Audit

The draft annual financial statements for 2023/24 were also reviewed with the External Auditors prior to release. The Committee reviewed the non-audit services provided by the auditors to ensure that the provision of these services does not impair their independence. The fees payable to the auditors have been recommended by the Committee to the Board for approval.

The Board Audit Committee has proposed to the Board of Directors that Messrs. KPMG Chartered Accountants, be recommended for reappointment as Auditor for the year ending 31st March 2024, at the next Annual General Meeting.

## Conclusion

The Board Audit Committee is of the view that adequate controls are in place to safeguard the Company's assets and to ensure that the financial position and the results disclosed in the Audited Financial Statements are free from any material misstatements.



Minette Perera  
Chairperson - Board Audit Committee

30th August 2024  
Colombo

# Related Party Transactions Review Committee Report

## Composition

The Related Party Transactions Review Committee, appointed by the Board of Directors, comprises three Non-Executive Directors. The composition of the committee for the year ending 31st March 2024 is as follows.

Eardley Perera (Chairperson)

Saliya Wickramasuriya

Manjula Mathews

The composition of the Related Party Transactions Review Committee was changed effective 02nd April 2024.

Minette Perera (Chairperson)

Vishnu Balachandran

Manjula Mathews

## MEETINGS AND ATTENDANCE DURING THE FINANCIAL YEAR 2023/24

No	Members	8th May 2023	7th Aug 2023	6th Nov 2023	9th Feb 2024	Total
1	Eardley Perera (Chairperson)	✓	✓	x	✓	3/4
2	Saliya Wickramasuriya	✓	✓	✓	x	3/4
3	Manjula Mathews	✓	✓	✓	✓	4/4

## Functions

Scope of the Committee includes:

- ◆ To provide an independent review, approval and oversight of Related Party Transactions (RPTs) (except those expressly exempted by the Charter) on terms set forth in greater detail in the Policy.
- ◆ To review the Policy annually and recommend amendments to the Charter and the Policy to the Board as and when determined to be appropriate by the Committee.
- ◆ Determining whether Related Party Transactions that are to be entered into by the Company require the approval of the Board or Shareholders of the Company.
- ◆ Establishing guidelines in respect of Recurrent Related Party Transactions, for senior management to follow in its ongoing dealings with the relevant related party.
- ◆ Ensuring that no Director of the Company shall participate in any discussion of a proposed Related Party Transaction for which he or she is a related party, unless such Director is requested to do so by the Committee for the express purpose of providing information concerning the Related Party Transaction to the Committee

## Policies and Procedures

- ◆ The RPTRC operates within the Charter of the Committee as approved by the Board of Directors. It includes a RPT Policy whereby the categories of persons/entities who shall be considered as 'related parties' have been identified.
- ◆ The RPTRC ensures that all transactions with related parties are in the best interests of all stakeholders, with adequate transparency in processes and are in compliance with the Listing Rules.
- ◆ The Committee has established guidelines in respect of Recurrent RPTs to be followed by the Management of the Company, in the Company's dealings with related parties.
- ◆ The Committee has also suggested mechanism that can be followed by the Management of the Company whist reporting that related party transactions are being conducted at arm's length.
- ◆ Reviewing and approval of RPTs are either at a meeting of a majority of the members who form the quorum or by circulation, approved by all the members.

## Conclusion

In conclusion, the Related Party Transactions Review Committee (RPTRC) operates under a defined policy approved by the Board of Directors, ensuring transparency and compliance with all transactions involving related parties. By establishing clear guidelines for recurrent transactions and mechanisms to ensure arm's length dealings, the committee strives to safeguard the best interests of stakeholders.



Minette Perera  
Chairperson - Related Party Transactions Review Committee

30th August 2024  
Colombo

# Remuneration Committee Report

## Composition

The Remuneration Committee, appointed by the Board of Directors, comprises three Non-Executive Directors. The composition of the committee for the year ended 31st March 2024 was as follows.

Chandana De Silva (Chairperson)

Piranavan Sivagananathan

Eardley Perera

The composition of the Remuneration Committee was changed effective 02nd April, 2024

Piranavan Sivagananathan  
(Chairperson)

Chandana De Silva

Eardley Perera

## Scope of the Committee

The scope of the Remuneration Committee covers the Company's remuneration and benefits, competency development of employees, especially the key drivers of the business, and succession planning.

## Key Responsibilities of the Remuneration Committee

- ◆ Review and recommend a remuneration and incentive scheme, including any proposed equity incentive awards including terminal benefits/pension rights for the Managing Director/ CEO and KMPs.
- ◆ Review proposed increments and market adjustments to compensation to ensure appropriate rates in relation to market/industry and the compensation philosophy of the company.
- ◆ Approve annual increments, bonuses, incentives and any other compensation changes for the Managing Director/ CEO and the Senior Management team including KMPs, based on corporate and individual performance against set targets and goals.
- ◆ Ensure the remuneration and benefits are set on a fair and equitable basis.
- ◆ Ensure a proper mechanism is in place for management development and succession planning and periodic reviews of the same.
- ◆ Review market data on compensation and benefits and approve periodic recommendations made by the management.
- ◆ Communication with shareholders on the remuneration policy and the committee's work (on behalf of the Board) through a Remuneration Committee report.
- ◆ Participate in the recruitment and selection process of the KMPs based on the recommendations made by Managing Director/ CEO.
- ◆ Recommend appropriate service contracts for Executive Directors.
- ◆ Approve the terms of any compensation package in the event of early termination of the contract of an Executive Director.
- ◆ Provide direction on disciplinary matters that involves an employee that could create a significant impact to the Company.

## MEETINGS AND ATTENDANCE DURING THE FINANCIAL YEAR 2023/24

No	Members	19th Jun 2023	11th Dec 2023	2nd Feb 2024	Total
1	Piranavan Sivagananathan (Chairperson)	✓	✓	✓	3/3
2	Chandana De Silva	✓	✓	✓	3/3
3	Eardley Perera	✓	x	✓	2/3

## Conclusion

The Committee ensures fair executive compensation aligned with market standards, supports succession planning, and communicates transparently with shareholders, crucial for effective corporate governance and leadership continuity.



Piranavan Sivagananathan  
Chairperson - Remuneration Committee

30th August 2024  
Colombo

# Nomination Committee Report

## Composition

The Nomination Committee, appointed by the Board of Directors, comprises three Directors. The composition of the committee for the year ended 31st March 2024 was as follows.

Eardley Perera (Chairperson)

Chandana De Silva

Prakash Schaffter

The composition of the Nomination Committee was changed effective 2nd April, 2024

Pirnavan Sivagananathan  
(Chairperson)

Eardley Perera

Prakash Schaffter

Chandana De Silva

## Scope of the Committee

Evaluate and ensure the Board's skills align with business needs, identify and recommend suitable candidates, and oversee the induction and appointment process for new Board members.

## Key Responsibilities of the Nomination Committee

- ◆ Assess the skills required on the Board given the needs of the businesses.
- ◆ From time to time assess the extent to which the required skills are represented at the Board.
- ◆ Prepare a clear description of the role and capabilities required for a particular appointment.
- ◆ Identify and recommend suitable candidates for appointments to the Board.
- ◆ Ensure, on appointment to Board, Non-Executive Directors receive a formal letter of appointment clearly specifying expectation in terms of time commitment, involvement outside of the formal Board meetings, participation in Committees, amongst others.
- ◆ Ensure that every appointee undergoes an induction to the Group.
- ◆ The appointment of the Chairperson and Executive Directors is a collective decision of the Board.

## Conclusion

Nomination Committee plays a crucial role in ensuring the Board is composed of members with the right skills and expertise to meet the evolving needs of the business. The Committee ensures that both Non-Executive Directors and Executive Directors are well-prepared to contribute effectively to the Company's governance and strategic direction.



Pirnavan Sivagananathan  
Chairperson – Nomination Committee

30th August 2024  
Colombo

## MEETINGS AND ATTENDANCE DURING THE FINANCIAL YEAR 2023/24

No	Members	2nd Feb 2024	Total
1	Eardley Perera (Chairperson)	√	1/1
2	Chandana De Silva	√	1/1
3	Prakash Schaffter	√	1/1

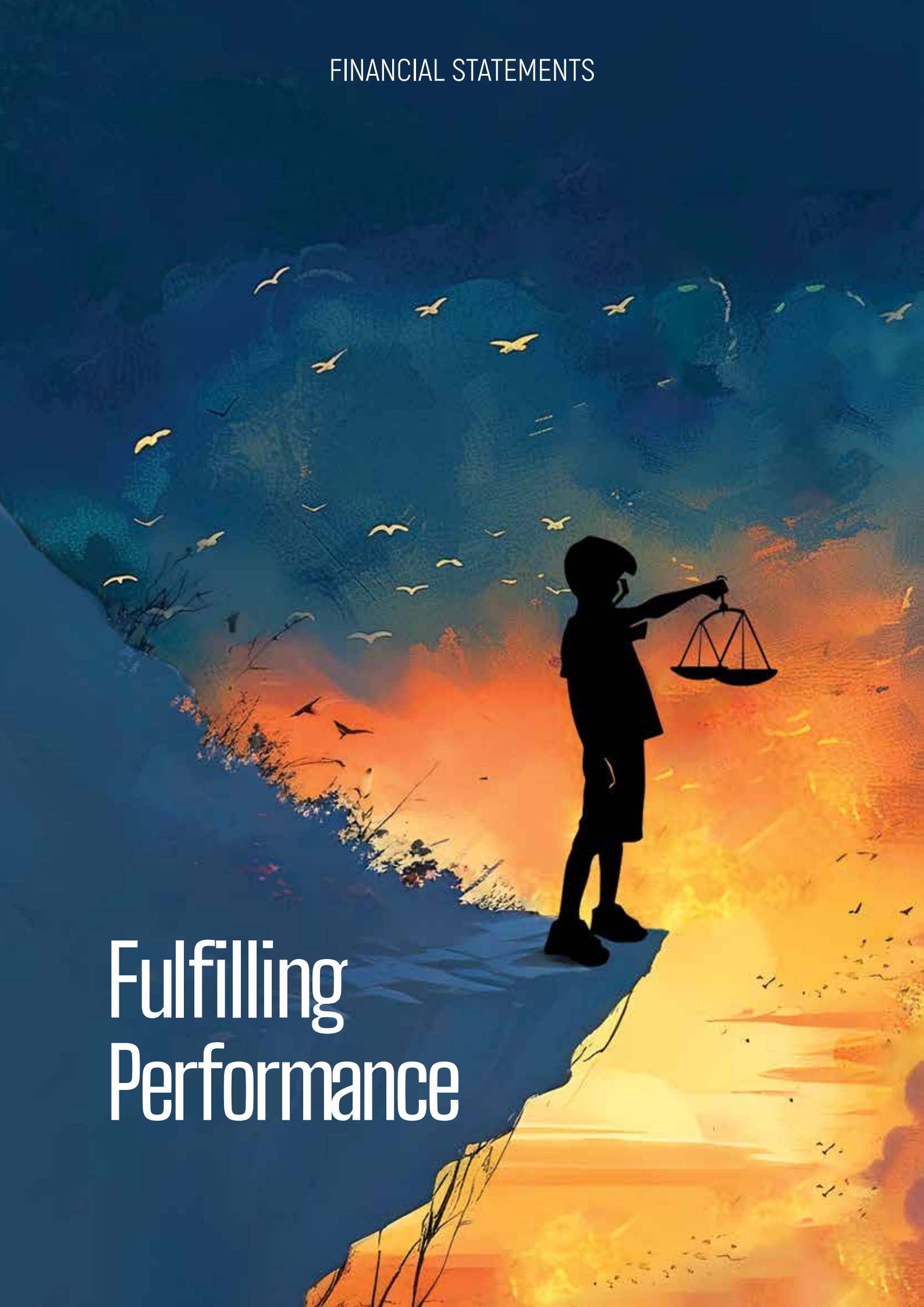
During the reporting period, the following appointments were made consequent to the recommendation of the Committee.

- ◆ Minette Perera – Appointed as Independent Non-Executive Director
- ◆ Vishnu Balachandran – Appointed as Independent Non-Executive Director



FINANCIAL STATEMENTS

# Fulfilling Performance



# INDEPENDENT AUDITOR'S REPORT



KPMG  
(Chartered Accountants)  
32A, Sir Mohamed Macan Markar Mawatha,  
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## To the Shareholders of Janashakthi Limited

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

We have audited the financial statements of Janashakthi Limited ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at March 31, 2024, and the statement of profit and loss and 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 material accounting policies.

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

#### Basis for Opinion

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

#### Other Information

These financial statements does not include other information.

#### 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's and Group'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.

A further description of the auditor's responsibilities for the audit of the financial statements is located at Sri Lanka Accounting and Auditing Standards website at: <http://slaasc.com/auditing/auditorsresponsibility.php>. This description forms part of our auditor's report.

### **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 appears from our examination, proper accounting records have been kept by the Company.



Colombo, Sri Lanka  
30th August 2024

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C. P. Jayatilake FCA  
Ms. S. Joseph FCA  
R.M.D.B. Rajapakse FCA  
M.N.M. Shameel FCA  
Ms. P.M.K. Sumanasekara FCA

T. J. S. Rajakarier FCA  
W. K. D. C. Abeyrathne FCA  
Ms. B.K.D.T.N. Rodrigo FCA  
Ms. C.T.K.N. Perera ACA  
R.W.M.O.W.D.B. Rathnadiwakara FCA

W. W. J. C. Perera FCA  
G. A. U. Karunaratne FCA  
R. H. Rajan FCA  
A.M.R.P. Alahakoon ACA

Principals: S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S.Goonewardene ACA, Ms. F.R.Ziyad FCMA (UK), FCIT  
K. Somasundaram ACMA(UK)

# STATEMENT OF FINANCIAL POSITION

		GROUP		COMPANY	
AS AT 31 MARCH		2024	2023	2024	2023
	Note	LKR '000	LKR '000	LKR '000	LKR '000
ASSETS					
Property, plant & equipment	10	881,599	348,198	115,736	7,408
Investment property	11	5,677,937	6,522,374	2,907,000	3,649,967
Consumable biological assets	12	-	928,400	-	928,400
Right of use of assets	13	916,232	663,815	131,148	99,726
Deferred tax assets	14	497,471	686,838	-	-
Intangible assets	15	4,382,678	4,390,515	-	728
Investments in subsidiaries	16	-	-	21,551,762	18,603,850
Investment in financial assets	17	96,576,891	80,698,870	204,497	163,763
Loans and receivables to customers	18	15,658,738	12,941,011	-	-
Loans to life policyholders and others	19	268,736	328,359	-	-
Inventories	20	12,465	14,718	-	-
Reinsurance receivables	22	26,814	299,781	-	-
Premium receivables	23	268,203	121,594	-	-
Amounts due from related parties	24	1,050,045	7,054,789	1,446,673	7,824,274
Trade, other receivables and advances	25	5,854,500	2,826,488	272,047	55,443
Derivative financial instruments	26	51,933	51,194	-	-
Assets classified as held for sale	27	42,416	42,416	-	-
Cash and cash equivalents	28	1,983,030	841,720	769,215	130,331
Total assets		134,149,688	118,761,080	27,398,078	31,463,890
LIABILITIES AND EQUITY					
Liabilities					
Debentures	29	3,573,447	3,731,194	1,058,299	1,778,373
Retirement benefit obligations	30	285,543	201,701	26,393	7,719
Interest bearing loans & borrowings	31	23,522,292	28,304,374	17,322,154	24,292,992
Deposits from customers	32	13,556,431	10,759,499	-	-
Insurance liability -life	33	14,544,804	12,193,639	-	-
Reinsurance creditors	34	276	120,274	-	-
Liabilities related to Equity Accounted Subsidiaries	16.2.3	-	-	292,411	377,307
Amount due to related parties	35	8,163	40,514	6,706	40,409
Trade and other payables	36	11,557,590	4,860,695	385,324	64,150
Derivative financial instruments	37	71,742	153,586	-	-
Securities sold under repurchase agreements	38	49,643,339	46,330,589	-	-
Bank overdrafts	28	2,082,924	1,588,947	112,432	103,942
Total liabilities		118,846,551	108,285,012	19,203,720	26,664,892

		GROUP		COMPANY	
AS AT 31 MARCH		2024	2023	2024	2023
	Note	LKR '000	LKR '000	LKR '000	LKR '000
Equity					
Stated capital	39	4,300,000	4,300,000	4,300,000	4,300,000
Risk reserves	40	1,066,516	402,474	1,066,516	402,474
Reserve fund	41.1	202,891	186,564	202,891	186,564
Restricted regulatory reserve	41.2	1,336,414	1,363,393	1,336,414	1,363,393
Fair valuation reserve	41.3	186,655	(465,734)	186,655	(465,734)
Fair value reserve fund of life policyholders	41.4	-	(494,481)	-	(494,481)
Revaluation reserve	41.5	26,004	26,004	26,004	26,004
Retained Earnings		1,466,553	(361,342)	1,075,878	(519,222)
Total equity attributable owners of the company		8,585,033	4,956,878	8,194,357	4,798,998
Non - controlling interests		6,718,104	5,519,190	-	-
Total equity		15,303,137	10,476,068	8,194,357	4,798,998
Total liabilities and equity		134,149,688	118,761,080	27,398,078	31,463,890

Figures in bracket indicate deductions.

The Notes disclosed form an integral part of these Financial Statements.

I certify that the Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.



**Thanushka Jayasundera**  
Group Chief Financial Officer

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



**Chandana De Silva**  
Group Chairman



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

30th August 2024  
Colombo.



# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

AS AT 31 MARCH	Note	GROUP		COMPANY	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
CONTINUING OPERATIONS					
Revenue from contracts with customers		33,319,571	17,326,176	-	-
Revenue from Insurance contracts		4,558,722	4,832,510	-	-
Dividend Income		43,045	109,946	337	21,646
Total Revenue	42	37,921,338	22,268,632	337	21,646
Revenue	42	37,921,338	22,268,632	337	21,646
Cost of sales and direct expenses		(12,783,838)	(12,670,482)	-	-
Gross profit		25,137,500	9,598,150	337	21,646
Benefits and losses					
Insurance claims and benefits (Net)	43	(3,405,033)	(2,745,520)	-	-
Underwriting and net acquisition cost	44	(1,162,592)	(1,684,008)	-	-
Change in contract liabilities -Life		(2,502,624)	1,280,062	-	-
		(7,070,249)	(3,149,466)	-	-
Other operating income	45	(580,253)	1,698,139	(576,232)	716,262
Change in fair value of financial assets- Fair value through profit or loss	45.3	5,349,425	(337,685)	6,542	48,944
		22,836,423	7,809,138	(569,353)	786,852
Operating expenses					
Selling & distribution expenses		(280,828)	(348,951)	(40,962)	(41,265)
Administrative & other operating expenses		(7,240,509)	(4,026,708)	(1,007,453)	(236,934)
Loss on write-off of Preference shares	16	-	(300,000)	-	(300,000)
Impairment charges	46	(19,500)	(355,365)	(273,330)	(109,950)
Profit / (Loss) from operations	47	15,295,586	2,778,114	(1,891,098)	98,703
Finance income	48	3,872,030	3,145,222	110,101	719,156
Finance cost	49	(3,587,711)	(4,643,456)	(4,880,882)	(5,219,177)
Net finance (cost) / income		284,319	(1,498,234)	(4,770,781)	(4,500,021)
Share of profit/(loss) from equity accounted investee (net of tax)	16.2	-	-	10,952,867	2,401,219
Operating profit / (loss) before taxation on financial services		15,579,905	1,279,880	4,290,988	(2,000,099)
Value added taxation on financial services		(200,219)	(570,044)	-	-
Profit / (Loss) before income tax		15,379,686	709,836	4,290,988	(2,000,099)

AS AT 31 MARCH	Note	GROUP		COMPANY	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Income tax expense	50	(7,418,666)	(1,643,317)	(146,668)	-
<b>Net Profit /Loss for the year</b>		<b>7,961,020</b>	<b>(933,481)</b>	<b>4,144,320</b>	<b>(2,000,099)</b>
<b>Other comprehensive income</b>					
<b>Items that will never be reclassified to profit or loss</b>					
Gain/(loss) on financial assets measured at fair value through other comprehensive income		338,254	(743,431)	-	-
Impairment of Available For Sale Financial Assets transferred to Income Statement		273,442	306,216		
Revaluation of land and buildings					-
Actuarial gain/(loss) on retirement benefit obligations	30.2	(54,735)	(20,146)	(14,831)	1,203
Actuarial loss transferred to Long Term Fund		4,207	5,434	-	-
Reimbursement of Actuarial Gain		10,003	-		
Tax effect on other comprehensive (expense) / income		3,589	5,061	-	-
Share of other comprehensive income from equity accounted investee (net of tax)	16.2	-	-	462,971	(348,369)
<b>Other comprehensive (loss) / income for the year net of tax</b>		<b>574,761</b>	<b>(446,866)</b>	<b>448,140</b>	<b>(347,166)</b>
<b>Total comprehensive (loss) / income for the year</b>		<b>8,535,782</b>	<b>(1,380,347)</b>	<b>4,592,460</b>	<b>(2,347,265)</b>
<b>(Loss) / Profit attributable to:</b>					
Owners of the Company		4,317,269	(1,900,132)	4,144,320	(2,000,099)
Non - Controlling Interests		3,643,753	966,651	-	-
		<b>7,961,020</b>	<b>(933,481)</b>	<b>4,144,320</b>	<b>(2,000,099)</b>
<b>Total comprehensive (expense)/income attributable to :</b>					
Owners of the Company		4,765,410	(2,247,298)	4,592,460	(2,347,265)
Non - Controlling Interests		3,770,373	866,951	-	-
		<b>8,535,782</b>	<b>(1,380,347)</b>	<b>4,592,460</b>	<b>(2,347,265)</b>
Basic Profit / (Loss) Per Share	51	6.81	(3.00)	6.54	(3.16)

Figures in bracket indicate deductions.

The Notes disclosed form an integral part of these Financial Statements.

# STATEMENT OF CHANGES IN EQUITY

## ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

Group	Stated capital	Reserve Fund	Risk Reserve	Restricted regulatory reserve	Revaluation reserve	Fair Value reserve fund of life policyholders	Fair Value Reserve	Retained earnings	Total	Non - controlling interest	Total equity
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Balance as at 01st April 2022	4,300,000	186,564	188,529	1,363,393	26,004	(107,041)	(495,759)	1,734,006	7,195,696	4,748,933	11,944,629
Total Comprehensive income for the year											
Profit/(Loss) for the year	-	-	-	-	-	-	-	(1,900,132)	(1,900,132)	966,651	(933,481)
Other Comprehensive Income/ (Loss) for the year	-	-	-	-	-	(387,440)	30,026	10,248	(347,166)	(99,700)	(446,866)
Total Comprehensive income for the year	-	-	-	-	-	(387,440)	30,026	(1,889,884)	(2,247,298)	866,951	(1,380,347)
Transfers											
Transfer to Reserve Fund	-	-	215,046	-	-	-	-	(215,046)	-	-	-
Total transfers	-	-	215,046	-	-	-	-	(215,046)	-	-	-
Transactions with owners of the company											
Disposal of equity stake in subsidiary	-	-	-	-	-	-	-	-	-	106,078	106,078
Adjustment to change in share ownership	-	-	(1,101)	-	-	-	-	9,582	8,481	6,143	14,624
Dividends	-	-	-	-	-	-	-	-	-	(208,915)	(208,915)
Total transactions with owners of the company	-	-	(1,101)	-	-	-	-	9,582	8,481	(96,694)	(88,213)
Balance as at 31st March 2023	4,300,000	186,564	402,474	1,363,393	26,004	(494,481)	(465,733)	(361,342)	4,956,879	5,519,190	10,476,069
Balance as at 01st April 2023											
Removal of AFS Reserve Fund of Life Policyholders	-	-	-	-	-	(494,481)	(465,733)	(361,342)	4,956,879	5,519,190	10,476,069
	-	-	-	-	-	494,481	-	-	494,481	36,246	530,727
Balance as at 01st April 2023	4,300,000	186,564	402,474	1,363,393	26,004	-	(465,733)	(361,342)	5,451,360	5,555,436	11,006,796

**ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT**

<b>Group</b>	<b>Stated capital</b>	<b>Reserve Fund</b>	<b>Risk Reserve</b>	<b>Restricted regulatory reserve</b>	<b>Revaluation reserve</b>	<b>Fair Value reserve fund of life policyholders</b>	<b>Fair Value Reserve</b>	<b>Retained earnings</b>	<b>Total</b>	<b>Non - controlling interest</b>	<b>Total equity</b>
	<b>LKR '000</b>	<b>LKR '000</b>	<b>LKR '000</b>	<b>LKR '000</b>	<b>LKR '000</b>	<b>LKR '000</b>	<b>LKR '000</b>	<b>LKR '000</b>	<b>LKR '000</b>	<b>LKR '000</b>	<b>LKR '000</b>
<b>Total Comprehensive income for the year</b>											
Profit/(Loss) for the year	-	-	-	-	-	-	-	4,317,269	4,317,269	3,643,752	7,961,020
Share of equity investees other comprehensive Income/(Loss) for the year	-	-	-	-	-	-	481,271	(18,300)	462,971	126,622	589,593
Company's other comprehensive Income/(Loss) for the year								(14,831)	(14,831)		(14,831)
<b>Total Comprehensive income for the year</b>	-	-	-	-	-	-	481,271	4,284,137	4,765,409	3,770,373	8,535,782
<b>Transfers</b>											
Transfer to Risk Reserve	-	16,327	818,356	-	-	-	-	(834,683)	-	-	-
<b>Total transfers</b>	-	16,327	818,356	-	-	-	-	(834,683)	-	-	-
<b>Transaction with owners of the Company</b>											
Disposal of equity stake in subsidiary	-	-	-	-	-	-	-	-	-	-	-
Loss on sale of FVTOCI Investments	-	-	-	-	-	-	175	(175)	-	-	-
Adjustment to change in share ownership	-	-	(154,314)	(26,979)	-	-	170,941	70,198	59,847	(59,847)	-
Sale of subsidiary shares within the group	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	(1,691,583)	(1,691,583)	(2,547,858)	(4,239,440)
<b>Total transaction with owners of the Company</b>	-	-	(154,314)	(26,979)	-	-	171,116	(1,621,559)	(1,631,735)	(2,607,705)	(4,239,440)
<b>Balance as at 31st March 2024</b>	4,300,000	202,891	1,066,516	1,336,414	26,004	-	186,655	1466,553	8,585,033	6,718,104	15,303,137

Figures in bracket indicate deductions.

The Notes disclosed form an integral part of these Financial Statements.

# STATEMENT OF CHANGES IN EQUITY

Company	Stated capital	Reserve Fund	Risk Reserve	Restricted regulatory reserve	Revaluation reserve	Fair Value reserve fund of life policyholders	Fair Value Reserve	Retained earnings	Total equity
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Balance as at 1st April 2022	4,300,000	186,564	188,529	1,363,393	26,004	(107,041)	(495,759)	1,999,185	7,460,875
Impact on surcharge Tax	-	-	-	-	-	-	-	(314,611)	(314,611)
Balance as at 1st April 2023	4,300,000	186,564	188,529	1,363,393	26,004	(107,041)	(495,759)	1,684,574	7,146,264
Total Comprehensive income for the year									
Profit/(Loss) for the year	-	-	-	-	-	-	-	(2,000,099)	(2,000,099)
Other Comprehensive Income/(Loss) for the year	-	-	-	-	-	(387,440)	30,026	10,248	(347,166)
Total Comprehensive income for the year	-	-	-	-	-	(387,440)	30,026	(1,989,851)	(2,347,265)
Transfers									
Transfer to Reserve Fund	-	-	215,046	-	-	-	-	(215,046)	-
Total transfers	-	-	215,046	-	-	-	-	(215,046)	-
Transactions with owners of the company									
Change in ownership interest									
Disposal of equity stake in subsidiary	-	-	(1,101)	-	-	-	-	1,101	-
Total transactions with owners of the company	-	-	(1,101)	-	-	-	-	1,101	-
Balance as at 31st March 2023	4,300,000	186,564	402,474	1,363,393	26,004	(494,481)	(465,733)	(519,222)	4,798,999
Adjustment to AFS Reserve Fund of Life Policyholders	-	-	-	-	-	494,481	-	-	494,481
Balance as at 1st April 2023	4,300,000	186,564	402,474	1,363,393	26,004	-	(465,733)	(519,222)	5,293,480



Company	Stated capital	Reserve Fund	Risk Reserve	Restricted regulatory reserve	Revaluation reserve	Fair Value reserve fund of life policyholders	Fair Value Reserve	Retained earnings	Total equity
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Profit/(Loss) for the year	-	-	-	-	-	-	-	4,144,320	4,144,320
Share of equity investees	-	-	-	-	-	-	481,271	(18,300)	462,971
other comprehensive Income/(Loss) for the year									
Company's other comprehensive Income/(Loss) for the year	-	-	-	-	-	-	-	(14,831)	(14,831)
<b>Total Comprehensive income for the year</b>	-	-	-	-	-	-	481,271	4,111,189	4,592,460
<b>Transfers</b>									
Transfer to Risk Reserve	-	16,327	818,356	-	-	-	-	(834,683)	-
<b>Total transfers</b>	-	16,327	818,356	-	-	-	-	(834,683)	-
<b>Transactions with owners of the company</b>									
Loss on sale of FVTOCI	-	-	-	-	-	-	175	(175)	-
Investments	-	-	-	-	-	-	-	-	-
Adjustment due to disposal (via amalgamation)	-	-	-	-	-	-	-	-	-
Adjustment to change in share ownership	-	-	(154,314)	(26,979)	-	-	170,941	10,351	-
Unrealized gain on disposed shares	-	-	-	-	-	-	-	-	-
Sale of subsidiary shares within the group	-	-	-	-	-	-	-	-	-
Dividends	-	-	(154,314)	(26,979)	-	-	171,116	(1,691,583)	(1,691,583)
Total transactions with owners of the company	-	-	(154,314)	(26,979)	-	-	171,116	(1,681,407)	(1,691,583)
<b>Balance as at 31st March 2024</b>	4,300,000	202,891	1,066,516	1,336,414	26,004	-	186,655	1,075,878	8,194,357

Figures in bracket indicate deductions.

The Notes disclosed form an integral part of these Financial Statements.

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH,	Note	GROUP		COMPANY	
		2024	2023	2024	2023
		LKR '000	LKR '000	LKR '000	LKR '000
<b>Cash flows from operating activities</b>					
Profit/(Loss) before tax expenses		15,379,686	709,836	4,290,988	(2,000,099)
<b>Adjustments for</b>					
Finance income	48	(3,872,030)	(3,145,222)	(110,101)	(719,156)
Finance cost	49	3,587,711	4,643,456	4,880,882	5,219,177
Depreciation and amortization	47	388,341	389,410	12,222	10,943
Profit on disposal of property, plant and equipment		(339)	(143)		-
Profit on disposal of Investment properties			18,782		21,982
Fair value (gain) /loss on financial assets	45.3	(5,349,425)	337,685	(6,542)	(48,944)
Fair value loss on biological assets	45	498,900	-	498,900	-
Fair value (gain) /loss on investment properties	11	362,572	(514,835)	401,500	-
Exchange Loss	13	6,740		6,740	
Change in effective holding percentage	16.2	234,685		234,685	
Construction Cost Written off	10/15	427,013	-	427,013	-
Impairment charges	46	19,500	355,365	273,330	109,950
Gratuity provision	30	67,824	46,051	4,777	2,140
Share of profit from equity accounted investee (net of tax)			-	(10,952,867)	(2,401,219)
Gain on disposal of shares of equity accounted investees			(593,552)	(294,532)	(561,502)
<b>Operating profit/(loss) before working capital changes</b>		<b>11,751,178</b>	<b>2,246,833</b>	<b>(333,005)</b>	<b>(366,728)</b>
Change in inventories		2,253	7,009,748		3,481,288
Change in loans and advances to customers		(2,717,727)	829,437		-
Change in financial assets		(10,528,596)	(19,849,969)	(40,734)	1,217,827
Change in amount due from related parties		5,985,244	(2,930,309)	6,104,272	(3,284,384)
Change in premium and other receivables		185,981	(216,947)		-
Change in Trade, other receivables and advances		(3,028,011)	(729,622)	(216,605)	(41,855)
Change in deposits from customers		2,796,932	1,555,236		-
Change in Trade and other payables		3,616,745	(867,196)	192,816	21,719
Change in amount due to related parties		(32,351)	(64,794)	(33,703)	(1,068,207)
Change in life insurance fund		2,351,165	(1,280,062)		-
Change in Securities sold under re-purchase agreements		3,312,750	22,530,751		-
<b>Cash generated from / (used in) operations</b>		<b>13,695,562</b>	<b>8,233,106</b>	<b>5,673,041</b>	<b>(40,340)</b>
Gratuity paid	30	(38,717)	(43,558)	(934)	-
Income taxes paid		(2,652,805)	(731,129)		-
Withholding tax on dividend declared from subsidiary companies		(1,360,307)	(163,740)	(146,668)	-
Finance costs paid		(3,587,711)	(4,643,456)	(4,880,882)	(5,219,177)
<b>Net cash flows from / (used in) operating activities</b>		<b>6,056,022</b>	<b>2,651,223</b>	<b>644,557</b>	<b>(5,259,517)</b>

FOR THE YEAR ENDED 31 MARCH,		GROUP		COMPANY	
		2024	2023	2024	2023
	Note	LKR '000	LKR '000	LKR '000	LKR '000
<b>Cash flows from investing activities</b>					
Acquisition of property, plant and equipment	10	(621,151)	(154,623)	(110,630)	(3,516)
Acquisition of investment properties	11	(85,000)	(3,684,157)	(85,000)	(3,673,467)
Investment in Subsidiary	16			(137,631)	
Addition to right to use assets	13		(285,954)		-
Acquisition of intangible assets	15	(38,524)	(24,360)		-
Proceeds from disposal of property, plant and equipment		550	949		-
Proceeds from disposal of investment properties		84,072	532,987		430,600
Proceeds from disposal of right to use asset		87,001	72,615	87,001	10,641
Proceeds from disposal of biological assets		429,500		429,500	
Finance income		3,872,030	3,145,222	110,101	719,156
Proceeds from disposal of subsidiary			362,107		478,986
Proceeds from disposal of Subsidiary Shares				3,754,587	
Acquisition of subsidiary			-		-
Dividend Received		42,101			
Dividend income from equity accounted investee	16		-	5,320,402	386,732
<b>Net cash flows generated from / (used in) investing activities</b>		<b>3,770,579</b>	<b>(35,214)</b>	<b>9,368,329</b>	<b>(1,650,868)</b>
<b>Cash flows from financing activities</b>					
Net change in interest bearing loans and borrowings		(4,782,082)	(193,903)	(6,970,838)	9,287,623
Net change in debentures		(157,747)	(2,006,772)	(720,074)	(2,265,539)
Dividend paid to equity holders		(1,691,583)		(1,691,583)	
Dividend paid to minority shareholders		(2,547,858)	(208,915)		-
<b>Net cash flows generated from financing activities</b>		<b>(9,179,269)</b>	<b>(2,409,590)</b>	<b>(9,382,494)</b>	<b>7,022,084</b>
Net increase / (decrease) in cash and cash equivalents		647,332	206,419	630,393	111,699
Cash and cash equivalents at the beginning of the year		(747,227)	(953,646)	26,389	(85,310)
<b>Cash and cash equivalents at the end of the year</b>	<b>28</b>	<b>(99,895)</b>	<b>(747,227)</b>	<b>656,782</b>	<b>26,389</b>
<b>Analysis of Cash and Cash Equivalents</b>					
<b>Favorable Balances</b>					
Cash & Bank Balances	28	1,983,030	841,720	769,215	130,331
<b>Unfavorable Cash and Cash Equivalents balance</b>					
Bank Overdrafts	28	(2,082,924)	(1,588,947)	(112,432)	(103,942)
<b>Total Cash and Cash Equivalents</b>		<b>(99,894)</b>	<b>(747,227)</b>	<b>656,782</b>	<b>26,389</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 1. REPORTING ENTITY

Janashakthi Limited ("Company") is a limited liability Company incorporated and domiciled in Sri Lanka on May 1994 under the name of Acland Finance Limited. The registered office and place of business of the Company is No. 2, Deal Place, Colombo 03. The Company was re-registered under the Companies Act No. 07 of 2007.

The Company underwent two name changes between 1994 and 2002 prior to changing its name to Janashakthi Limited on 9th September 2004. The Company listed its Debentures on the Colombo Stock Exchange (CSE) on 1st December 2014 for its Debentures and underwent a further name change as a result to Janashakthi PLC on 29th January 2015. With effective from 17th December 2020, the Company has changed its name to Janashakthi Limited subsequent to delisting of debentures from Colombo Stock Exchange (CSE).

The Consolidated Financial Statements of the Company as at and for the year ended 31 March 2024 include the Company and its Subsidiaries (together referred to as the "Group" and individually as "Group entities").

The Financial Statements of all companies in the Group have a common financial year which ends on 31 March except for the Janashakthi Insurance PLC which ends on 31 December.

### 1.1 Principal Activities

#### 1.1.1 Company

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

There were no significant changes in the nature of the principal activities of the Company and the Group during the financial year under review.

Name of subsidiary	Principal activities
Janashakthi Insurance PLC	Engages in providing life insurance solutions for both individual and corporate customers.
Orient Finance PLC	Engages in providing finance leasing, hire purchasing, debt factoring, mobilization of deposits and pawning (gold loans) advances.
First Capital Holdings PLC	Investing in and management of subsidiaries
First Capital Limited	Engages in debt structuring, corporate finance and advisory services and investing in and management of subsidiaries.
First Capital Treasuries PLC	Engages in business operations as a primary dealer in government securities.
First Capital Markets Limited	Engages in general investments (fixed income securities) and fee-based activities.
First Capital Asset Management Limited	Engages in the management of clients' investment portfolios and the management of unit trust.
First Capital Equities (Private) Limited	Engages in stock brokering activities of listed securities.
First Capital Trustees (Private) Limited	Engages in the business of providing trustee services for corporate debt securities.
First Capital Advisory Services (Private) Limited	Engage in corporate finance advisory services
Janashakthi Capital Limited	Engages in investing activities.
Orient Capital Limited	Engages in investing activities.
Beckett Capital (Pvt) Ltd	Engages in providing fitness services.
Janashakthi Business Services (Pvt) Ltd	Engages in providing share service function to the group.

## 2. BASIS OF PREPARATION

### 2.1 Statement of Compliance

The Consolidated Financial Statements of the Group and the Financial Statements of the Company which comprise the Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Notes thereto have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs and LKASs) laid down by the Institute of Chartered Accountants of Sri Lanka, and in compliance with the requirements of Companies Act No. 7 of 2007. These Financial Statements, except for information on cash flows have been prepared following the accrual basis of accounting. These SLFRSs and LKASs are available at [www.casrilanka.com](http://www.casrilanka.com). The Group did not adopt any inappropriate accounting treatments, which are not in compliance with the requirements of the SLFRSs and LKASs, regulations governing the preparation and presentation of the Financial Statements.

## 2.2 Responsibility for Financial Statements

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

The Board of Directors acknowledges their responsibility for Financial Statements as set out in these Financial Statements include the following components:

- a Statement of Profit or Loss and Other Comprehensive Income providing the information on the financial performance of the Group and the Company for the year under review.
- a Statement of Financial Position providing the information on the financial position of the Group and the Company as at the year end.
- a Statement of Changes in Equity depicting all changes in shareholders' funds during the year under review of the Group and the Company.
- a Statement of Cash Flows providing the information to the users, on the ability of the Group and the Company to generate cash and cash equivalents and utilization of those cash flows.
- Notes to the Financial Statements comprising significant accounting policies and other explanatory information.

## 2.3 Approval of Financial Statements by the Board of Directors

The Financial Statements of the Group and the Company for the year ended 31 March 2024 (including comparatives for 2023), were approved and authorized for issue by the Board of Directors in accordance with Resolution of the Directors on 30th August 2024.

## 2.4 Basis of Measurement

The Financial Statements have been prepared on the historical cost basis and applied consistently with no adjustments being made for inflationary factors affecting the Financial Statements, except for the following,

Category	Basis of measurement	Note
Derivative financial assets/ liabilities	Fair value	7.1.3
Financial assets measured at fair value though profit or loss	Fair value	7.1.4.1
Financial assets measured at fair value though other comprehensive income	Fair value	7.1.4.3
Financial assets at amortized cost	Amortized cost	7.1.4.2
Right of use of assets & lease liabilities	Present value of future lease rental payments	7.5
Retirement benefit obligations	Projected unit credit method	7.18.1
Investment property	Fair value	11
Biological assets	Discounted cash flow method	12

## 2.5 Functional and Presentation Currency

Items included in these Financial Statements of the Group are measured using the currency of the primary economic environment in which the Group operates (the "Functional Currency"). There was no change in the Group's presentation and functional currency during the year under review. These Financial Statements are presented in Sri Lankan Rupees, the Group's functional and presentation currency.

## 2.6 Presentation of Financial Statements

The assets and liabilities of the Group presented in the Statement of Financial Position are grouped by nature. No adjustments have been made for inflationary factors affecting the Financial Statements.

## 2.7 Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard - LKAS 01 on "Presentation of Financial Statements" and amendments to the LKAS 01 on "Disclosure initiative", which was effective from 01st January 2016.

Notes to the financial statements are presented in a systematic manner which ensures the understandability and comparability of financial statements of the Group.

## 2.8 Offsetting

Financial assets and financial liabilities are offset, and the net amount reported in the Statement of Financial Position, only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously.



# Notes to the Financial Statements

Income and expenses are not offset in the Statement of Profit or Loss and Other Comprehensive income, unless required or permitted by an Accounting Standard or Interpretation (issued by the International Financial Reporting Interpretations Committee and Standard Interpretation Committee) and as specifically disclosed in the significant accounting policies of the Group.

## 2.9 Rounding

The amounts in the Financial Statements have been rounded-off to the nearest Rupee thousands, except where otherwise indicated as permitted by the Sri Lanka Accounting Standard – LKAS 01 on “Presentation of Financial Statements”.

## 2.10 Comparative Information

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

## 2.11 Use of Judgements and Estimates

The preparation of Consolidated Financial Statements in conformity with SLFRSs/ LKASs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are based on historical experience and various other factors that are believed

to be reasonable under the circumstances, the results which form the basis of making the judgements about the carrying amount of assets and liabilities that are not readily apparent from other sources.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about critical judgments, estimates and assumptions in applying accounting policies that have the most significant effect on the amounts recognized in the Consolidated Financial Statements are included in the following notes to these Financial Statements.

Critical accounting estimate/judgement	Disclosure Note
Going concern	2.12
Classification of financial assets and liabilities	7.1.2
Non-current assets held for sale	7.4
Fair value of financial instruments	2.13
Useful lives of intangible assets	7.6
Useful lives of property, plant and equipment	7.2.3
Retirement benefit obligation	7.18.1
Deferred tax on unutilized tax losses	6.6
Impairment losses on financial assets	7.1.7
Impairment of non-financial assets	7.8
Provisions for liabilities, commitments and contingencies	7.14
Insurance contract liability	8.5.3
Liability adequacy test	8.5.3
Equity Accounted Investee	4.1.9
Impairment of Goodwill	4.1.2
Determining the fair value of Biological Assets	7.19

## 2.12 Going Concern

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis.

The management has formed judgment that the Company, its subsidiaries, and affiliates have adequate resources to continue in operational existence for the foreseeable future driven by the continuous operationalization of risk mitigation initiatives and monitoring of business continuity and response plans at each business unit level along with the financial strength of the Group.

## 2.13 Fair Value Measurement

“Fair value” is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in the absence, in the most advantageous market to which the Group has the access at that date. The fair value of a liability reflects its non-performance risk.

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

#### Level 1

Inputs that are quoted (unadjusted) market prices in active markets for identical assets or liabilities.

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument.

A market is regarded as active if transactions for asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

#### Level 2

Inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices).

This category includes instruments valued using;

- quoted prices in active markets for similar instruments,
- quoted prices for identical or similar instruments in markets that are considered to be less active, or
- other valuation techniques in which almost all significant inputs are directly or indirectly observable from market data.

#### Level 3

Inputs that are unobservable.

This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

This category includes instruments that are valued based on quoted prices of similar instruments for which significant unobservable adjustments or assumptions are required to reflect difference between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, risk premiums in estimating discount rates, bond and equity prices, foreign exchange rates, expected price volatilities and corrections.

Observable prices or model inputs such as market interest rates are usually available in the market for listed equity securities and Government Securities such as Treasury Bills and Treasury Bonds. Availability of observable prices and model inputs reduces the need for Management judgment and estimation while reducing uncertainty associated in determining the fair values.

Models are adjusted to reflect the spread for bid and ask prices to reflect costs to close out positions, credit and debit valuation adjustments, liquidity spread and limitations in the models. Also, profit or loss calculated when such financial instruments are first recorded ("Day 1" profit or loss) is deferred and recognized only when the inputs become observable or on derecognition of the instrument.

Further information about the assumptions made in measuring fair values is included in following notes'

- Note 11.3: Investment Property
- Note 17.1: Financial Assets

### 2.14 Useful Lifetime of the Property, Plant & Equipment

The Group reviews the residual values, useful lives and methods of depreciation of Property, Plant & Equipment at each reporting date. Judgment of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

### 2.15 Provisions for Liabilities, Commitments and Contingencies

The Group receives legal claims in the normal course of business. Management has made judgments as to the likelihood of any claim succeeding in making provisions.

The time of concluding legal claims is uncertain, as is the amount of possible outflow of economic benefits. Timing and cost ultimately depend on the due processes in respective legal jurisdictions.

### 2.16 Revaluation and Fair Valuation of property, plant & equipment and investment properties

The land and buildings are measured at revalued amounts with changes in fair value being recognized in the statement of equity. The investment properties are measured at fair value, with changes in fair value being recognized in the statement of profit or loss.

### 2.17 Life insurance contract liabilities

The liability for life insurance contracts is based on assumptions established at inception of the contract, reflecting the best estimate at the time. All contracts are subject to a liability adequacy test, which reflect the best current estimates of future cash flows.

# Notes to the Financial Statements

The main assumptions used relate to mortality, longevity, and discount rates. The Company bases mortality on standard tables published by the Institute of Actuaries of United Kingdom (A 67/70 and A 49/52). Discounts rates are based on the guidelines provided by the Insurance Regularity Commission of Sri Lanka (IRCSL) and are in line with SLFRS 4 Insurance Contracts.

## 3. CHANGE IN MATERIAL ACCOUNTING POLICIES

### 3.1 Deferred tax related to assets and liabilities arising from a single transaction

The Group has adopted Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) from 1 January 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. For leases and decommissioning liabilities, an entity is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, an entity applies the amendments to transactions that occur on or after the beginning of the earliest period presented.

The Group previously accounted for deferred tax on leases and decommissioning liabilities by applying the 'integrally linked' approach, resulting in a similar outcome as under the amendments, except that the deferred tax asset or liability was recognised on a net basis. Following the amendments, the Group has recognised a separate deferred tax

asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. However, there was no impact on the statement of financial position because the balances qualify for offset under paragraph 74 of IAS 12. There was also no impact on the opening retained earnings as at 1 January 2022 as a result of the change. The key impact for the Group relates to disclosure of the deferred tax assets and liabilities recognised (see Note 14).

### 3.2 Global minimum top-up tax

The Group has adopted International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12) upon their release on 23 May 2023. The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which is effective immediately, and require new disclosures about the Pillar Two exposure (see Note 14). The mandatory exception applies retrospectively. However, because no new legislation to implement the top-up tax was enacted or substantively enacted at 31 December 2022 in any jurisdiction in which the Group operates and no related deferred tax was recognised at that date, the retrospective application has no impact on the Group's consolidated financial statements.

### 3.3 Material accounting policy information

The Group also adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to

disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements. Management reviewed the accounting policies and made updates to the information disclosed in Note 4 Material accounting policies (2022: Significant accounting policies) in certain instances in line with the amendments.

## 4. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by the Group. Comparative information has where necessary been reclassified to confirm the current year's presentation.

### 4.1 Basis of consolidation

#### 4.1.1 General

The Group's financial statements comprise, consolidated Financial Statements of the Group and its subsidiaries in terms of the Sri Lanka Accounting Standard – SLFRS 10 on 'Consolidated Financial Statements.

Thus, the consolidation Financial Statements present financial information about the Group as a single economic entity distinguishing the equity attributable to the parent (controlling interest) and attributable to minority shareholders with Non-Controlling Interests.

#### 4.1.2 Business Combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set

of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in statement of profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in statement of profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in statement of profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognized amount of any Non-Controlling Interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in statement of profit or loss.

#### 4.1.3 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity if it is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entities. Details of the Group's Subsidiaries are set out in notes 1.1 and 16.

The Company accounts for investment in subsidiaries using equity method. The investment is initially recognized at cost. Subsequent to initial recognition share of profit or loss and other comprehensive income of the subsidiaries are capitalized to the investment. The Dividends received from subsidiaries are treated as reduction of investment.

The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date that control effectively commences until the date that control effectively ceases.

The Consolidated Financial Statements are prepared to common financial year end of 31 March except for Janashakthi Insurance PLC which has a year-end of 31st December.

Where Subsidiaries have been sold or acquired during the year, their operating results have been included to the date of disposal or from the date of acquisition. Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any Non-Controlling Interest and the other components of equity related to the subsidiary.

##### 4.1.3.1 Step Acquisitions

The Group elects the remeasurement approach for step acquisition that result in significant influence being exerted in a Group. Under this approach, the previously held interest is remeasured to fair value through statement of profit or loss. Obtaining significant influence is seen as an economic event that changes the nature of the investment, which is also consistent with the approach for the loss of significant influence.

When significant influence is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition-date fair value and recognizes the resulting gain or loss, if any, in statement of profit or loss. The amount that was recognized in other comprehensive income, is recognized on the same basis as would be required if the group had disposed directly of the previously held equity interest.

# Notes to the Financial Statements

Previously held interests will in almost all cases have been fair value through other comprehensive income investments and therefore already at fair value and as a result, no remeasurement in the statement of financial position arises in practice, but because the investment is treated as sold there is reclassification to statement of profit or loss of the fair value through other comprehensive income revaluation reserve.

## 4.1.4 Non-Controlling Interests

Non-Controlling Interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

For each business combination, the Group elects to measure any Non-Controlling Interest in the acquiree either:

- at fair value; or
- at their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognized in statement of profit or loss.

## 4.1.5 Acquisitions of Non-Controlling Interest

Acquisition of Non-Controlling Interest is accounted for as transactions with equity holders. Therefore, no goodwill is recognized as a result of such transactions. A list of Subsidiaries within the Group is provided.

## 4.1.6 Goodwill and Gain from a Bargain Purchase arose on the Acquisition of Subsidiaries

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired. When the excess is negative (bargain purchase), it is recognized immediately in statement of profit or loss.

Goodwill on the acquisition of subsidiaries is presented as intangible assets and stated at cost less accumulated impairment loss. Goodwill is tested for impairment as described in LKAS 36 – Impairment of Assets.

## 4.1.7 Loss of Control

On the loss of control, the Group de-recognizes the assets and liabilities of the subsidiary, any Non-Controlling Interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in statement of profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost.

Subsequently that retained interest is accounted for as an equity-accounted investee or in accordance with the Group's accounting policy for financial instruments depending on the level of influence retained.

## 4.1.8 Transactions Eliminated on Consolidation

Intra-group balances, and income and expenses arising from intra-Group transactions are eliminated in preparing the Consolidated Financial Statements. Unrealized gains arising from transactions with equity accounted investees are eliminated to the extent of the Group's interest in the investee against the investment in the investee. Unrealized losses are eliminated in the same way as

unrealized gains except that they are only eliminated to the extent that there is no evidence of impairment.

## 4.1.9 Interest in Equity Accounted Investees

The Group's interest in equity accounted investee comprises interest in associate. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Interests in associates are accounted for using equity method. They are initially recognized at cost.

Subsequent to initial recognition the Consolidated Financial Statements include the Group's share of profit or loss and Other Comprehensive Income of equity accounted investees, until the date on which significant influence ceases.

The Group has no associate as of the reporting date.

## 4.1.10 Material Gains or Losses, Provisional Values or Error Corrections

There were no material gains or losses, provisional values or error corrections recognized during the year in respect of business combinations that took place in previous periods.

## 4.1.11 Unconsolidated Structured Entities

The Group manages and administers assets held in unit trusts on behalf of investors. These are entities which are not consolidated because the Group does not control them through voting rights, contract, funding agreements, or other means.

The extent of the Group's interests to consolidated structured entities will vary depending on the type of structured entities.



The details relating to unconsolidated structured entities are disclosed in Note 52 to the Financial Statements.

## 5 Foreign Currency

### 5.1 Foreign Currency Transactions

Transactions in foreign currencies are translated into the respective functional currency (Sri Lankan Rupees - LKR) of Group entities at the spot exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the spot exchange rate (Closing rate) at that date. The foreign currency gain or loss on monetary items is the difference between the amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in the foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the spot exchange rate at the date on which the fair value is determined.

Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction.

Foreign currency differences arising on translation are generally recognized in statement of profit or loss.

## 6. RECOGNITION OF INCOME AND EXPENSES

### 6.1 Revenue Recognition and expenses

The revenue is recognized based on the identified performance obligation. The transaction price is determined

taking into account of variable considerations. The transaction price is allocated to performance obligations and recognized the revenue either over the time of the contract or point in time upon analysis of each sale of goods under separate divisions.

#### 6.1.1. Gross Premium

Gross recurring premiums on life and investment contracts with Discretionary Participating Feature (DPF) are recognized as revenue when payable by the policyholder. For single premium business, revenue is recognized on the date on which the policy is effective. Any premium received in advance is not recorded as revenue at time of receipt but recorded as a liability until the premium is due and transferred to the revenue.

#### 6.1.2. Reinsurance Premium

Reinsurance Premiums are recognized as an expense on the earlier of the due date or on the date on which the policy is effective.

#### 6.1.3 Interest Income and expense

Interest income and expense are recognized in statement of profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include

incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Interest income and expense presented in the statement of profit or loss and Other Comprehensive Income include:

- interest on financial assets and financial liabilities measured at amortized cost calculated on an effective interest basis; and
- interest on financial assets measured at fair value through other comprehensive income are calculated on an effective interest basis.

Interest income and expense on all trading assets and liabilities are considered to be incidental to the Group's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

Fair value changes on other derivatives held for risk management purposes, and other financial assets and financial liabilities carried at fair value through profit or loss, are presented in net income as gain on fair valuation of other financial instruments at fair value through profit or loss in the statement of profit or loss and other comprehensive income.

#### 6.1.4 Gain on Sale of Financial Investments measured at fair value through profit or loss

Gain on sale of financial instruments held for trading' comprises realized trading gains on disposal of government securities, quoted shares and listed debentures, are presented in direct income as sale of financial investments at fair value through profit or loss in the statement of profit or loss and other comprehensive income.

# Notes to the Financial Statements

## 6.1.5 Gain/(Loss) on Redemption of Units

Gain/(loss) on redemption of units comprises realized trading gain/(loss) on disposal of investment in unit trust, is presented in direct income as sale of financial investments at fair value through profit or loss in the statement of profit or loss and other comprehensive income.

## 6.1.6 Gain/(Loss) on Disposal of Financial Investments – Fair Value through Other Comprehensive Income

Gain/(loss) on disposal of financial investments measured at fair value through other comprehensive income comprises realized capital gain/ (loss) on disposal of investment in equity securities classified as financial assets measured at fair value through other comprehensive income, is presented in other comprehensive income.

## 6.1.7 Fee and Commission Income

Policy administration services, surrenders and other contract fees, investment management fees and placement fees are recognized as the related services are performed. Fee and commission expenses are recognized on an accrual basis.

Commission income on dealing/ brokering in listed shares is recognized as the related services are performed. Commission expenses are recognized on an accrual basis.

Other fees and commission expense relate mainly to transaction and service fees, which are expensed as the services are received.

## 6.1.8 Dividend Income

Dividend income from financial investments held for trading is recognized in statement of profit or loss on an accrual basis when the Company's right to receive the dividend is established. This is usually on the

ex-dividend date for equity securities. Dividends are presented in net trading income or net gain/(loss) from financial investments based on the underlying classification of the equity investment.

## 6.1.9 Construction and selling of houses

Revenue from construction and selling of houses is recognized when construction is completed, 100% sales proceeds are collected, and Certificate of Conformity is obtained.

## 6.1.10 Sale of Land

Revenue from sale of land is recognized only when 100% sales proceeds are collected, and the control is transferred to the customers upon the transfer of property deed.

## 6.1.11 Rental Income and Expenses

Rental income and expense are recognized in statement of profit or loss and other comprehensive income on an accrual basis.

## 6.1.12 Interest on overdue rentals

Overdue interest is charged on loans and advances which are not paid on the due date and accounted for on the cash basis.

## 6.1.13 Recovery of bad and doubtful debts written off

Recovery of amounts written off as bad and doubtful debts is recognized on a cash basis.

## 6.1.14 Interest Rate Swap Income

Interest rate swap income comprises realized gain on interest rate swap contracts, is presented in direct income as interest rate swap income in the statement of profit or loss and other comprehensive income.

## 6.1.15 Other income and expenses

Other income and expenses are recognized on an accrual basis.

## 6.2 Expenses Recognition

Expenses are recognized in the statement of profit or loss and other comprehensive income on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant & equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

For the presentation of the statement of profit or loss the Directors are of the opinion that the nature of the expenses method present fairly the element of the Group's performance, and hence such presentation method is adopted.

## 6.3 Benefits, claims & Insurance expenses recognition

Claims of Life insurance include claims on death or maturity and are charged against revenue on notification of death or on expiry of the term. Claims on participating business include bonus payable and interest. Survival benefit payments are recognized on the due date or on notification and surrenders are accounted for only at the time of settlement.

## 6.3.1 Reinsurance claims

Reinsurance claims are recognized when the related gross insurance claim is recognized according to the terms of the relevant contract.

## 6.4 Borrowing Costs

All Borrowing Costs are expensed as and when they are incurred except where they are directly attributable to the acquisition or construction of a qualified asset as required by LKAS 23 - Borrowing Costs.

## 6.5 Income Tax Expense

### 5.5.1 Income Tax

Income tax expense comprises current and deferred tax. It is recognized in

profit or loss except to the extent that it relates to items recognized directly in equity or in statement of other comprehensive income (OCI).

Current tax assets and liabilities and deferred tax assets and liabilities are offset only to the extent that they relate to income taxes imposed by the same taxation authority, there is a legal right and intentions to settle on a net basis and it is allowed under the tax law of the relevant jurisdiction.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under LKAS 37 Provisions, Contingent Liabilities and Contingent Assets.

#### 6.5.2 Current Tax

Current tax assets and liabilities consists of amounts expected to be recovered from or paid to the Commissioner General of Inland Revenue in respect of the current as well as prior years. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the reporting date.

Accordingly, provision for taxation is made on the basis of the profit for the year as adjusted for taxation purpose in accordance with the provision of the Inland Revenue Act No. 24 of 2017 and the amendment thereto, at the rates specified in the Financial Statements.

#### 6.6 Deferred Tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill; and
- taxable temporary differences arising on subsidiaries, associates or joint ventures who have not distributed their entire profits to the parent or investor.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used.

Future taxable profits are determined based on business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves. Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

#### 6.7 Tax Exposures

In determining the amount of current and deferred tax, the Group considers the impact of tax exposures, including whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities. Such changes to tax liabilities would impact tax expense in the period in which such a determination is made.

#### 6.8 Uncertainty Over Income Tax Treatments

The Group has accounted for the uncertainty over tax treatments under IFRIC 23. An 'uncertain tax treatment' is a tax treatment for which there is uncertainty over whether the relevant taxation authority will accept the tax treatment under tax law. If it is not probable that the taxation authority will accept an uncertain tax treatment, effect of uncertainty shall be reflected in determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates. The effect of uncertainty for each uncertain tax treatment shall be reflected by using either of the most

# Notes to the Financial Statements

likely amount or the expected value methods, depending on which method the Group expects to better predict the resolution of the uncertainty.

## 6.9 Withholding Tax on Dividends Distributed by the Company, Subsidiaries

### 6.9.1 Withholding Tax on Dividends Distributed by the Company

Withholding tax that arises from the distribution of dividends by the Company is recognized at the time the liability to pay the related dividend is recognized.

### 6.9.2 Withholding Tax on Dividends Distributed by the Subsidiaries

Dividends received by the Company from its Subsidiaries, have attracted a 15% deduction at source.

## 6.10 Value Added Tax on Financial Services (VAT on FS)

VAT on Financial Services is calculated in accordance with the amended VAT Act No. 7 of 2003 and subsequent amendments thereto. VAT on financial services is computed on the prescribed rate. The Company is required to pay VAT on Financial Services on the VAT liable turnover at the rate of 18%.

## 6.11 Crop Insurance Levy (CIL)

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

## 7. RECOGNITION OF ASSETS & LIABILITIES

### 7.1 Financial Instruments

#### 7.1.1 Initial Recognition, Classification and Subsequent Measurement

##### 7.1.1.1 Date of recognition

All financial assets and liabilities are initially recognized on the trade date, i.e., the date that the Group becomes a

party to the contractual provisions of the instrument. This includes "regular way trades": purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

#### 7.1.1.2 Initial measurement of Financial Instruments

The classification of financial instruments at initial recognition depends on the purpose and the management's intention for which the financial instruments were acquired and their characteristics. All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

#### 7.1.2 Classification and Subsequent Measurement of Financial Instruments

On initial recognition, a financial asset is classified as measured at: amortized cost, Fair value through other comprehensive income or Fair value through profit or loss.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at Fair value through profit or loss:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are assessment of whether contractual cash flows are Solely Payments of Principal and Interest ("SPPI").
- A debt instrument is measured at Fair value through other comprehensive income only if it meets both of the following condition and is not designated as at Fair value through profit or loss:

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

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income. This election is made on an investment by investment basis. All other financial assets are classified as measured at Fair value through profit or loss.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at as at Fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

#### 7.1.2.1 Business Model Assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to Management.

The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether Management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's Management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realized.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at Fair value through profit and loss because they are neither held to collect contractual cashflows nor held both to collect contractual cash flows and to sell financial assets.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing

whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual paramount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable).

Financial assets measured at Fair value through profit or loss	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in statement of profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in statement of profit or loss. Any gain or loss on derecognition is recognized in statement of profit or loss.
Debt investments at Fair value through comprehensive income	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in statement of profit or loss. Other net gains and losses are recognized in statement of other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to statement of profit or loss.
Equity investments at Fair value through comprehensive income	These assets are subsequently measured at fair value. Dividend is recognized as income in statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in statement of other comprehensive income and are never reclassified to statement of profit or loss.

additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.



# Notes to the Financial Statements

## 7.1.3 Derivatives recorded at fair value through profit or loss

### 7.1.3.1 Derivatives held for risk management purposes

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. Derivatives held for risk management purposes are measured at fair value in the statement of financial position.

### 7.1.3.2 Other Derivatives

If a derivative is not held for trading, and is not designated in a qualifying hedge relationship, then all changes in its fair value are recognized immediately in statement of profit or loss as a component of net income from other financial instruments at Fair value through profit or loss.

## 7.1.4 Financial Assets

Financial assets are classified appropriately as financial assets recognized through profit or loss, financial assets measured at fair value through other comprehensive income and financial assets at amortized cost.

All the financial assets are recognized at fair value at its initial recognition.

### 7.1.4.1 Financial assets measured at - fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Upon initial recognition, transaction costs are recognized in statement of profit or loss as incurred.

Financial assets at fair value through profit or loss are measured at fair value, and subsequent therein are recognized in statement of profit or loss.

Following assets represent financial assets at fair value through profit or loss,

- Investment in government securities
- Investment in listed debentures
- Investment in listed equity securities
- Investment in unit trusts

### 7.1.4.2 Financial assets at amortized cost

A financial asset shall be measured at amortized cost if both of the following conditions are met:

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

Financial assets at amortized cost of the Group comprise of the followings,

- Lending
- Investment in corporate debt securities
- Fixed deposits
- Staff loans
- Reverse repurchase agreements

### 7.1.4.3 Financial assets measured at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income (FVTOCI) are non-derivative financial

assets that are designated FVTOCI and that are not classified in any of the previous categories of financial assets. FVTOCI are recognized initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, these are measured at fair value and changes therein, other than impairment losses are recognized in other comprehensive income and presented within equity in the fair value reserve. When an investment in debt instrument is derecognized, the cumulative gain or loss in other comprehensive income is transferred to statement of profit or loss.

Financial assets measured at FVTOCI comprise, government securities and unquoted equities.

### 7.1.4.4 Cash and Cash Equivalents

Cash and cash equivalents comprise of cash in hand, cash at banks and other highly liquid financial assets which are held for the purpose of meeting short-term cash commitments with original maturities of less than three months which are subject to insignificant risk of changes in their fair value.

Bank overdrafts that are repayable on demand and form an integral part of the Company cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

## 7.1.5 Financial Liabilities

The Group initially recognizes debt securities and borrowings on the date that they are originated. All other financial liabilities are recognized at initially on the trade date, which is the date that the Group becomes party to the contractual provisions of the instruments.

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using effective interest rate method.

Financial liabilities comprise;

- Bank overdrafts
- Securities sold under re-purchase agreements
- Short term borrowings
- Long term borrowings
- Borrowing on listed debentures

#### 7.1.5.1 Recognition and measurement of financial liabilities

Group classifies financial liabilities, other than financial guarantees and loan commitments, into one of the following categories:

- Financial liabilities at amortized cost; and
- Financial liabilities at fair value through profit or loss,

A financial liability is measured initially at fair value plus, transaction costs that are directly attributable to its acquisition or issue. Subsequent measurement of financial liability is at fair value or amortized cost. The amortized cost of a financial liability is the amount at which the financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount.

#### 7.1.5.1.1 Classification and subsequent measurement of financial liabilities

The subsequent measurement of financial liabilities depends on their classification.

#### 7.1.5.2 Financial liabilities at amortized cost

Financial liabilities issued by the Group that are not designated at fair value through profit or loss are recognized initially at fair value plus any directly attributable transaction costs, by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

The effective interest rate amortization is included in "Interest expense" in the statement of profit or loss. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

#### 7.1.5.3 Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include derivative liabilities held for risk management purposes.

### 7.1.6 Reclassification of Financial Assets and Liabilities

Financial assets are not reclassified subsequent to their initial recognition, except and only in those rare circumstances when the Group's changes its objective of the business model for managing such financial assets. Financial liabilities are not reclassified as such reclassifications are not permitted by SLFRS 9.

### 7.1.7 Impairment of Financial Assets

#### 7.1.7.1 Recognition of ECL

The Group recognizes allowances for Expected Credit Losses (ECL) on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- loan and receivable to customers
- other lending
- financial guarantee contracts issued; and
- undrawn credit commitments.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the definition of "investment grade". The Group does not apply the low credit risk exemption to any other financial instruments. 12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Group assesses financial assets under three stages in determining ECL.

- Stage 1: financial instruments that have not had a significant increase in credit risk since initial recognition. For these assets, a 12-months ECL is recognized.

# Notes to the Financial Statements

- Stage 2 : financial instruments that have experienced a significant increase in credit risk since initial recognition but for which the exposure is not yet defaulted. For these assets, lifetime ECLs are recognized, representing the expected credit losses that result from all possible default events over the expected life of the financial asset.
- Stage 3 : financial instruments which are deemed to be credit impaired. This is where a credit loss has already been suffered on the assets. For these assets, lifetime ECLs are recognized, representing the expected credit losses that result from all possible default events over the expected life of the financial asset.

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit impaired at the reporting date: as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive);
- financial assets that are credit impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Company if the commitment is drawn down and the cash flows that the Company expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Company expects to recover.

## 7.1.7.2 Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and expert credit assessment including forward looking information. The Group considers an exposure to have significantly increased credit risk when contractual payments of a customer are more than 30 days past due in accordance with the rebuttable presumption in SLFRS 9.

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

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

- When the customer is deceased/ insolvent
- When the Group is unable to contact or find the customer

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

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

## 7.1.7.2 Credit-Impaired Financial Assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt financial assets carried at FVTOCI are credit-impaired (referred to as "Stage 3 financial assets"). A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;

- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market or a security because of financial difficulties.

#### 7.1.7.3 Movement between the stages

Financial assets can be transferred between the different categories (other than 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. Financial instruments are transferred out of stage 3 when they no longer exhibit any evidence of credit impairment as described above.

#### 7.1.7.4 Grouping financial assets measured on collective basis

The Group calculates ECLs either on a collective or an individual basis. Asset classes where the Group calculates ECL on individual basis include credit impaired facilities of individually significant customers.

Those financial assets for which, the company determines that no provision is required under individual impairment are then collectively assessed for ECL. For the purpose of ECL calculation on a collective basis, financial assets are grouped on the basis of similar risk characteristics. Loans and advances to customers are grouped into homogeneous portfolios, based on a combination of product and customer characteristics.

#### 7.1.7.5 The calculation of Expected Credit Loss Principle (ECL)

The Group calculates ECL based on 3 probability weighted scenarios to measure expected cash shortfalls, discounted at an approximation to the EIR.

A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculation are outlined below and the key elements are as follows:

-PD: The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio.

- EAD: Exposure At Default is the estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of the principle and interest, whether scheduled by contract or otherwise, expected draw down on committed facilities and accrued financing income from missed payments.
- LGD: Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lenders would expect to receive, including realization of any collateral.

#### 7.1.7.6 Forward-looking information

The Group incorporates forward-looking information into both its assessments as to whether the credit

risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

#### 7.1.7.7 Presentation of Allowance for ECL in the Statement of Financial Position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

For debt securities at FVTOCI, the loss allowance is charged to statement of profit or loss and is recognized in other comprehensive income.

#### 7.1.7.8 Write-off

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in "provision for impairment of financial assets at amortized cost" in the statement of profit or loss.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

### 7.1.8 Derecognition of Financial Assets and Financial Liabilities

#### 7.1.8.1 Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

# Notes to the Financial Statements

- The rights to receive cash flows from the asset have expired.
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
- The Group has transferred substantially all the risks and rewards of the asset, or
- The Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognizes an associated liability.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

## 7.1.8.2 Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is

treated as derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in statement of profit or loss and other comprehensive income.

## 7.1.9 Offsetting financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

## 7.1.10 Amortized cost measurement

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

## 7.2 Property, Plant and Equipment

The Group applies the requirements of the Sri Lanka Accounting Standard – LKAS 16 on 'Property, Plant & Equipment' in accounting for assets which are held for use in the provision of services, for rental to others or for administrative purposes and are expected to be used for more than one year.

## 7.2.1 Recognition and Measurement

Property, Plant & Equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the Group and cost of the asset can be reliably measured. The Group applies the cost model to all property, plant & equipment except

for freehold land and buildings and records at cost of purchase together with any incidental expenses thereon, less accumulated depreciation and any accumulated impairment losses.

An item of property, plant & equipment that qualifies for recognition as an asset is initially measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the asset and subsequent costs (excluding the costs of day-to-day servicing).

The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use and the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Purchased software which is integral to the functionality of the related equipment is capitalized as part of computer equipment.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

## 7.2.1.1 Cost Model

The Group applies the cost model to property, plant and equipment except for freehold land and buildings and records them at cost of purchase or construction together with any incidental expenses thereon less accumulated depreciation and any accumulated impairment losses.

## 7.2.1.2 Revaluation Model

The Group applies the revaluation model to the entire class of freehold land and buildings. Such properties are carried at a revalued amount, being their fair value at the date of revaluation less any subsequent



accumulated depreciation and subsequent accumulated impairment losses. Freehold land and buildings of the Group are revalued every three years on a roll over basis to ensure that the carrying amounts do not differ materially from the fair values at the reporting date.

### 7.2.2 Subsequent Costs

Subsequent expenditure is capitalized only when it is probable that the future economic benefits of the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

### 7.2.3 Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognized in the statement of profit or loss. Land is not depreciated.

The estimated useful lives of significant items of property and equipment are as follows:

Asset Type	Lifetime (Years)
Building	20 - 50
Improvements on buildings under lease	5 - 10
Office equipment	3 - 6
Computer hardware	3 - 5
Motor vehicles	3 - 5
Plant and machinery	2 - 20
Furniture, fixtures & fittings	3-8

The depreciation rates are determined separately for each significant part of an item of property, plant & equipment depreciation of asset begins when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the

manner intended by the management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or the date that the asset is de-recognized.

### 7.2.4 Change in depreciation rate

Depreciation methods, useful lives and residual values are reassessed at each Reporting date and adjusted, if required.

### 7.2.5 De-recognition

An item of Property, Plant & Equipment is de-recognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset), is recognized in 'Other Income' in statement of profit or loss in the year the asset is de-recognized. When replacement costs are recognized in the carrying amount of an item of property, plant & equipment, the remaining carrying amount of the replaced part is derecognized as required by Sri Lanka Accounting Standard – LKAS 16 on 'property, plant & equipment'.

## 7.3 Investment Property

Investment properties are properties held either to earn rental income or for capital appreciation or for both. They are not properties held for sale in the ordinary course of business, used in the production or supply of goods or service or for administrative services.

### 7.3.1 Basis of recognition

Investment property is recognized as an asset if it is probable that future economic benefits that are associated with the investment property will flow to the Group and if the cost of the investment property can be measured reliably.

### 7.3.2 Measurement

An investment property is measured initially at its cost. The cost of a purchased investment property comprises its purchase price and any directly attributable expenditure. The carrying amount includes the cost of replacing part of an existing investment property at the time that the cost is incurred if the recognition criteria are met and excludes the cost of day-to-day servicing of an investment property.

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise. The Group fair value the investment property at least once in three years.

### 7.3.3 Derecognition

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gains or losses arising on the retirement or disposal of an investment property are recognized in the statement of profit and loss in the year of retirement or disposal.

## 7.4 Non-current Assets held for Sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as "Held for Sale" once identified that the carrying amount will be recovered principally through a sale transaction rather than through continuing use. These are assets which are available for immediate sale in their present condition, subject to only the terms that are usual and customary for sale of such assets and their sale is highly probable.

# Notes to the Financial Statements

Non-current assets held for sale are presented separately on the face of the statement of financial position at the lower of its carrying amount and fair value less costs to sell.

Assets classified as Non-Current Assets held for Sale are neither amortized nor depreciated.

Impairment loss on initial classification as held for sale and subsequent gains and losses on re-measurement are recognized in statement of profit or loss.

## 7.5 SLFRS 16 – Right of use assets and Lease Liabilities

At the inception of a contract, the Group assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Group use the definition of a lease in SLFRS 16.

### 7.5.1 Group acting as a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right of- use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the

commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate plus remaining value of lease rentals paid in advance if any.

The Group determines its incremental borrowing rate by analysing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of the lease asset.

Lease payments included in the measurement of lease liability includes:

- Fixed payments
- Variable lease payments that depend on an index or rate
- Amount expected to be payable under residual value guarantee
- The exercise price under a purchase option that the Group is reasonably certain to exercise

Lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable or if there is a fixed in substance lease payment.

When the lease liability is remeasured as such, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in the statement of profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents the Right of use of assets and the lease liabilities in Note 13 and Note 36.2 respectively.

Short term leases and leases of low value assets

The Group elected not to recognize right of- use assets and lease liabilities

for lease of low value assets and short-term leases. The Group recognizes the lease payments associated with these leases as an expense on the straight-line basis. When practical expedients applied.

### 7.5.2 Finance Leases – As a lessee

Finance leases that transfer substantially all risks and benefits incidental to ownership of the leased item to the Group, are classified as finance leases and capitalized at the commencement of the lease at the fair value of the leased property or, if lower at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance cost in the statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

## 7.6 Intangible assets and goodwill

### 6.6.1 Goodwill

Goodwill that arises on the acquisition of subsidiaries is presented with intangible assets. For the measurement of goodwill at initial recognition refer to Note 4.1.2 Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is assessed for impairment annually.

### 7.6.2 Software

Software acquired by the Group is measured at cost less accumulated amortization and any accumulated impairment losses.

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Software's are amortized on a straight-line basis in statement of profit or loss over its estimated useful life, from the date on which it is available for use. The estimated useful life of software for the current and comparative periods is three to five years.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

### 7.6.3 Business License

Business license that arose upon the acquisition of subsidiaries is included in intangible assets. An intangible asset with an indefinite useful life is not amortized. In accordance with LKAS 36, the Group tests the intangible assets with an indefinite useful life for impairment by comparing its recoverable amount with its carrying amount

- (a) annually, and
- (b) whenever there is an indication that the intangible asset may be impaired

Business license that arose upon the acquisition of subsidiaries is included in intangible assets. Business license is measured at cost.

## 7.7 Inventories

Inventories are valued at the lower of cost and net realizable value, after making due allowances for obsolete and slow-moving items. Net realizable value is the estimated selling price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

The costs incurred in bringing inventories to its present location and condition, are accounted for as follows:

**7.7.1 Contract work in progress -This cost represents the amounts due from customer for work performed and measured at actual cost incurred.**

## 7.8 Impairment of Non-Financial Assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment properties, consumer biological asset and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest Group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or (Cash generating units). Goodwill arising from a business combination is allocated to CGUs or Groups of CGUs that are expected to benefit from the synergies of the combination.

The 'recoverable amount' of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 'Value in use' is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

The Group's corporate assets do not generate separate cash inflows and are used by more than one CGU.

Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGUs to which the corporate assets are allocated.

Impairment losses are recognized in statement of profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

## 7.9 Debt Securities issued & subordinated term debt

Repo borrowings, borrowing on debentures, commercial papers, securitized papers and long and short-term borrowing are the Group's sources of debt funding. When the Group sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (sale and repurchase agreement), the arrangement is accounted for as a borrowing, and the underlying asset continues to be recognized in the Group's financial statements.

The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

The borrowing on debentures, commercial papers, securitized papers and short-term borrowing are initially measured at fair value minus incremental direct transaction costs,

# Notes to the Financial Statements

and subsequently measured at their amortized cost using the effective interest method.

## 7.10 Dividends Payable

Dividends on ordinary shares are recognized as a liability and deducted from equity when they are recommended and declared by the Board of Directors.

## 7.11 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

## 7.12 Other Liabilities

Other liabilities are recorded at amounts expected to be payable at the reporting date.

## 7.13 Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

## 7.14 Provisions for Operational risk events

Provisions for operational risk events are recognized for losses incurred by the Group which do not relate directly to amounts of principal outstanding for loans and advances.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation as at the reporting date, taking into account the risks and uncertainties that surround the events and circumstances that affect the provision.

## 7.15 Deposits due to customers

These include term deposits and certificates of deposits. Subsequent to initial recognition, deposits are measured at their amortized cost using the effective interest method, except where the Group designates liabilities at fair value through profit or loss. They are stated in the statement of financial position at amount payable. Interest paid / payable on these deposits based on the effective interest rate is charged to the statement of profit or loss.

## 7.16 Financial Guarantees

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor guarantee fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are recognized initially at their fair value, and the initial fair value is amortized over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortized amount and the present value of any expected payment when a payment under the guarantee has become probable.

## 7.17 Commitments and Contingencies

All discernible risks are accounted for in determining the amount of all known liabilities. The Group's share of any contingencies and capital commitments of a Subsidiary or Associate for which the Group is also liable severally or otherwise are also included with appropriate disclosures.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent liabilities are

not recognized in the Statement of Financial Position but are disclosed unless they are remote.

## 7.18 Employee Benefits

### 6.18.1 Defined Benefit Plan - Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The liability recognized in the Statement of Financial Position in respect of a defined benefit plan is the present value of the defined benefit obligation at the reporting date. Benefit falling due more than 12 months after the reporting date are discounted to present value.

The defined benefits obligation is calculated annually using Projected Unit Credit Method (PUC) as recommended by LKAS-19, "Employee Benefits".

Actuarial gains and losses in the period in which they occur have been recognized in the statement of profit or loss and other Comprehensive income (OCI).

The assumptions based on which the results of actuarial valuation were determined, are included in notes to the financial statements.

Gratuity liability was computed from the first year of service for all employees in conformity with LKAS 19- "Employee Benefits". However, under the payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of five years of continual service. The Group is liable to pay gratuity in terms of the relevant statute. The gratuity liability is not externally funded.

The Gratuity liability is not externally funded. These items are grouped under Defined Benefit Liability in the Statement of Financial Position.

### 7.18.2 Defined Contribution Plans (DCPs)

A Defined contribution plan is a post-employment plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligations to pay further amounts. Obligations for contributions to Defined Contribution plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

### 7.18.3 Employees' Provident Fund

The Group and employee contribute 12% - 15% and 8% - 10% respectively on the salary of each employee to an approved Provident Fund managed by the Central Bank of Sri Lanka.

### 7.18.4 Employees' Trust Fund

The Group contributes 3% of the salary of each employee to the Employees' Trust Fund maintained by the Employees Trust Fund managed by the Central Bank of Sri Lanka.

### 7.18.5 Short-term Employee Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

## 7.19 Biological Assets

Biological assets are classified in to mature biological assets and immature biological assets. Mature biological assets are those that have attained harvestable specifications or are able to sustain regular harvests. Immature biological assets are those that have not yet attained harvestable specifications. Biological assets are further classified as bearer biological assets and consumable biological assets.

Bearer biological assets are those that are not intended to be sold or harvested, however used to grow for harvesting agricultural produce from such intended biological assets. Consumable biological assets include managed timber trees those that are to be harvested as agricultural produce or sold as biological assets.

The entity recognizes the biological assets when, and only when, the Group controls the assets as a result of past events, it is probable that future economic benefits associated with the assets will flow to the group and fair value or cost of the assets can be measured reliably.

### 7.19.1 Consumable Biological Asset

Consumable biological assets include managed timber trees those that are to be harvested as agricultural produce or sold as biological assets. Expenditure incurred on consumable biological assets (managed timber trees) is measured on initial recognition and at the end of each reporting period at its fair value less cost to sell in terms of LKAS 41. The cost is treated as approximation to fair value of young plants as the impact on biological transformation of such plants to price during this period is immaterial.

The gain or loss arising on initial recognition of consumable biological assets at fair value less cost to sell and from a change in fair value less cost to sell of consumable biological assets are included in statement of profit or loss for the period in which it arises.

## 8. OTHER POLICIES

### 8.1 Earnings per Share (EPS)

The Group presents Basic and Diluted Earnings per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period.

## 8.2 Subsequent Events

Events after the reporting period are those events, favorable and unfavorable, that occur between the reporting date and the date the Financial Statements are authorized for issue.

All material and important events that occurred after the reporting date have been considered and appropriate disclosures are made in Note 60 to the Financial Statements.

## 8.3 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Group's Management to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

For each of the strategic divisions, the Group's management monitors the operating results separately for the purpose of making decisions about resource allocation and performance assessment.

Segment performance is evaluated based on operating profits or losses which, in certain respects, are measured differently from operating profits or losses in the Financial Statements. Income taxes are managed on a Group basis and are not allocated to operating segments. Detailed information on the results of each reportable segment as required by the Sri Lanka Accounting Standard – SLFRS 8 "Operating Segments" is provided in Notes to the Financial Statements.



# Notes to the Financial Statements

## 8.4 Statement of Cash Flows

The Statement of Cash Flows has been prepared using the "Indirect Method" of preparing Cash Flows in accordance with the Sri Lanka Accounting Standard LKAS – 07 "Cash Flow Statements". Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The cash and cash equivalent include cash in hand and favorable balances with banks.

## 8.5 Policies Related Specific Business Units

### 8.5.1 Stock Brokering

#### 8.5.1.1 Brokerage Income

Brokerage income is recognized at the point of completion (T+1) of each transaction and is accounted for on an accrual basis.

#### 8.5.1.2 Interest Income

Group is recognizing interest income on delayed payments on cash basis. If a customer does not settle this outstanding balance within (T+3) days this additional interest is charged, from the customer. Income other than the above is however accounted for on an accrual basis.

### 8.5.2 Life insurance - Product Classification

#### 8.5.2.1 Insurance contracts

According to Sri Lanka Accounting Standards SLFRS 4, Insurance contracts are those contracts where the Group (the insurer) has accepted significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholder. The Group determines whether it has significant insurance

risk, by comparing benefits paid against benefits payable if the insured event did not occur.

Investment contracts are those contracts that transfer significant financial risk. Financial risk is the risk of a possible future change in one or more of specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

#### 8.5.2.2 Investment contract

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all

rights and obligations are extinguished or expired. Investment contracts can however be reclassified as insurance contracts after inception if the insurance risk becomes significant. All of the insurance policies issued by the Group transfer significant insurance risk and have been classified as insurance contracts in accordance with SLFRS 4, Insurance Contracts. The Group does not have any investment contracts as the reporting date.

#### 8.5.2.3 Insurance contracts with Discretionary Participating Features (DPF)

Certain insurance and investment contracts contain a Discretionary Participation Feature (DPF). This feature entitles the holder to receive, as a supplement to guaranteed benefits, additional benefits or bonuses:

- that are likely to be a significant portion of the total contractual benefits;

- whose amount or timing is contractually at the discretion of the Group; and
- that are contractually based on:
- the performance of a specified pool of contracts or a specified type of contract;
- realized and/or unrealized investment returns on a specified pool of assets held by the Group; or
- the profit or loss of the company, fund or other entity that issues the contract.

Local statutory regulations and the terms and conditions of these contracts set out the bases for the determination of the amounts on which the additional discretionary benefits are based (the DPF eligible surplus) and within which the Group may exercise its discretion as to the quantum and timing of payment to contract holders. At least 90% of the eligible surplus must be attributed to contract holders as a Group (which can include future contract holders). The amount and timing of the distribution to individual contract holders is at the discretion of the Group, subject to the advice of the relevant appointed actuary.

### 8.5.3 Insurance Contract Liabilities

#### Life insurance contract liabilities

Life insurance liabilities are recognized when contracts are entered into and premiums are charged. These liabilities are measured by using the gross premium method. The liability is determined as the sum of the discounted value of the expected future benefits, claims handling and policy administration expenses, policyholder options and guarantees and investment income from assets backing such liabilities, which are directly related to the contract, less the discounted value of the expected

theoretical premiums that would be required to meet the future cash outflows based on the valuation assumptions used.

The liability is either based on current assumptions or calculated using the assumptions established at the time the contract was issued, in which case a margin for risk and adverse deviation is generally included.

Furthermore, the liability for life insurance contracts comprises the provision for unearned premiums and unexpired risks, as well as for claims outstanding, which includes an estimate of the incurred claims that have not yet being reported to the Company. Adjustments to the liabilities at each reporting date are recorded in the Income Statement. Profits originating from margins of adverse deviations on run-off contracts are recognized in the Income Statement over the life of the contract, whereas losses are fully recognized in the Income Statement during the first year of run-off. The liability is derecognized when the contract expires, is discharged or is cancelled.

#### Liability Adequacy Test- Life Insurance Contract Liabilities

At each reporting date, an assessment is made of whether the recognized long-term business provisions are adequate using current estimates of future cash flows. If that assessment shows that the carrying amount of the liabilities (less related assets) is insufficient in light of the estimated future cash flows, the deficiency is recognized in the Income Statement by creating an additional provision in the Statement of Financial Position as required by SLFRS 4: Insurance Contracts.

According to the Section 67(2) of new Inland Revenue Act No.24 of 2017 which is effective from 1st April 2018, the surplus distributed to a life insurance policyholder who shares the profit of a person engaged in the business of a life insurance, as provided in the Regulation of Insurance Industry Act No. 43 of 2000, shall be deemed as gains and profits of the business and shall be taxed at a concessionary rate of 14% for three years of assessment after the commencement of the Act.

#### 8.5.4 Statutory reserve fund

The statutory reserve fund is maintained in terms of a licensed finance Group (Capital Funds) Direction No.01 of 2003. Accordingly, the company should transfer funds out of net profits of each year in the flowing manner, after due provision has been made for taxation and bad and doubtful debts.

- If capital funds are not less than twenty five percent of total deposit liabilities a sum equal to not less than five percent of the net profits;
- If capital funds are less than twenty five percent of total deposit liabilities but not less than ten percent thereof, a sum equal to not less than twenty percent of the net profits;
- If capital funds are less than ten percent of total deposit liabilities a sum equal to not less than fifty percent of the net profits.

### 9. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new accounting standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted. However, the Group has

not early adopted the following new or amended accounting standards in preparing these consolidated financial statements.

#### 9.1 Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants (Amendments to IAS 1)

The amendments, as issued in 2020 and 2022, aim to clarify the requirements on determining whether a liability is current or non-current, and require new disclosures for non-current liabilities that are subject to future covenants. The amendments apply for annual reporting periods beginning on or after 1 January 2024.

#### 9.2 Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

The amendments introduce new disclosures relating to supplier finance arrangements that assist users of the financial statements to assess the effects of these arrangements on an entity's liabilities and cash flows and on an entity's exposure to liquidity risk. The amendments apply for annual periods beginning on or after 1 January 2024.

#### 9.3 Other accounting standards

The following new and amended accounting standards are not expected to have a significant impact on the Group's consolidated financial statements. • Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) • Lack of Exchangeability (Amendments to IAS 21)

# Notes to the Financial Statements

## 10 PROPERTY, PLANT AND EQUIPMENT

### 10.1 Group

	Land & Building	Improvements to Building under Lease	Motor Vehicles	Other Equipment	Furniture, Fixtures & Fittings
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
<b>Cost</b>					
Balance at the beginning of the year	21,906	250,256	41,181	159,519	219,135
Additions during the year	-	-	-	24,084	216,426
Transfers during the year	58,755	-	-	-	-
Disposals during the year	-	-	-	-	(9,833)
Written-off during the year	-	-	-	-	-
On acquisition of subsidiary	-	-	-	-	-
On disposal of subsidiary	-	-	-	-	-
<b>Balance at the end of the year</b>	<b>80,661</b>	<b>250,256</b>	<b>41,181</b>	<b>183,603</b>	<b>425,728</b>
<b>Accumulated Depreciation</b>					
Balance at the beginning of the year	990	125,862	40,558	106,253	170,137
Charge for the year	482	46,192	419	(10,751)	35,059
Disposals/ transfers during the year	-	-	-	-	(9,642)
Written-off during the year	-	-	-	-	-
On disposal of subsidiary	-	-	-	-	-
<b>Balance at the end of the year</b>	<b>1,472</b>	<b>172,054</b>	<b>40,977</b>	<b>95,502</b>	<b>195,554</b>
<b>Carrying values as at 31 March 2024</b>	<b>79,190</b>	<b>78,202</b>	<b>204</b>	<b>88,101</b>	<b>230,174</b>
<b>Carrying values as at 31 March 2023</b>	<b>20,916</b>	<b>124,394</b>	<b>623</b>	<b>53,265</b>	<b>48,998</b>

### 10.2 Company

#### Cost

Balance at the beginning of the year
Additions during the year
Disposals during the year
Balance at the end of the year

#### Accumulated Depreciation

Balance at the beginning of the year
Addition on amalgamation
Charge for the year
Disposals during the year

#### Balance at the end of the year

#### Carrying value as at 31 March 2024

#### Carrying value as at 31 March 2023

Office Equipment	Plant and Machinery	Gym Equipments	Name board	Electrical equipment	Work in Progress	Total 2024	Total 2023
LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
434,577	-	32,003	778	2,650	-	1,162,005	1,060,289
199,145	-	16,347	450	3,294	161,405	621,151	154,623
-	-	-	-	-	-	58,755	-
(646)	-	-	-	-	-	(10,479)	(5,969)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	(46,938)
633,076	-	48,350	1,228	5,944	161,405	1,831,432	1,162,005
366,522	-	3,095	104	286	-	813,807	670,850
66,145	-	7,873	218	658	-	146,294	183,788
(625)	-	-	-	-	-	(10,267)	(5,163)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	(35,668)
432,042	-	10,968	322	944	-	949,834	813,807
201,034	-	37,382	906	5,000	161,405	881,598	-
68,055	-	28,908	674	2,365	-	-	348,198
	Motor Vehicles	Other Equipment	Furniture & Fittings	Office Equipment	Work in Progress	Total 2024	Total 2023
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
	21,918	10,753	11,833	3,733	-	48,237	44,720
		2,274	-	-	108,356	110,630	3,516
	-	-	-	-	-	-	-
	21,918	13,027	11,833	3,733	108,356	158,867	48,236
	21,436	6,327	11,080	1,986		40,829	38,721
	-	-	-	-		-	-
	335	1,351	124	492		2,302	2,107
	-		-	-		-	-
	21,771	7,678	11,204	2,478	-	43,131	40,828
	147	5,349	629	1,255	108,356	115,736	
	482	4,426	753	1,747	-		7,408

# Notes to the Financial Statements

## 10.3 Valuation of land and building

The Land & Building refer to Note 10.1 above are at revalued prices. The assumptions used for the fair valuation and fair values are as disclosed in Note 11.3.

## 10.4 Fully depreciated property, plant and equipment in use

The original cost of fully depreciated property, plant and equipment of the Group & Company that is still in use amounts to LKR 332 Mn & LKR 37 Mn respectively (2022/23 LKR 205 Mn & LKR 36 Mn).

## 10.5 Impairment

Based on the assessment of potential impairment carried out by the Group as at 31 March 2024, no provision was required to be made in the Financial Statements.

## 10.6 Title restriction on property, plant and equipment

There were no restrictions on the title of the property, plant and equipment as at 31st March 2024.

## 10.7 Temporarily idle property, plant and equipment

There were no temporary idle items of property, plant and equipment as at 31st March 2024.

## 10.8 Assets pledged as collateral for banking facilities

There were no items of property, plant and equipment pledged as security as at 31 March 2024.

## 10.9 Capitalization of borrowing costs

There were no capitalized borrowing costs related to the acquisition of property, plant & equipment during the year.

## 10.10 Revaluation Policy

Janashakthi Insurance PLC applies the revaluation model to the entire class of freehold land and buildings. Freehold land and buildings of that company are revalued every three years on a roll over basis to ensure that the carrying amounts do not differ materially from the fair values at the reporting date.

## 10.11 Assessment of impairment of property, plant and equipment

The Board of Directors has assessed the potential impairment indicators of property, plant & equipment as at 31 March 2024. Based on the assessment, no impairment indicators were identified.



## 11 INVESTMENT PROPERTY

AS AT 31 MARCH	GROUP		COMPANY	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Balance at the beginning of the year	6,522,374	2,875,151	3,649,967	429,082
Additions during the year	85,000	57,690	85,000	47,000
Transfer from Other Assets	(55,328)	-	-	-
Transfer from / (to) Inventories	-	3,626,467	-	3,626,467
Disposals during the year	(85,071)	(551,769)	-	(452,582)
Fair value gain/(loss) on investment properties	(362,572)	514,835	(401,500)	-
Building write off (Note 11.1)	(426,467)	-	(426,467)	-
<b>Balance at the end of the year</b>	<b>5,677,937</b>	<b>6,522,374</b>	<b>2,907,000</b>	<b>3,649,967</b>

**11.1** The company initially commenced construction of an apartment complex on the Wattala land. However, due to economic recession in 2021 and early part of 2022, the project's feasibility was compromised. Consequently, the company decided to abandon the project, relocating it to intellectual property (IP). The construction costs incurred are now being transferred to the profit and loss statement (P&L).

### 11.2 Location of Land & Buildings

Location	Address	Building Area (Sq.Ft)	Land Extent	Type	FAIR VALUE		
					2024	2023	Per perch value - correlation to fair value
					LKR '000	LKR '000	
Janashakthi Limited							
Wattala	No. 58/09, Kanthi Mawatha - & No.566/5, Negombo Road, Hunupitiya Village, Wattala		1537 perches	Freehold	2,800,000	3,626,467	Positive
Hiripitiya	Urban Gateway Residencies	Unit B/F0/U6	1,856.73 sq.ft	Freehold	22,000	23,500	Positive
Makuluduwa Land	No. 583 Makuludoowa, Kesbewa		43.85 perches	Freehold	85,000	-	Positive
					2,907,000	3,649,967	

# Notes to the Financial Statements

Location	Address	Building Area (Sq.Ft)	Land Extent	Type	FAIR VALUE		
					2024  LKR '000	2023  LKR '000	Per perch value - correlation to fair value
Janashakthi Insurance PLC							
Negombo	No. 32, Ave Maria Road, Negombo		22.80 perches	Freehold	-	73,000	Positive
Galle	No. 143, Colombo Road, Galle		10.40 perches	Freehold	76,500	73,000	Positive
Badulla	No. 13 1/1, Bailey Road, Badulla		12.50 perches	Freehold	28,089	68,000	Positive
Matale	No. 83, Kings Street, Matale		15.00 perches	Freehold	41,514	40,092	Positive
Kandy	No. 302 , D.S.Senanayake Mawatha, Kandy		13.50 perches	Freehold	132,000	153,000	Positive
Kurunegala	No. 110, Noel Seneviratne Mawatha, Kurunegala		20.50 perches	Freehold	-	-	Positive
Dematagoda	No. 675, Dr. Danister De Silva Mawatha, Colombo 09		37.06 perches	Freehold	1,650,500	1,645,000	Positive
Kilinochchi	No. 24-133, Main Street, Kilinochchi		22.03 perches	Freehold	46,000	45,000	Positive
Trincomalee	No. 233/1, Ehambaram Road, Trincomalee		40.70 perches	Freehold	74,934	85,000	Positive
					2,049,537	2,182,092	

Location	Address	Building Area (Sq.Ft)	Land Extent	Type	FAIR VALUE		
					2024	2023	Per perch value - correlation to fair value
					LKR '000	LKR '000	
Orient Finance PLC							
Matara	No 38, Station Road, Matara		37.8 Perches	Freehold	143,000	140,000	Positive
Kalutara	No 197/4 Galle Road, Kalutara		39.87 Perches	Freehold	303,000	298,500	Positive
Panadura	Eluwila, Panadura		A1-R3-P22	Freehold	85,500	83,750	Positive
Malabe	3rd Lane, Pubudu Kreedangana Mawatha, Halbarawa, Malabe		R1-P11	Freehold	71,650	62,000	Positive
Peellewa	Homagama, Kuruduwatthe wala kumbure peellewa		1A-R3-P32	Freehold	46,500	44,500	Positive
Dambulla	Katupotha, Dambulla		R1-P32.62	Freehold	29,000	27,000	Positive
Katana	Kaluwarippuwa, Katana		A01.R1.P32	Freehold	-	-	Positive
Dambulla	No. 5675, Naigalawatta, Ibbankatuwa, Dambulla		1A-2R 32.4 P	Freehold	30,000	26,000	Positive
Habaraduwa	"Beligahawatta, Gunasekara Mawatha, Habaraduwa"		R1-P6.5	Freehold	12,749	8,565	Positive
					721,399	690,315	
Grand total					5,677,936	6,522,374	

## 11.3 Fair valuation of investment properties

### 11.3.1 Janashakthi Limited

The Fair value hierarchy of the investment properties of the Company for the year ended 31st March 2024 is as follows. Value is derived from the subsequent Market value for the properties.

Location	Level 1	Level 2	Level 3 LKR. '000	Total fair value LKR. '000
Condominium Properties	-	-	22,000	22,000
Makuluduwa Land	-	-	85,000	85,000
Land in Wattala	-	-	2,800,000	2,800,000
	-	-	2,907,000	2,907,000

Investment property pledged as security as at 31st March 2024 are disclosed in institutional borrowing note 31.2.

### 11.3.2 Janashakthi Insurance PLC

Investment Properties have been re-stated at fair value which have been determined based on a valuation performed by an accredited independant valuer, Deshamanya H.B. Manjula Basnayaka AIV (SL), JP (WI), using the Income Earned Approach Method of valuation as at 31st December 2023.

Location	Significant unobservable input	Estimates for unobservable inputs LKR
No. 24-133, Main Street, Kilinochchi	Estimated price per perch	2,100,000
No. 233/1, Ehambaram Road, Trincomalee	Estimated price per perch	7,311,360
No. 143, Colombo Road, Galle	Estimated price per perch	6,382,500
No. 13 1/1, Bailey Road, Badulla	Estimated price per perch	6,120,000
No. 83, Kings Street, Matale	Estimated price per perch	5,136,000
No. 675, Dr. Danister de Silva Mw, Colombo 09	Estimated price per perch	137,700,000

11.3.2.1 The rental income earned from the above properties during the year 2023 is LKR 12.4 Mn (2022 - LKR 110.39 Mn).

11.3.2.2 Fair value hierarchy of the investment properties for the year ended 31st December 2023 is as follows.

	Level 1	Level 2	Level 3 LKR. '000	Total fair value LKR. '000
Freehold land	-	-	1,248,759	1,248,759
Freehold Building	-	-	800,778	800,778
	-	-	2,049,537	2,049,537

### 11.3.3 Orient Finance PLC

11.3.3.1 The rental income earned from the below properties during the year is LKR 9.38 million. (2022/23 LKR 11.44 Mn). Direct operating expenses for the above properties are LKR 532 Mn.

11.3.3.2 The Fair value hierarchy of the investment properties for the Company year ended 31st March, 2024 is as follows.

	Level 1	Level 2	Level 3 LKR. '000	Total fair value LKR. '000
Freehold land & buildings	-	-	721,400	721,400
	-	-	721,400	721,400

11.3.3.3 Investment properties are stated at fair value which has been determined based on Market approach.

# Notes to the Financial Statements

## 12 CONSUMABLE BIOLOGICAL ASSETS

AS AT 31 MARCH	GROUP		COMPANY	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
<b>Managed timber plantations</b>				
Balance at the beginning of the year	928,400	928,400	928,400	928,400
Change in fair value	(498,900)	-	(498,900)	-
Sale of Assets	(429,500)		(429,500)	
<b>Balance at the end of the year</b>	<b>-</b>	<b>928,400</b>	<b>-</b>	<b>928,400</b>

**12.1** The fair value of timber trees are measured using Discounted Cash Flow method taking in to consideration of the current market prices of cubic content of trees at the maturity by Mr. VLR. H.B. Manjula Basnayaka. AIV (SRI LANKA), JP (WI), BSc Estate Management & Valuation (Special), NCT Quantity Surveying an independent professional valuer as at 18 October 2023.

**12.2** During the year the lease ownership of the land was sold to Espalier Futures Limited on the 18 October 2023 at the revalued amount of LKR 429,500,000

### 12.3

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Standing timber	01. Market value or Fair Value of timber is similar to the definition of market value stated in Valuation of Real Estate, but it applies to the timber only. This is the amount a timber buyer will pay a landowner for the right to cut and remove timber in a competitive timber sale.	Discount rate :15% Timber volume discount rate :20% Average height of the trees are considered as 25 feet.	The estimated fair value would increase (decrease) if:  The estimated timber prices per tone were higher (lower),  The estimated yields per hectare were higher (lower),  The estimated harvest and transportation cost were lower (higher), or  The risk-adjusted discount rates were lower (higher)
	02.The cost of immature trees is treated at approximate fair value particularly on the ground of little biological transformation has taken place and impact of the biological transformation on price is not material.		The estimated fair value would increase/decrease if;
	03.The fair value of managed trees was ascertained since the SLFRS 13 is only applicable for managed agricultural activity in terms of the ruling issued by The Institute of Chartered Accountants of Sri Lanka.		The estimated costs of infrastructure, cultivation and preparation and planting trees were higher (lower),  The estimated timber price per tonne were higher (lower),  The estimated yields per hectare were higher (lower), or  The risk-adjusted discount rates were lower (higher)
	04.The valuation was carried by me, using Discounted Cash Flow (DCF) methods. In ascertaining the fair value of timber, a physical verification was carried out covering the estate.		

## Risk Management Strategies

The group is exposed to the following risks relating to the Teak plantation.

(i) **Regularity and environmental risk**

The Group is subject to laws and regulations governed by Sri Lankan laws and regulations. The Group has established environmental policies and procedures aimed at compliance with environmental and other laws.

(ii) **Supply and demand risk**

The Group is exposed to risks arising from fluctuations in the price and sales volume of Teak. When possible, the Group manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analysis for projected harvest volumes and pricing.

(iii) **Climate and other risks**

The Group's teak plantation is exposed to the risk of damage from climate changes, diseases, forest fires and other natural forces. The group has extensive processes in place aimed at monitoring and mitigating those risks, including regular forest health inspections and industry pest surveys.

## 13 RIGHT OF USE OF ASSETS

AS AT 31 MARCH	GROUP		COMPANY	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
<b>Cost</b>				
Balance at the beginning of the year	1,097,181	1,005,362	212,802	223,443
Opening balance of advance payments for right of use assets	16,294	20,740	-	-
Additions during the year (Note 13.2)	601,411	255,443	142,460	-
Disposal of Right of Use Asset	(299,700)	(113,361)	(212,802)	(10,641)
Disposal of subsidiary during the year (Note 13.3)	-	(80,774)	-	-
Exchange Gain/ (Loss)	(6,740)	-	(6,740)	-
Advance paid for right to use of land during the year	22,136	9,771	-	-
<b>Balance at the end of the year</b>	<b>1,430,582</b>	<b>1,097,181</b>	<b>135,720</b>	<b>212,802</b>
<b>Accumulated depreciation</b>				
Balance at the beginning of the year	433,366	340,685	113,076	104,441
Depreciation charge for the year	196,232	161,403	9,738	12,423
Capitalized during the year	-	-	-	-
Disposal of Right of Use Asset	(115,248)	(40,746)	(118,242)	(3,788)
Disposal of subsidiary (Note 13.3)	-	(27,976)	-	-
<b>Balance at the end of the year</b>	<b>514,350</b>	<b>433,366</b>	<b>4,572</b>	<b>113,076</b>
<b>Carrying value as at 31 March</b>	<b>916,232</b>	<b>663,815</b>	<b>131,148</b>	<b>99,726</b>

**13.1** During the year, the Group leased land and buildings and recognised a right to use asset of LKR601.41Mn (2022/23 - LKR255.4Mn).

**13.2** During the year, an addition of LKR 146.46 million was incurred for the relocation costs associated with Mireka Towers.

**13.3** Janashakthi Limited being the parent company of Kelsey Development PLC sold its entire stake of 85.24% on 6th September 2022. This resulted in derecognising the ROU assets.



# Notes to the Financial Statements

## 14 NET DEFERRED TAX ASSETS

AS AT 31 MARCH	GROUP		COMPANY	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Balance at the beginning of the year	686,838	1,238,839	-	-
Disposal of subsidiary - profit or loss	-	(91,700)	-	-
Origination during the year - Profit or Loss	(192,957)	(576,798)	-	-
Reversal / (Origination) during the year - Other Comprehensive Income	4,323	1,660	-	-
Impact of change in tax rates recognised in Profit or Loss (Note 6.6)	-	111,436	-	-
Impact of change in tax rates recognised in Other Comprehensive income	-	3,401	-	-
Recognised in other comprehensive income	1,321			
Deferred tax effect on actuarial gain on retirement benefits obligation	(2,054)			
<b>Balance at the end of the year</b>	<b>497,471</b>	<b>686,838</b>	<b>-</b>	<b>-</b>

### 14.1 Deferred tax Assets / (liabilities) arise from

AS AT 31 MARCH	GROUP		COMPANY	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Property, plant & equipment	(256,213)	(201,787)	(1,612)	(1,276)
Right of use of land and lease liabilities	(82,350)	(140,246)	1,022	(89,977)
Retirement benefit obligation	176,131	114,753	26,394	7,719
Consumable biological assets	-	(560,232)	-	(560,232)
Investment property	(285,000)	-	(285,000)	
Qualifying payment on purchase consideration of amalgamation	1,252,640	1,112,022	-	-
Provision for impairment of financial assets	179,559	518,383	-	-
On Accumulated tax losses	333,089			
Brought forward tax losses on Leasehold assets	340,381	1,446,566	259,196	643,766
<b>Total deductible temporary differences</b>	<b>1,658,237</b>	<b>2,289,459</b>	<b>-</b>	<b>-</b>
Applicable tax rate	30%	30%	30%	30%
<b>Net deferred tax assets</b>	<b>497,471</b>	<b>686,838</b>	<b>-</b>	<b>-</b>

**14.2** Deferred tax asset is recognized by considering the brought forward tax losses of which, the amount is in the opinion of the Directors, to the extent that it is probable that future taxable profit of the company will be available against brought forward tax losses in accordance with LKAS 12 and provisions of Inland Revenue Act No. 24 of 2017 and amendments there to.

Deferred tax asset has not been recognized in respect of the following tax losses because it is not probable that future taxable profit will be available against which the Group/Company can use the benefits therein.

AS AT 31 MARCH	GROUP		COMPANY	
	2024	2023	2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000
Tax loss	20,594,653	16,783,762	20,201,478	14,661,273
Unrecognized deferred tax asset	4,612,520	5,035,129	4,513,753	4,398,382

**14.3** Deferred tax has been computed at 30% for all group of companies for the reporting date, 31st March 2024.

## 15 INTANGIBLE ASSETS

AS AT 31 MARCH	Software	Business License	Goodwill	GROUP		COMPANY	
				2024	2023	2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
<b>Cost</b>							
Balance at the beginning of the year	266,332	49,800	4,255,564	4,571,696	4,662,053	1,000	1,000
Additions during the year	38,524	-	-	38,524	24,360	-	-
Disposal of subsidiary	-	-	-	-	(114,717)	-	-
Disposal	(1,000)	-	-	(1,000)	-	(1,000)	-
Balance at the end of the year	303,856	49,800	4,255,564	4,609,220	4,571,696	-	1,000
<b>Accumulated amortization</b>							
Balance at the beginning of the year	181,181	-	-	181,181	137,160	272	71
Amortization charge for the year	45,815	-	-	45,815	44,219	182	201
Disposal of subsidiary	-	-	-	-	(198)	-	-
Disposal	(454)	-	-	(454)	-	(454)	-
Balance at the end of the year	226,542	-	-	226,542	181,181	-	272
<b>Carrying value as at 31 March 2024</b>	<b>77,314</b>	<b>49,800</b>	<b>4,255,564</b>	<b>4,382,678</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Carrying value as at 31 March 2023</b>	<b>85,151</b>	<b>49,800</b>	<b>4,255,564</b>	<b>-</b>	<b>4,390,515</b>	<b>-</b>	<b>728</b>

### 15.1 Nature of intangible assets

Intangible assets consist of goodwill on business combinations, business license & computer software which are in used for normal business activities.

### 15.2 Intangible Assets - Goodwill on Acquisition

AS AT 31 MARCH	CARRYING VALUE	
	2024	2023
	LKR '000	LKR '000
Janashakthi Insurance PLC	982,500	982,500
Orient Finance PLC	482,593	482,593
First Capital Holdings PLC	2,790,471	2,790,471
	4,255,564	4,255,564

# Notes to the Financial Statements

## 15.3 Title restrictions on intangible assets

There were no restrictions on title of intangible assets as at the reporting date.

## 15.4 Assessment of impairment of intangible assets

The Board of Directors has assessed the potential impairment indicators of Intangible Assets including as at 31 March 2024. Based on the assessment, no impairment indicators were identified.

## 15.5 Assessment of impairment of intangible assets - Goodwill

As required by LKAS 36 - "Impairment of Assets", goodwill is tested for impairment annually and assessed for any indications of impairment at each reporting date to ensure that the carrying amount does not exceed the recoverable amount. Accordingly, the management of the Group conducted an assessment and concluded that there are no indications of impairment of the goodwill as at 31 March 2024.

The recoverable amount of goodwill is determined based on value in use calculations. The value in use was determined by following basis as at reporting date.

Company	Methodology	Key Assumptions
Janashakthi Insurance PLC	Embedded Value	Multiple 1.50 (Note 15.5.1)
First Capital Holdings PLC	Adjusted NAV	
First Capital Limited	Adjusted NAV	
First Capital Treasuries PLC	Justified P/B	Multiple 1.28 (Note 15.5.2)
First Capital Asset Management Limited	As a % of AUM	1.00% (Note 15.5.3)
First Capital Markets Limited	NAV	
First Capital Equities (Pvt) Limited	NAV	Multiple 1.50 (Note 15.5.4)
First Capital Trustee Services (Pvt) Limited	NAV	
First Capital Advisory Services (Pvt) Limited	NAV	
Orient Finance PLC	Discounted Cash Flow	WACC 12% Terminal Value Rate 2.00%

**15.5.1** The Embedded Value (EV) of Janashakthi Insurance PLC is arrived using Net Asset Value (NAV) with a 1.5x multiplier on 30th September 2022 independent valuer IBM arrived at EV of Janashakthi Insurance PLC and at the time, the EV was 1.5x of (NAV). Despite economic changes, fair valuation adjustments ensure NAV reflects current conditions. thus, the same assumption is incorporated.

**15.5.2** Given the asset-centric nature of First Capital Treasuries PLC, the Price to Book (P/B) ratio is used. industry average of 1.28x is used as assumption.

**15.5.3** First Capital Asset Management Limited, 1% of Asset Under Management (AUM) reflects its historical profitability from fund management activities. First Capital Asset Management Limited achieves an average 1% profit margin after direct and administrative costs, which is applied to value the company relative to its total AUM.

**15.5.4** First Capital Equities (Pvt) Limited 's revenue from commissions fluctuates with market conditions, making discounted cashflows unreliable. Instead, NAV is used with a 1.5x multiplier, assuming future revenue at 50% of existing NAV, this assumption is validated by an independent valuer Capital Alliance Limited (CAL).

**15.6** The business license represents the stock brokering license which was derived through the acquisition of First Capital Equities (Private) Limited during 2013/14.

## 15.7 Sensitivity Analysis of Goodwill

Company	Methodology	Sensitivity
Janashakthi Insurance PLC	EV	Assumption considered is 1.5 times the NAV (refer note 15.5.1). If the assumption dropped more than 43.7% (to 1.06 times) a goodwill impairment will be recognized
First Capital Holdings PLC - (First Capital Group)	Adjusted NAV	For the purpose of goodwill impairment, the total valuation of all First Capital Group companies, as calculated based on the specified methodology, is aggregated and compared against the Group's Net Asset Value (NAV). If the aggregated valuation declines by more than 8.38%, a goodwill impairment will be recognized.
First Capital Limited - (First Capital Group)	Adjusted NAV	
First Capital Treasuries PLC - (First Capital Group)	Justified P/B	
First Capital Asset Management Limited - (First Capital Group)	As a % of AUM	
First Capital Markets Limited - (First Capital Group)	NAV	
First Capital Equities (Pvt) Limited - (First Capital Group)	NAV	
First Capital Trustee Services (Pvt) Limited - (First Capital Group)	NAV	
First Capital Advisory Services (Pvt) Limited - (First Capital Group)	NAV	WACC assumed is 12%. If this gets more than 73.03% a goodwill impairment will be recognized
Orient Finance PLC	DCF	

## 16 INVESTMENTS IN SUBSIDIARIES

Janashakthi Limited's principal activity is investing in subsidiaries and providing related services to the subsidiaries. As such, the return on the fund invested by the shareholders of Janashakthi Limited is generated through the subsidiaries. Janashakthi Limited accounts for investment in subsidiaries using the equity method of accounting.

AS AT 31 MARCH	EFFECTIVE HOLDING (%)		NUMBER OF SHARES		EQUITY METHOD COST		EQUITY METHOD COST	
	2024	2023	2024	2023	2024	2024	2023	2023
					LKR '000	LKR '000	LKR '000	LKR '000
<b>Direct Subsidiaries</b>								
Janashakthi Insurance PLC	77.58%	79.03%	168,144,497	168,144,497	12,045,743	2,002,642	9,223,849	2,002,642
Orient Finance PLC	93.44%	93.69%	184,199,495	184,199,495	2,613,285	2,752,714	2,321,105	2,752,714
First Capital Holdings PLC	76.57%	83.01%	234,992,601	336,194,400	6,750,928	1,397,626	6,955,973	1,397,626
Beckett Capital (Pvt) Ltd	100.00%	100.00%	30,000,001	19,000,010	110,714	300,000	78,373	190,000
Janashakthi Business Services (Pvt) Limited	100.00%	100.00%	2	2	299	-	(2,391)	-
<b>Sub Subsidiary</b>								
First Capital Limited	76.57%	83.03%	-	-	-	-	-	-
First Capital Treasuries PLC	68.48%	74.26%	-	-	-	-	-	-
First Capital Asset Management Limited	75.57%	81.95%	-	-	-	-	-	-
First Capital Markets Limited	76.57%	83.03%	-	-	-	-	-	-
First Capital Equities (Pvt) Ltd	76.57%	83.03%	-	-	-	-	-	-
First Capital Trustee Services (Pvt) Ltd	76.57%	83.03%	-	-	-	-	-	-
Orient Capital Ltd	99.99%	99.99%	34,999,998	34,999,998	30,793	-	26,941	-
Kelsey Homes (Pvt) Limited	0.00%	0.00%	-	-	-	-	-	-
Kelsey Homes (Central Park) Limited	0.00%	0.00%	-	-	-	-	-	-
<b>Sub total</b>					21,551,762	6,452,982	18,603,850	6,342,982

# Notes to the Financial Statements

## 16.1 Liabilities related to Equity Accounted Subsidiaries

	EFFECTIVE HOLDING (%)		NUMBER OF SHARES		EQUITY METHOD	COST	EQUITY METHOD	COST
	2024	2023	2024	2023	2024	2024	2023	2023
Janashakthi Capital Ltd	99.99%	99.99%	99,991	99,991	(290,280)	44,302	(355,302)	44,302
					(292,411)	54,302	(377,307)	54,302
					21,259,351	6,507,284	18,226,543	6,397,284

## 16.2 Reconciliation of the carrying amount of Group interest of the subsidiaries

AS AT 31 MARCH	2024 LKR '000	2023 LKR '000
Opening balance at the beginning of the year	18,226,543	16,792,520
Add -		
Investments made during the year	137,631	-
Share of profit during the year	10,952,867	2,401,219
Share of other comprehensive income during the year	492,317	
Removal of AFS Reserve Fund of Life Policyholders	494,481	
Disposal of Subsidiary (Kelsey Developments PLC)	-	531,445
Less ( - )		
Disposal of Preference shares (Kelsey Homes Private Limited) at cost (held with Janashakthi Limited)	-	(300,000)
Disposal of Subsidiary Shares	(2,694,201)	(148,929)
Dividend earned during the year	(5,349,232)	(386,732)
Surcharge Tax	-	(314,611)
Share of other comprehensive expense during the year		(348,369)
Adjustment to change in share ownership	(234,685)	-
Closing balance at the end of the year	22,025,721	18,226,543



### 16.2.1 Disposal of Subsidiary

AS AT 31 MARCH	2024 LKR '000	2023 LKR '000
Cost of investment	-	228,582
Accumulated share of loss attributed to owners	-	(760,027)
Total investment in Kelsey Developments PLC	-	(531,445)

### 16.2.2 Sales proceeds on disposal of Subsidiaries (Kelsey Developments PLC)

AS AT 31 MARCH	2024 LKR '000	2023 LKR '000
Proceeds from disposal (a)	-	362,107
Total investment in Kelsey Developments PLC (b)	-	(531,445)
Gain on disposal (a) - (b)	-	893,552
Disposal of Preference shares (Kelsey Homes Private Limited) at cost (held with Janashakthi Limited)	-	(300,000)
Net Gain on Disposal	-	593,552

### 16.2.3 Sale of Subsidiary Shares

AS AT 31 MARCH	2024 LKR '000	2023 LKR '000
<b>Group</b>		
<b>Sales proceeds on disposal of Subsidiary Shares</b>		
Proceeds from disposal	3,754,587	116,879
Invested share value	2,694,201	148,929
Unrealized Gain/(Loss) on intercompany sale	765,854	(32,050)
Gain/(Loss) on disposal	294,532	-
<b>Company</b>		
<b>Sales proceeds on disposal of Subsidiary Shares (Janashakthi Insurance)</b>		
Sales consideration ( LKR 3,754Mn x minority share of Janashakthi Insurance at 22.42% )	841,778	-
Value of reduction in Investment (Note 16.2.4.2)	547,246	-
Gain/(Loss) on disposal	294,532	-

# Notes to the Financial Statements

**16.2.4** During the year, Janashakthi Limited divested 101,201,799 shares of First Capital Holdings PLC to Janashakthi Insurance PLC on 22nd December 2023. This transaction represented only a partial divestment, as Janashakthi Limited continues to hold a 58.02% equity stake in First Capital Holdings PLC. The company utilized the direct holding method to determine the profit on the share disposal (refer to Note 16.2.3).

**16.2.4.2** First Capital Holdings PLC holds a direct stake of 5.78% in Janashakthi Insurance PLC and 1.01% in Orient Finance PLC. Following the sale of shares by to Janashakthi Insurance PLC, the holding percentages of the company in both Janashakthi Insurance PLC and Orient Finance PLC were reduced due to the impact of the indirect holding structure.

	<b>First Capital Holdings PLC</b>	<b>Janashakthi Insurance PLC</b>	<b>Orient Finance PLC</b>
Reduction in effective holding %	6.44%	1.45%	0.25%
Value of reduction in investment	LKR 547Mn	LKR 226Mn	LKR 8.6Mn

**16.2.4.2** The reduction in the value of investments in Janashakthi Insurance PLC and Orient Finance PLC is recognized in the profit and loss statement under "Other Operating Expenses".

## **16.3 Shares pledged details are disclosed in Note 56.**

**16.3.1** The management has formed judgment that its subsidiaries which have negative net assets, are supported with adequate resources to continue in operational existence for the foreseeable future driven by the continuous operationalization of risk mitigation initiatives and monitoring of business continuity and response plans at each business unit level along with the financial strength of the Group. Additionally, the parent company provides support to the subsidiaries experiencing losses.

**16.3.2** In the year 2023, Janashakthi Limited being the parent company of Kelsey Developments PLC sold its entire stake of 85.24% on 6th September 2022.

**16.4** The following table summarizes the financial information of Company's subsidiaries with the Company's interest in the subsidiaries and the profits/(loss) and net assets allocated to NCI.

	<b>JANASHAKTHI INSURANCE PLC</b>		<b>ORIENT FINANCE PLC</b>		<b>FIRST CAPITAL HOLDINGS PLC (GROUP)</b>	
<b>For the period ended</b>	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>	<b>31 Mar 2024</b>	<b>31 Mar 2023</b>	<b>31 Mar 2024</b>	<b>31 Mar 2023</b>
<b>refer note 16.4.1</b>	<b>LKR '000</b>	<b>LKR '000</b>	<b>LKR '000</b>	<b>LKR '000</b>	<b>LKR '000</b>	<b>LKR '000</b>
<b>Summarized Profit or Loss and other Comprehensive Income</b>						
Revenue	4,584,822	4,867,011	4,601,527	3,593,059	29,558,233	14,279,729
Profit / (loss) after tax	4,134,828	1,375,702	348,527	(72,046)	10,156,336	2,647,264
Other Comprehensive Income (OCI)	665,579	(538,547)	(26,603)	21,173	(49,352)	71,394
<b>Total Comprehensive Income</b>	<b>4,800,407</b>	<b>837,155</b>	<b>321,924</b>	<b>(50,873)</b>	<b>10,106,984</b>	<b>2,718,658</b>
<b>Profit/loss allocated to NCI</b>	<b>867,073</b>	<b>288,485</b>	<b>22,619</b>	<b>(4,546)</b>	<b>2,754,059</b>	<b>703,093</b>
<b>OCI allocated to NCI</b>	<b>139,572</b>	<b>(112,934)</b>	<b>(1,901)</b>	<b>1,336</b>	<b>(11,049)</b>	<b>11,898</b>
<b>Summarized Statement of Financial Position</b>						
Current assets	13,663,020	15,209,790	11,812,517	10,477,630	42,118,636	16,757,447
Non-current assets	22,529,189	9,935,806	8,664,840	6,991,393	36,534,446	49,868,742
<b>Total assets</b>	<b>36,192,209</b>	<b>25,145,596</b>	<b>20,477,357</b>	<b>17,469,023</b>	<b>78,653,081</b>	<b>66,626,189</b>
Current liabilities	2,660,915	2,003,438	13,305,339	11,356,831	67,624,658	56,696,975
Non-current liabilities	17,939,377	12,281,232	3,569,088	2,831,037	3,087,944	3,248,381
<b>Total liabilities</b>	<b>20,600,292</b>	<b>14,284,670</b>	<b>16,874,427</b>	<b>14,187,868</b>	<b>70,712,602</b>	<b>59,945,356</b>
<b>Net Assets</b>	<b>15,591,917</b>	<b>10,860,926</b>	<b>3,602,931</b>	<b>3,281,155</b>	<b>7,940,480</b>	<b>6,680,833</b>
<b>Net assets attributable to NCI</b>	<b>3,495,708</b>	<b>2,277,536</b>	<b>227,345</b>	<b>207,041</b>	<b>1,860,454</b>	<b>1,620,020</b>
<b>Summarized Statement of Cash Flow</b>						
Cash flows from / (used in) operating activities	3,761,489	(236,718)	249,687	2,947,369	5,405,342	(449,460)
Cash flows from / (used in) investing activities	(6,117,698)	355,908	803,266	(525,333)	(300,444)	30,051
Cash flows from / (used in) financing activities	2,314,263	(235,440)	(933,499)	(1,970,856)	(6,122,337)	800,341
<b>Net Increase / (decrease) in cash &amp; cash Equivalents</b>	<b>(41,946)</b>	<b>(116,250)</b>	<b>119,454</b>	<b>451,180</b>	<b>(1,017,439)</b>	<b>380,932</b>

**16.4.1** The Group's year end is 31st March except for Janashakthi Insurance PLC which has a year end of 31st December.

**16.4.2** The management has formed judgment that its subsidiaries which have negative net assets, are supported with adequate resources to continue in operational existence for the foreseeable future driven by the continuous operationalization of risk mitigation initiatives and monitoring of business continuity and response plans at each business unit level along with the financial strength of the Group.

# Notes to the Financial Statements

## 17 INVESTMENT IN FINANCIAL ASSETS

AS AT 31 MARCH		GROUP		COMPANY	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Financial assets measured at fair value through profit or loss	17.1	78,944,053	59,333,097	120,776	114,233
Financial Assets measured at amortized cost	17.2	12,627,268	14,991,219	83,721	49,530
Financial assets measured fair value through other comprehensive income	17.3	5,005,570	6,374,554	-	-
		96,576,891	80,698,870	204,497	163,763

### 17.1 Financial assets at fair value through profit or loss

AS AT 31 MARCH		GROUP		COMPANY	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
<b>Fair value</b>					
Investment in quoted equity securities	17.1.1	1,502,953	1,453,141	91,387	114,233
Investment in unit trust		4,815,058	1,922,212	29,389	-
Investment in government securities	17.1.2	71,607,788	54,921,348	-	-
Investment in debentures	17.1.3	1,018,254	1,036,396	-	-
		78,944,053	59,333,097	120,776	114,233

#### 17.1.1 Investment in quoted equity securities

AS AT 31 MARCH		GROUP		COMPANY	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Banks, finance and insurance		1,422,197	1,045,037	91,387	114,233
Diversified holdings		47,223	321,413	-	-
Manufacturing		33,533	86,691	-	-
		1,502,953	1,453,141	91,387	114,233

17.1.1.1 Equity shares classified as financial assets measured at fair value through profit or loss has not been pledged as collateral for margin facility entered into by the Company as of 31 March 2024 (2023 - LKR 114Mn).

17.1.1.2 Equity shares classified as financial assets measured at fair value through profit or loss pledged as collateral for borrowings are disclosed in Note 31.2.

## 17.1.2 Investment in government securities

AS AT 31 MARCH	GROUP		COMPANY	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Treasury bills	18,227,996	2,597,628	-	-
Treasury bonds	38,965,665	48,797,564	-	-
Investment in government securities	14,414,127	3,526,156	-	-
	71,607,788	54,921,348	-	-

### 17.1.2.1 Securities pledged as collateral

Out of the government securities classified as financial assets measured at fair value through profit or loss, the following amounts had been pledged as collateral for re-purchase agreements entered into by the Group.

AS AT 31 MARCH	GROUP		COMPANY	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Treasury bills	13,605,361	769,319	-	-
Treasury bonds	37,145,268	44,627,276	-	-
	50,750,629	45,396,595	-	-

### 17.1.3 Investment in quoted debentures

Banks, finance and insurance	1,018,254	1,036,396	-	-
	1,018,254	1,036,396	-	-

### 17.1.3.1 Securities pledged as collateral

Debentures classified as financial assets recognised through profit or loss - measured at fair value amounting to LKR 238Mn have been pledged as collateral for re-purchase agreements and margin facility entered into by the Group (31 March 2023 - LKR 193Mn).



# Notes to the Financial Statements

## 17.2 Financial assets measured at amortized cost

AS AT 31 MARCH	GROUP		COMPANY	
	2024	2023	2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000
Reverse repurchase agreements	4,139,696	4,202,239	59	57
Short term lending	130,557	759,918	49,473	49,473
Corporate debts	3,331,448	4,134,506	-	-
Fixed deposits	455,752	390,976	34,189	-
Commercial Papers	4,438,885	4,797,278	-	-
Staff receivables	62,953	74,127	-	-
Placement with banks and financial institutions	236,667	877,692	-	-
Less: Provision for impairment (Note 17.2.3)	(168,690)	(245,517)	-	-
	12,627,268	14,991,219	83,721	49,530

**17.2.1** Investment in Securitised Papers classified as financial assets at amortised cost amounting to LKR 199Mn have been pledged as collateral for re-purchase agreements and margin facility entered into by the Group (31 March 2023 - LKR 230Mn).

**17.2.2** Investment in Commercial Papers classified as financial assets at amortised cost amounting to LKR 1,102Mn have been pledged as collateral for re-purchase agreements and margin facility entered into by the Group (31 March 2023 - LKR 2,148Mn).

**17.2.3** Movement in provision for expected credit loss on financial assets measured at amortized cost

AS AT 31 MARCH	GROUP		COMPANY	
	2024	2023	2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000
Balance as at the beginning of the year	245,517	146,978	-	-
(Reversal)/charge for the year	(76,828)	98,539	-	-
Balance as at the end of the year	168,689	245,517	-	-

**17.2.4** Expected loss on corporate debt securities classified as "Stage 1" amounting to LKR 235,860 (2023 - "Stage 1" - LKR 24,071,433) in accordance with SLFRS 9.

**17.2.5** Expected loss on investment in fixed deposits classified as "Stage 1" and "Stage 3" amounting to LKR 4,318 and LKR 5,000,000 (2023 - "Stage 1" - LKR 10,378 and "Stage 3" - LKR 5,000,000) respectively in accordance with SLFRS 9.

**17.2.6** Expected loss on short term lending classified as "Stage 1", "Stage 2" and Stage 3" amounting to LKR 26,075,905, LKR 16,249,863 and LKR 118,119,678 respectively (2023 - "Stage 1" - LKR 55,235,370 "Stage 2" - LKR 43,080,667 and "Stage 3" - LKR 118,119,678) in accordance with SLFRS 9.

### 17.3 Financial assets at fair value through other comprehensive income

AS AT 31 MARCH		GROUP		COMPANY	
		2024	2023	2024	2023
		LKR '000	LKR '000	LKR '000	LKR '000
Equity securities	17.3.1	2,516,818	3,571,030	-	-
Venture capital investments		12	12	-	-
Investment in government securities	17.3.6	932,761	1,251,863	-	-
Corporate debt		1,555,979	1,551,649	-	-
		5,005,570	6,374,554	-	-

#### 17.3.1 Equity securities

AS AT 31 MARCH		GROUP		COMPANY	
		2024	2023	2024	2023
		LKR '000	LKR '000	LKR '000	LKR '000
Banks, finance and insurance		2,450,191	3,495,440	-	-
Land and property		66,628	64,770	-	-
Diversified holdings		-	7,820	-	-
Manufacturing		-	3,000	-	-
		2,516,819	3,571,030	-	-

**17.3.2** The Group designated the investment shown above as equity securities measured at Fair value through other comprehensive income because these equities represent investment that the Group intends to hold for medium to long term for strategic purpose.

**17.3.3** Janashakthi Limited (JL) holds 5,000,000 preference shares (12%, non-cumulative, convertible) acquired at LKR 20 per share in Kanrich Finance Limited on account of amalgamation with Dunamis Capital PLC. Nation Lanka Finance PLC (NLF) amalgamated on the 31st July with KFL and the Shares held by JL were converted to 228,466,987 number of Share Exchange Ratio adopted in the Business Amalgamation For 10,000 share of KFL, 456,933.973 shares of NLFL.

**17.3.4** First Capital Limited (FCL) held 8,270,077 ordinary shares acquired at LKR 40 per share in Kanrich Finance Limited (KFL) which was equivalent to 10% stake and the said investment is classified under Financial assets measured at fair value through other comprehensive income. On 31st July 2023, NLF (NLF) amalgamated with KFL and the Shares held by FCL were converted to 266,770,806 number of Shares of NLF adopting a Share Exchange Ratio of 10,000 shares of KFL, 322,573.5456 shares of NLF in the business amalgamation. The shares were listed on Colombo Stock Exchange on 31st August 2023. As of 31st March 2024, FCL holds 261,167,368 ordinary shares of NLF.

**17.3.5** The Directors' valuation of non-quoted securities of Orient Finance PLC, based on cost of investment less impairment amounts to LKR 230,600/- (2023 - LKR 230,600/-).

**17.3.6** Investment in Government Securities includes Investments in Treasury Bills By Orient Finance PLC and First Capital Holdings PLC.

# Notes to the Financial Statements

## 18 LOANS AND RECEIVABLES FROM CUSTOMERS

AS AT 31 MARCH		GROUP		COMPANY	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Loans and receivables		21,855,738	17,371,879	-	-
Less: Unearned income		(5,068,272)	(3,391,349)	-	-
Net loans and receivables		16,787,466	13,980,530	-	-
Less: impairment for expected credit loss (Note 18.7)		(1,128,728)	(1,039,519)	-	-
Net loans and receivables		15,658,738	12,941,011	-	-
<b>Product wise analysis of net loans and receivables to customers</b>					
Financial lease receivables	18.1	9,165,520	7,329,764	-	-
Hire purchase receivables	18.2	14,129	21,130	-	-
Factoring receivables	18.3	48,378	14,241	-	-
Gold loan receivables	18.4	4,889,426	4,484,553	-	-
Other loans receivables	18.5	604,327	610,034	-	-
Alternative finance receivables	18.6	936,959	481,289	-	-
		15,658,739	12,941,011	-	-

## 18.1 Financial lease receivables

AS AT 31 MARCH	GROUP		COMPANY	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Gross lease rentals receivables	14,675,401	11,180,899	-	-
Less: Unearned lease income	(4,583,593)	(3,106,175)	-	-
Net lease rentals receivables	10,091,808	8,074,724	-	-
Less: impairment for expected credit loss (Note 18.7)	(926,289)	(744,960)	-	-
Net financial lease receivable	9,165,519	7,329,764	-	-
<b>Lease rentals receivables within one year</b>				
Gross lease rentals receivables	6,214,713	4,452,953	-	-
Less : Unearned lease income	(2,170,736)	(1,381,004)	-	-
Net lease rentals receivables	4,043,977	3,071,949	-	-
Impairment for expected credit loss	(371,181)	(283,413)	-	-
Net finance lease receivables within one year	3,672,796	2,788,536	-	-
<b>Lease rentals receivables one to five years</b>				
Gross lease rentals receivables	8,456,208	6,666,836	-	-
Less : Unearned lease income	(2,412,507)	(1,709,530)	-	-
Net lease rentals receivables	6,043,701	4,957,306	-	-
Impairment for expected credit loss	(554,728)	(457,352)	-	-
Net finance lease receivables within one to five years	5,488,972	4,499,954	-	-
<b>Lease rentals receivables later than five years</b>				
Gross lease rentals receivable later than five years	4,480	61,110	-	-
Less : Unearned lease income	(350)	(15,641)	-	-
Net lease rentals receivable	4,130	45,469	-	-
Impairment for expected credit loss	(379)	(4,195)	-	-
Net finance lease receivables within one to five years	3,751	41,274	-	-
<b>Total</b>	<b>9,165,519</b>	<b>7,329,764</b>	<b>-</b>	<b>-</b>

# Notes to the Financial Statements

## 18.2 Hire purchase rentals receivables

AS AT 31 MARCH	GROUP		COMPANY	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
<b>18.2 Hire purchase rentals receivables</b>				
Gross hire purchase rentals receivables	25,705	29,172	-	-
Impairment for expected credit losses (Note 18.7)	(11,574)	(8,042)	-	-
Hire purchase rentals receivable within one year	14,131	21,130	-	-
Hire purchase rentals receivables within one year				
Gross hire purchase rentals receivables within one year	25,705	29,172	-	-
Impairment for expected credit losses (Note 18.7)	(11,574)	(8,042)	-	-
Net Hire purchase rentals receivables within one year	14,131	21,130	-	-
<b>18.3 Factoring receivables</b>				
Factoring receivables	58,821	93,540	-	-
Impairment for expected credit losses (Note 18.7)	(10,441)	(79,299)	-	-
Net Factoring Receivables	48,380	14,241	-	-
<b>18.4 Gold Loan receivables</b>				
Gold Loans receivable	4,895,029	4,486,458	-	-
Impairment for expected credit losses (Note 18.7)	(5,603)	(1,905)	-	-
Net Gold Loan receivable	4,889,426	4,484,553	-	-
<b>18.5 Other loan receivables</b>				
Gross other loans rentals receivables	866,570	878,576	-	-
Unearned income	(95,105)	(65,979)	-	-
Net other loans rentals receivables	771,465	812,597	-	-
Impairment for expected credit losses	(167,138)	(202,563)	-	-
Net other loans rentals receivables	604,327	610,034	-	-
Other loans receivables within one year				
Gross other loans rentals receivable within one year	537,910	684,201	-	-
Unearned income	(37,390)	(31,409)	-	-
Net other loans rentals receivable within one year	500,520	652,792	-	-
Impairment for expected credit losses (Note 18.7)	(126,676)	(162,711)	-	-
Net other loans receivables within one year	373,844	490,081	-	-
Other loans receivables one to five years				
Gross other loans rentals receivable within one to five years	328,660	194,375	-	-
Unearned income	(57,715)	(34,570)	-	-
Net other loans rentals receivable within one to five years	270,945	159,805	-	-
Impairment for expected credit losses (Note 18.7)	(40,462)	(39,852)	-	-
Net other loans receivables within one to five years	230,483	119,953	-	-
Total	604,327	610,034	-	-



## 18.6 Alternative finance receivable

AS AT 31 MARCH	GROUP		COMPANY	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Gross Alternative finance receivable	1,334,213	703,234	-	-
Less: Unearned income	(389,574)	(219,195)	-	-
Net Alternative finance receivable	944,639	484,039	-	-
Less: Impairment for expected credit losses (Note 18.1.9)	(7,680)	(2,750)	-	-
Net Alternative finance receivable	936,959	481,289	-	-
<b>Alternative finance receivables within one year</b>				
Gross Alternative finance receivable within one year	658,737	338,225	-	-
Less: Unearned income	(198,232)	(100,295)	-	-
Net Alternative finance receivable within one year	460,505	237,930	-	-
Less: Impairment for expected credit losses	(3,744)	(1,352)	-	-
Net Alternative finance receivable within one year	456,761	236,578	-	-
<b>Alternative finance receivables within one to five years</b>				
Gross Alternative finance receivable within one to five years	675,477	365,009	-	-
Less: Unearned income	(191,342)	(118,900)	-	-
Net Alternative finance receivable within one to five years	484,135	246,109	-	-
Less: Impairment for expected credit losses	(3,936)	(1,398)	-	-
Net Alternative finance receivable within one to five years	480,199	244,711	-	-
<b>Total</b>	<b>936,960</b>	<b>481,289</b>	<b>-</b>	<b>-</b>

# Notes to the Financial Statements

## 18.7 Product wise analysis of net loans and receivables from customers

	AS AT 31 MARCH 2024			AS AT 31 MARCH 2023		
	Gross	ECL	Net	Gross	ECL	Net
	Receivable	Allowance	Receivable	Receivable	Allowance	Receivable
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Finance lease receivable						
Stage 01	6,237,183	(109,194)	6,127,989	5,642,841	(155,890)	5,486,951
Stage 02	2,339,308	(190,283)	2,149,025	1,485,821	(185,660)	1,300,161
Stage 03	1,515,316	(626,812)	888,505	946,064	(403,410)	542,654
	10,091,808	(926,289)	9,165,519	8,074,726	(744,960)	7,329,766
Hire purchase receivable						
Stage 03	25,705	(11,575)	14,129	29,172	(8,042)	21,130
	25,705	(11,575)	14,129	29,172	(8,042)	21,130
Factoring receivable						
Stage 01	-	-	-	-	-	-
Stage 02	-	-	-	2,291	(1,903)	388
Stage 03	58,821	(10,442)	48,378	91,249	(77,396)	13,853
	58,821	(10,442)	48,378	93,540	(79,299)	14,241
Gold loans receivable						
Stage 01	3,796,063	(176)	3,795,887	3,930,282	(1,108)	3,929,174
Stage 02	988,016	(393)	987,623	480,282	(394)	479,888
Stage 03	110,950	(5,034)	105,916	75,894	(403)	75,491
	4,895,029	(5,603)	4,889,426	4,486,458	(1,905)	4,484,553
Other loans receivable						
Stage 01	416,654	(2,293)	414,360	458,111	(4,562)	453,549
Stage 02	21,850	(2,610)	19,240	84,314	(13,747)	70,567
Stage 03	332,963	(162,235)	170,728	270,173	(184,254)	85,919
	771,467	(167,138)	604,328	812,598	(202,563)	610,035
Alternative finance receivable						
Stage 01	906,046	(5,373)	900,673	474,220	(1,587)	472,633
Stage 02	36,943	(1,897)	35,046	-	-	-
Stage 03	1,650	(410)	1,240	9,818	(1,164)	8,654
	944,639	(7,680)	936,959	484,038	(2,751)	481,287
<b>Total</b>	<b>16,787,468</b>	<b>(1,128,728)</b>	<b>15,658,739</b>	<b>13,980,532</b>	<b>(1,039,520)</b>	<b>12,941,012</b>

**18.8** Movement in specific and collective impairment charges of loans and receivables from customers for the year ended 31 March 2024.

	<b>Finance lease</b>	<b>Hire purchase</b>	<b>Other loans receivables</b>	<b>Factoring</b>	<b>Alternative Finance</b>	<b>Gold Loan</b>	<b>Total</b>
	<b>LKR'000</b>	<b>LKR'000</b>	<b>LKR'000</b>	<b>LKR'000</b>	<b>LKR'000</b>	<b>LKR'000</b>	<b>LKR'000</b>
Balance as at 01st April 2023	744,960	8,042	202,563	79,299	2,750	1,905	1,039,520
Charge/(reversal) for the year	181,329	3,533	(35,425)	(17,886)	4,930	3,698	140,179
Written off during the year	-	-	-	(50,971)	-	-	(50,971)
Balance as at 31st March 2024	926,289	11,575	167,138	10,442	7,680	5,603	1,128,728

Movement in specific and collective impairment charges of loans and receivables from customers for the year ended 31 March 2023.

	<b>Finance lease</b>	<b>Hire purchase</b>	<b>Other loans receivables</b>	<b>Factoring</b>	<b>Alternative Finance</b>	<b>Gold Loan</b>	<b>Total</b>
	<b>LKR'000</b>	<b>LKR'000</b>	<b>LKR'000</b>	<b>LKR'000</b>	<b>LKR'000</b>	<b>LKR'000</b>	<b>LKR'000</b>
Balance as at 01st April 2022	677,086	7,583	171,950	72,968	1,164	5,746	936,496
Charge/(reversal) for the year	67,875	459	30,613	6,331	1,586	(3,841)	103,024
Written off during the year	-	-	-	-	-	-	-
Balance as at 31st March 2023	744,960	8,042	202,563	79,299	2,750	1,905	1,039,520

# Notes to the Financial Statements

## 19 LOANS TO LIFE POLICYHOLDERS AND OTHERS

AS AT 31 MARCH	GROUP		COMPANY	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Loans recoverable from policy holders	247,541	292,099	-	-
Loans given to employees	21,195	36,260	-	-
Provision for impairment	-	-	-	-
	268,736	328,359	-	-

## 20 INVENTORIES

AS AT 31 MARCH	GROUP		COMPANY	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Real estate stock	9,860	10,657	-	-
Consumables	2,605	-	-	-
Gym Improvement materials	-	4,061	-	-
<b>Total</b>	<b>12,465</b>	<b>14,718</b>	<b>-</b>	<b>-</b>

**20.1** Real estate and consumables stocks consists of real estate projects carrying out by Orient Finance PLC and gym improvement materials of Beckett Capital (Pvt) Ltd.

AS AT 31 MARCH	GROUP		COMPANY	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Orient Finance PLC (Note 20.2)	9,860	10,657	-	-
Beckett Capital (Pvt) Ltd	2,605	4,061	-	-
	12,465	14,718	-	-

### 20.2 Orient Finance PLC

AS AT 31 MARCH	2024 LKR '000	2023 LKR '000
Naranwala Project	1,767	1,767
Kiriberiya Project	2,887	2,887
Matale Project	13,046	12,734
Maddawaththa Project	865	865
Chillaw Project	1,794	1,794
Dambulla Project	7,393	7,394
Fall in fair value of real estate stock	(16,785)	(16,784)
Intercompany Adjustments	(1,108)	-
	9,860	10,657

**20.3** There were no items of inventory pledged as security as of 31 March 2023, except for disclosed in 31.2.

## 21 CONTRACT COST ASSETS

AS AT 31 MARCH	GROUP		COMPANY	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
<b>Costs to obtain contracts with customers</b>				
Balance at the beginning of the year	-	25,672	-	-
Additions during the year	-	3,769	-	-
Amortization during the year	-	(2,800)	-	-
Disposal of Kelsey Development PLC	-	(26,641)	-	-
Balance at the end of the year	-	-	-	-

**21.1** Janashakthi Limited being the parent company of Kelsey Development PLC sold its entire stake of 85.24% on 6th September 2022. This resulted in derecognising contract cost assets.

## 22 REINSURANCE RECEIVABLES

AS AT 31 MARCH	GROUP		COMPANY	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Reinsurance receivables on outstanding claims	26,814	299,781	-	-
	26,814	299,781	-	-

**22.1** Reinsurance receivables are recognised as a financial asset as Loans and Receivables and the asset is de-recognised when the contractual rights are extinguished or expired or when the contract is transferred to another party.

## 23 PREMIUM RECEIVABLES

AS AT 31 MARCH	GROUP		COMPANY	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Premium receivables	268,203	121,594	-	-
	268,203	121,594	-	-

**23.1** Premium Receivables as disclosed above include amounts that are over due at the end of the reporting period. The allowance has been recognised for impairment loss where the receivables are beyond the extended credit period.



# Notes to the Financial Statements

## 24 AMOUNTS DUE FROM RELATED PARTIES

AS AT 31 MARCH	GROUP		COMPANY	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Premier Synthetic Leather Manufacturers (Pvt) Ltd	139,713	165,911	139,713	132,911
Janashakthi Insurance PLC	-	-	9,413	5,379
Nextventures Limited (Note 24.3)	1,054,460	6,219,877	1,054,460	6,219,877
Kelsey Homes (Pvt) Ltd	-	206,851	-	206,851
Janashakthi Corporate Services Ltd	-	-	3,509	22,141
Kelsey Homes (Central park)Limited	-	21	-	-
PVIC Management (Pvt) Limited	150	150	150	150
First Capital Holdings PLC	-	-	2,091	4,652
Thornton Engineering (Pvt) Ltd	157	157	157	157
Orient Finance PLC	-	-	4,091	242
Orient Capital Limited	-	-	13,301	13,850
Schaffters (Pvt) Ltd	35,000	456,861	5,000	426,861
Janashakthi Capital Limited	-	-	614,088	625,859
Janashakthi Business Services (Pvt) Limited	-	-	3,456	8,262
Beckett Capital (Pvt) Ltd	-	-	50,031	119,121
Power World Gyms Limited	22	-	-	-
Rock Foundation (Pvt) Limited	11	-	11	-
Amounts due from Shareholder (Note 24.1)	-	217,429	-	217,429
Less: Provision for impairment (Note 24.2)	(179,468)	(212,468)	(452,798)	(179,468)
	1,050,045	7,054,789	1,446,673	7,824,274

### 24.1 Amounts due from shareholder

AS AT 31 MARCH	GROUP		COMPANY	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Mr.Ramesh Schaffter	-	171,672	-	171,672
Mr.Prakash Schaffter	-	45,757	-	45,757
	-	217,429	-	217,429

### 24.2 Movement in provision for expected credit loss on Amount due from related parties

AS AT 31 MARCH	GROUP		COMPANY	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Balance as at the beginning of the year	212,468	64,083	179,468	69,466
Charge for the year	(33,000)	148,385	273,330	110,002
Balance as at the end of the year	179,468	212,468	452,798	179,468

**24.2.1** This represents expected credit loss on amount due from related parties classified as Stage 3 amounting to LKR 346.61Mn and LKR 586.94Mn respectively for Group and Company as at 31st March 2024 (2023 - Group LKR 212.47Mn and Company LKR 179.47Mn).

**24.3** This represents the advance payment made to purchase the Welisara Land.

## 25 TRADE, OTHER RECEIVABLES AND ADVANCES

AS AT 31 MARCH	GROUP		COMPANY	
	2024	2023	2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000
Trade receivables	829,128	1,296,317	-	-
Other receivables	25.1 5,025,372	1,530,169	272,047	55,444
	5,854,500	2,826,486	272,047	55,444

### 25.1 Other receivables

AS AT 31 MARCH	GROUP		COMPANY	
	2024	2023	2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000
Advances, deposits and prepayments	1,404,552	974,970	22,457	16,079
Taxation recoverable	499,120	313,751	-	-
Other receivables	3,121,700	241,448	249,590	39,365
	5,025,372	1,530,169	272,047	55,444

## 26 DERIVATIVE FINANCIAL INSTRUMENTS

AS AT 31 MARCH	GROUP		COMPANY	
	2024	2023	2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000
Forward sale contracts	1,944	12,276	-	-
Forward purchase contracts	49,989	38,918	-	-
	51,933	51,194	-	-

### Accounting Policy

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. Derivatives held for risk management purposes are measured at fair value in the statement of financial position.

If a derivative is not held for trading, and is not designated in a qualifying hedge relationship, then all changes in its fair value are recognised immediately in profit or loss as a component of net income from other financial instruments at FVTPL.

A derivative is a financial instrument or other contract with all three of the following characteristics:

\* Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract.

\* It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.

\* It is settled at a future date.

The Group enters into derivative transactions with various counterparties. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative.

# Notes to the Financial Statements

## 27 ASSETS CLASSIFIED AS HELD FOR SALE

AS AT 31 MARCH		GROUP		COMPANY	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Investment in equities	27.1	42,416	42,416	-	-

### 27.1 Investment in Equities

AS AT 31 MARCH	No of Shares	GROUP		COMPANY	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Ceyspence (Pvt) Ltd	2,861,856	71,432	71,432	-	-
Ceyaki Shipping (Pvt) Ltd	3,116,600	29,928	29,928	-	-
		101,360	101,360	-	-
Less: Provision for impairment		(58,944)	(58,944)	-	-
		42,416	42,416	-	-

**27.2** This represents equity investments in shipping business made by First Capital Limited. All these businesses are in the process of liquidation and stated at their realisable values as at the reporting date. A provision of LKR 58.94Mn has been accounted for the estimated liability on income tax, settlement of creditors and the impairment of investment to reflect the recoverable amount.

## 28 CASH AND CASH EQUIVALENTS

AS AT 31 MARCH		GROUP		COMPANY	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Cash in hand and at bank		1,983,030	841,720	769,215	130,331
Bank overdrafts		(2,082,924)	(1,588,947)	(112,432)	(103,942)
		(99,894)	(747,227)	656,783	26,389

## 29 DEBENTURES

AS AT 31 MARCH		GROUP		COMPANY	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Balance at the beginning of the year		3,731,194	5,737,966	1,778,373	4,043,912
Less: Disposal of Subsidiary		-	(770,230)	-	-
Issued during the year		1,058,299	-	1,058,299	-
Less: Transaction cost		-	(440)	-	(440)
Redemption with interest		(2,084,585)	(2,963,791)	(1,778,373)	(2,648,151)
Adjustment on Inter-company sales		562,871	1,040,701	-	-
Net effect on amortized interest payable		305,668	686,988	-	383,052
		3,573,447	3,731,194	1,058,299	1,778,373

**29.1** During the Financial year 2023/24, the following debentures matured and were settled:

- Janashakthi Limited issued 16,000,000 unrated, unlisted, senior, unsecured redeemable debentures at LKR 100/- each during the year 2018/19, accumulating to LKR 1,600,000,000/- with a maturity period of five years.
- Additionally, during the period of 2020/21, the company capitalized LKR 1,200,000,000 worth of debentures into equity capital.
- Furthermore, during the Financial year 2020/21, Janashakthi Limited issued 20,000,000 senior, unlisted, unsecured redeemable debentures at LKR 100/- each, accumulating to LKR 2,000,000,000/- with maturity periods of two years and three years.

**29.2** During the Financial year 2023/24, Janashakthi Limited issued 10,570,000 Senior, unlisted, unsecured redeemable debentures at the value of LKR 100/- each, accumulated to LKR 1,057,000,000/- with maturity of two years and three years.

Type	No. of Debentures	Face Value	Carrying value 2024	Carrying value 2023	Allotment Date	Maturity Date	Rate of Interest	Frequency on Interest
Type A	1,080,000	108,000,000	108,126,857	-	28-Mar-24	28-Mar-26	15.00%	Annually
Type B	9,490,000	949,000,000	950,172,585	-	28-Mar-24	28-Mar-27	16.00%	Annually
	10,570,000	1,057,000,000	1,058,299,442	-				

**29.3** Inter-Company investments in listed debentures of Janashakthi Limited amounting to LKR 627.25 Mn (including amortized interest costs) has been eliminated in group accounts in the financial year 2022/23, whereas there is no intercompany in listed debentures in the financial year 2023/24.

**29.3.1** Inter-Company investments in listed debentures of First Capital Treasuries in Janashakthi Insurance amounting to LKR 260 Mn (including amortized interest costs) has been eliminated in group accounts in the financial year 2023/24.

**29.4** During the financial year 2020/21, First Capital Holdings PLC issued 20,000,000 rated, listed, senior, unsecured redeemable 5 year (2021/26) debentures at the face value of LKR 100/- interest payable annually, which consist of 13,247,500 debentures at a rate of 10% and 6,752,500 debentures at a rate of weekly AWPLR + 2% (Cap of 12% and Floor of 9%). The debentures are quoted in Colombo Stock Exchange.

Type	No. of Debentures	Face Value	Carrying value 2024	Carrying value 2023	Allotment Date	Maturity Date	Rate of Interest	Frequency on Interest
Type A	13,247,500	1,324,750	1,338,324	1,335,698	8-Feb-21	7-Feb-26	10.00%	Annually
Type B	6,752,500	675,250	690,229	691,754	8-Feb-21	7-Feb-26	Weekly	Annually
	20,000,000	2,000,000	2,028,553	2,027,452			AWPLR + 2% (Cap of 12% & Floor of 9%)	

**29.5** During the financial year 2020/21, First Capital Treasuries PLC (Subsidiary) issued 7,500,000 rated, subordinated, unsecured redeemable 5 year (2020/25) debentures at the face value of LKR 100/- each, interest payable at a rate of 12.75% semi - annually. The debentures are quoted in Colombo Stock Exchange.

Tenure	No. of Debentures	Face Value	Carrying value 2024	Carrying value 2023	Allotment Date	Maturity Date	Rate of Interest (AER)	Frequency on Interest
		LKR '000	LKR '000	LKR '000				
5 Year	7,500,000	750,000	764,042	762,076	30-Jan-20	30-Jan-25	12.75% (AER-13.16%)	Semi Annually

**29.5.1** Inter-Company investments in Listed Debentures of First Capital Treasuries PLC, face value amounting to LKR 22.5Mn including amortised interest cost has been eliminated (As at 31 March 2023 - LKR 22.5Mn).

# Notes to the Financial Statements

## 30 RETIREMENT BENEFIT OBLIGATION

AS AT 31 MARCH	GROUP		COMPANY	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Balance at the beginning of the year	201,701	179,062	7,719	6,782
Less: Disposal of subsidiary	-	(4,758)	-	-
Expense recognized in the statement of profit or loss (Note 30.1)	67,824	50,809	4,777	2,140
Benefits paid during the year	(38,717)	(43,558)	(934)	-
Actuarial loss / (gain) (Note 30.2)	54,735	20,146	14,831	(1,203)
Balance at the end of the year	285,543	201,701	26,393	7,719

### 30.1 Expense recognized in the statement of profit or loss

FOR THE YEAR ENDED,	GROUP		COMPANY	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Net interest cost	40,499	25,367	818	1,190
Current service cost	27,325	25,442	3,960	950
	67,824	50,809	4,777	2,140

### 30.2 Recognized in the statement of other comprehensive income

FOR THE YEAR ENDED,	GROUP		COMPANY	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Actuarial loss / (gain) recognized for the year	54,735	20,146	14,831	(1,203)
	54,735	20,146	14,831	(1,203)

### 30.3 Actuarial assumptions made

The Gratuity liability of the Group was computed based on the Projected Unit Credit Method in accordance with LKAS 19.

	GROUP		COMPANY	
	2024	2023	2024	2023
Discount rate	10%-18.5%	10%-18.5%	12.50%	18.0%
Salary increment	10%-18%	10%-18%	10.00%	10.0%
Staff Turnover factor	10%-26%	10%-26%	15.00%	10.00%
Retirement age	60 Years	60 Years	60 Years	60 Years

### Sensitivity Analysis of the assumptions used

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the defined benefit obligation measurement.

	GROUP		COMPANY	
	Increase LKR '000	Decrease LKR '000	Increase LKR '000	Decrease LKR '000
<b>Group</b>				
Discount rate (1% movement)	(13,585)	14,736	(12,042)	12,546
Salary increment rate (1% movement)	15,230	(14,276)	12,828	(12,460)
<b>Company</b>				
Discount rate (1% movement)	(1,110)	1,172	(488)	525
Salary increment rate (1% movement)	1,188	(1,145)	551	(519)

## 31 INTEREST BEARING LOANS AND BORROWINGS

	GROUP		COMPANY	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Term loans (Note 31.2)	11,915,564	14,165,026	9,133,926	15,322,733
Borrowings on corporate debt securities	8,957,186	12,649,743	8,188,228	8,970,259
Other short term borrowings	2,649,542	1,489,605	-	-
	23,522,292	28,304,374	17,322,154	24,292,992

### 31.1 Interest bearing borrowings - Current and non current

	GROUP		COMPANY	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Current Portion	18,072,256	19,755,792	14,345,204	17,846,886
Non-Current Portion	5,450,036	8,548,582	2,976,950	6,446,106
	23,522,292	28,304,374	17,322,154	24,292,992



# Notes to the Financial Statements

## 31.2 Institutional borrowings

	Balance as at 01.04.2023 LKR '000	Facility obtained LKR '000	Settlement LKR '000
<b>Company</b>			
<b>Term Loans</b>			
Commercial Bank of Ceylon PLC	187,757	-	(187,757)
Commercial Bank of Ceylon PLC	250,000	-	(250,000)
Commercial Bank of Ceylon PLC	523,230	-	(123,230)
Seylan Bank PLC	1,275,505	-	(1,275,505)
Seylan Bank PLC	2,095,206	-	(620,206)
Seylan Bank PLC	262,772	-	(12,772)
Seylan Bank PLC	392,135	-	(392,135)
Bank of Ceylon	804,797	-	(304,797)
Bank of Ceylon	93,467	-	(49,898)
People's Bank	668,391	-	(408,391)
Cargills Bank PLC	425,740	-	(124,627)
Cargills Bank PLC		57,301	(23,875)
Cargills Bank PLC		400,000	
National Development Bank PLC	1,722,361	-	(511,361)
DFCC Bank PLC	187,085	-	(97,215)
Hatton National Bank	1,065,144	-	(1,065,144)
Pan Asia Bank PLC	270,815	-	(62,036)
Nations Trust Bank	431,772	-	(131,772)
First Capital Limited	4,666,556	-	(1,025,673)
<b>Sub Total</b>	<b>15,322,733</b>	<b>457,301</b>	<b>(6,666,393)</b>
<b>Group</b>			
Janashakthi Limited (post inter-company elimination)	10,656,177	457,301	(5,640,731)
<b>Orient Finance PLC</b>			
<b>Term Loans</b>			
Union Bank PLC	415,817	825,000	(1,025)
Sampath Bank PLC	334,589	500,000	(626)
Hatton National Bank PLC	374,240	500,000	(601)
Sanasa Development Bank	11,496	-	-
Bank of Ceylon	444,706	700,000	(516)
Cargills Bank PLC	120,782	650,000	(764)
National Development Bank PLC	400,542	400,000	(501)
<b>Short-term loans - Revolving</b>			
Sampath Bank PLC	100,418	100,000	(100)
Union Bank PLC	201,641	200,000	(202)
Pan Asia Banking Corporation PLC	202,401	200,000	(227)
<b>Sub Total</b>	<b>2,606,632</b>	<b>4,075,000</b>	<b>(4,562)</b>
<b>Janashakthi Insurance PLC</b>			
Seylan Bank PLC	-	2,700,000	-
<b>Sub Total</b>	<b>-</b>	<b>2,700,000</b>	<b>-</b>
<b>First Capital Holdings PLC</b>			
Hatton National Bank PLC	902,217		(100,000)
Seylan Bank PLC	-	1,000,000	(100,000)
<b>Sub Total</b>	<b>902,217</b>	<b>1,000,000</b>	<b>(200,000)</b>
<b>Total</b>	<b>14,165,026</b>	<b>8,232,301</b>	<b>(5,845,282)</b>

Accrued interest payable LKR '000	Amortized cost as at 31 March 2024 LKR '000	Tenure of loan	Security offered
-	-	05 Years	Quoted Shares
-	-	03 Years	Quoted Shares
4,926	404,926	03 Years	Quoted Shares
-	-	04 Years	Quoted Shares & Joint & Several guarantee of two directors
-	1475,000	03 Years	Quoted Shares & Joint & Several guarantee of two directors
-	250,000	Revolving	Quoted Shares & Joint & Several guarantee of two directors
-	-	Revolving	Quoted Shares & Joint & Several guarantee of two directors
-	500,000	02 Years	Land located at Wattala
-	43,569	Revolving	Land located at Wattala
-	260,000	05 Years	Joint & Several guarantee of two directors
3,691	304,804	05 Years	Joint & Several guarantee of two directors
412	33,838		Joint & Several guarantee of two directors
3,057	403,057		Joint & Several guarantee of two directors
8,199	1,219,199	05 Years	Quoted Shares & Joint & Several guarantee of two directors
-	89,870	03 years	Quoted Shares
-	-	03 years	Quoted Shares & Joint & Several guarantee of two directors
-	208,779	05 years	Quoted Shares & Joint & Several guarantee of two directors
-	300,000	05 Years	Quoted shares / Personal guarantees of Directors
-	3,640,883	Revolving	
20,285	9,133,925		
20,285	5,493,031		
378	216,003	48 Months	Lease/HP Portfolio
452	208,692	48 Months	Lease/HP Portfolio
98	273,298	48 Months	Lease/HP Portfolio
-	-	24 Months	Lease/HP Portfolio
5,140	634,029	36 Months	Lease/HP Portfolio
13	6,958	36 Months	Lease/HP Portfolio
113	300,113	36 Months	Lease/HP Portfolio
219	100,219	Revolving	Lease/HP Portfolio
546	200,546	Revolving	Lease/HP Portfolio
264	175,264	Revolving	Lease/HP Portfolio
7,222	2,115,120		
5,411	2,705,411	05 Years	Shares of the Associate Company (First Capital Holdings PLC)
5,411	2,705,411		
577	700,577	05 Years	Corporate Guarantee of Janashakthi Limited
1,424	901,424	05 Years	Corporate Guarantee of Janashakthi Limited
2,001	1,602,001		
34,919	11,915,564		

# Notes to the Financial Statements

## 32 DEPOSITS FROM CUSTOMERS

	GROUP		COMPANY	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Public deposits at amortized cost (Note 32.1)	13,496,641	10,700,737	-	-
Savings deposit	59,790	58,762	-	-
	13,556,431	10,759,499	-	-

### 32.1 Public deposits at amortized cost

	GROUP		COMPANY	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Public deposits	12,874,144	10,118,125	-	-
Interest accrued	622,497	582,612	-	-
Public deposits at amortized cost	13,496,641	10,700,737	-	-

**32.2** LKR 10,847,646,770/ (2022/2023 - LKR 9,180,459,612/-) of deposits from customers are expected to mature within a 12 month period from the reporting date, 31st March 2024.

## 33 INSURANCE LIABILITY - LIFE

	GROUP		COMPANY	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
<b>Insurance fund - Life</b>	14,544,804	12,193,639	-	-
Claims outstanding - Note 36	473,904	546,433	-	-
<b>The movement of the insurance fund - Life</b>				
Balance as at beginning of the year	12,193,639	13,473,701	-	-
Increase in life fund before surplus distribution to shareholders	5,083,016	125,372	-	-
Actuarial gains	(4,207)	(5,434)	-	-
Surplus distributed (from)/to Shareholders	(2,576,185)	(1,400,000)	-	-
Balance as at end of the year	14,696,263	12,193,639	-	-
<b>Available For Sale Reserve - Life Policy Holders</b>				
Balance as at 1 January	(530,727)	(40,483)	-	-
Changes in Fair Value of Available For Sale Assets	379,268	(490,244)	-	-
Balance as at 31 December	(151,459)	(530,727)	-	-
Insurance Fund balance as at period end including AFS Reserve	14,544,804	11,662,912	-	-

### 33.1 Insurance liability - Life

Long duration contracts included in the Life Insurance Fund result primarily from traditional participating and non-participating Life Insurance products. Short duration contract liabilities are primarily accident and health insurance products. The insurance provision has been established based on the following criteria.

\* Interest rates which vary by product and year of assurance.

\* Mortality rates based on published mortality tables adjusted for actual experience by geographic area and modified to allow the variations in policy form.

\* Surrender rates based upon actual experience by geographic area and modified to allow for variation in policy form.

The amount of policyholder bonus to be paid is determined annually by the Group on the recommendation of the Actuary. The bonus includes Life policyholders' share of net income that is required to be allocated by the Insurance Contract or by Insurance Regulations.

#### Janashakthi Insurance PLC - Insurance Liability - Life

The valuation of the Insurance Liability of Life Insurance Business as at 31 December 2023 was done by M/S K. A. Pandit Consultants & Actuaries, India, for and on behalf of Janashakthi Insurance PLC. In accordance with the Consultant Actuary's report, the total liabilities of the Life Insurance business of the Company as at 31 December, 2023 was LKR 13,832 million after taking credit for reinsurance. In the opinion of the Consultant Actuary, the provision is adequate to cover the liabilities pertaining to Life Insurance business.

As recommended by the Consultant Actuary, the Board of Directors have resolved that a sum of LKR 2,576 million has been transferred to the Life Shareholders' Fund from Life Insurance Fund (Non participating) as for the year 2023.

#### Fully Owned Subsidiary of Janashakthi Insurance PLC - Insurance Liability - Life

(former National Insurance Corporation Ltd)

The valuation of the Insurance Liability of Life Insurance Business as at 31 December 2023 was done by M/S K. A. Pandit Consultants & Actuaries, India, for and on behalf of former National Insurance Corporation Ltd. In accordance with the Consultant Actuary's report, the total liabilities of the Life Insurance business of the Company as at 31 December, 2023 was LKR 16.22 million.

- 33.2** An internal assessment has been carried out to assess the Adequacy of the provision of Life Insurance Liabilities in keeping with SLFRS 4 requirement and has determined that existing provision levels are adequate as at 31 December, 2023. Accordingly, no further provision or adjustment was deemed as being necessary to be effected.

# Notes to the Financial Statements

## 34 REINSURANCE CREDITORS

AS AT 31 MARCH	GROUP		COMPANY	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Reinsurance creditors	276	120,274	-	-
	276	120,274	-	-

## 35 AMOUNTS DUE TO RELATED PARTIES

AS AT 31 MARCH	GROUP		COMPANY	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Nextventures Ltd	-	40,363	-	40,363
Janashakthi Insurance PLC	46	-	46	46
Janashakthi Business Services (Pvt) Limited	284	-	-	-
Powerworld Gyms Limited	-	151	-	-
Netxone (Pvt) Ltd	1,173	-	-	-
Schaffters (Pvt) Ltd	6,660	-	6,660	-
	8,163	40,514	6,706	40,409

## 36 TRADE AND OTHER PAYABLES

AS AT 31 MARCH	Note	GROUP		COMPANY	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Trade payables		408,156	270,971	-	-
Advance received	36.1	276,271	320,960	-	-
Agency commission payable		15,580	44,417	-	-
Retention and project payable		-	-	-	-
Lease liabilities	36.2	801,863	440,375	132,170	9,747
Other creditors including accrued expenses		3,926,590	1,589,397	6,122	4,785
Dividend payable		1,064,602	86,051	205,217	2,022
Provision for statutory liabilities	36.3	4,129,351	1,126,728	7,878	8,078
Outstanding claims - Life insurance		473,904	546,433	-	-
Other payables		461,273	435,363	33,937	39,518
		11,557,590	4,860,695	385,324	64,150

AS AT 31 MARCH	GROUP		COMPANY		
	Note	2024	2023	2024	2023
		LKR '000	LKR '000	LKR '000	LKR '000
36.1 Advance Received					
Policyholder Advance payables		167,624	147,073	-	-
Real estates advances		28,428	23,861	-	-
Advances against non-current assets held for sale		80,218	80,218	-	-
Advances received from clients		-	69,808	-	-
		276,270	320,960	-	-
36.2 Lease liabilities					
Balance as at 1st April		440,374	449,480	9,747	17,107
Less: Disposal of subsidiary		-	(60,622)	-	-
Derecognition of Asset		(10,380)	(6,029)	(10,380)	(6,029)
Addition to the lease creditor during the year		427,894	191,390	142,460	-
Lease liability recognized during the year		139,445	-	-	-
Transfers (SLFRS 16 - modifications)		(13,260)		-	
Interest charge on lease liabilities		93,745	132,172	2,379	1,896
Exchange gain / (loss)		(7,844)	-	(7,844)	-
Lease payments made during the period		(268,113)	(266,016)	(4,192)	(3,227)
Balance as at 31st March		801,861	440,375	132,170	9,747

For the year ended 31st March,	GROUP		COMPANY	
	2024	2023	2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000
Amount recognized in Statement of profit or loss Leases under SLFRS 16				
Interest on lease liabilities	(93,745)	(132,172)	(2,379)	(1,896)
Depreciation on right of use assets	(196,232)	(161,403)	(9,738)	(12,423)
	(289,977)	(293,575)	(12,117)	(14,319)
Amount recognized in statement of cash flows				
Total cash outflow for leases	(268,113)	(266,016)	(4,192)	(3,227)



# Notes to the Financial Statements

**36.3** First Capital Treasuries PLC (sub-subsidiary) has pending income tax assessments in relation to the chargeability of interest income on Primary Dealer's operations for years of assessment of 2008/09, 2012/13, 2013/14, 2014/15, 2015/16, 2016/17 and 2017/18 amounting to LKR 1.2Bn. First Capital Limited (subsidiary) has pending income tax assessments in relation to extra disallowance of interest/operating costs for the years of assessment of 2010/11, 2012/13, 2013/14, 2014/15, 2015/16, 2016/17 and 2017/18 amounting to LKR 405Mn. The subsidiaries have appealed against these assessments and they are currently at different appeal procedure levels.

Based on the Group's assessment in line with IFRIC 23 – uncertainty over income tax treatment on the above assessments, a provision amounting to LKR 452Mn for First Capital Treasuries PLC and another provision amounting to LKR 48Mn for First Capital Limited have been accounted for as at 31 March 2021 based on the tax consultants' view. Provision made in First Capital Treasuries PLC reflects the most likely amount of liability that the Company would be liable to pay considering the unutilized tax losses of LKR 1.2Bn which better predicts the resolution of the uncertainty. Provision made in First Capital Limited reflects the liability based on expected value as per IFRIC 23.

## 37 DERIVATIVE FINANCIAL INSTRUMENTS

AS AT 31 MARCH	GROUP		COMPANY	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Forward purchase contacts	202	149,080	-	-
Forward sale contacts	71,540	4,506	-	-
	71,742	153,586	-	-

## 38 SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

AS AT 31 MARCH	GROUP		COMPANY	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Against government securities	47,674,033	43,830,826	-	-
Against corporate debt securities	1,969,306	2,499,763	-	-
	49,643,339	46,330,589	-	-

## 39 STATED CAPITAL

AS AT 31 MARCH	GROUP		COMPANY	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Opening Balance	4,300,000	4,300,000	4,300,000	4,300,000
Ordinary share issue (633,551,428 nos)	4,300,000	4,300,000	4,300,000	4,300,000

**39.1** All shares rank equally with regard to the Company's residual assets.

**39.2** The holders of ordinary shares are entitled to receive dividends declared from time to time and are entitled to one vote per share at General Meetings of the Company. Dividend declared for the Financial Year 2023/24 was LKR 2.67 per share.

## 40 RISK RESERVE

AS AT 31 MARCH	GROUP		COMPANY	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Opening balance	402,474	188,529	402,474	188,529
Opening Balance Adjustment	-			
Transfers made during the year	818,356	215,046	818,356	215,046
Adjustment due to change in share ownership	(154,314)	(1,101)	(154,314)	(1,101)
Closing balance	1,066,516	402,474	1,066,516	402,474

**40.1** A sum equivalent to 10% of the profit after tax of First Capital Treasuries PLC (subsidiary company) has been transferred to the risk reserve in accordance with the Directions issued by the Central Bank of Sri Lanka.

## 41 STATUTORY RESERVES

AS AT 31 MARCH	GROUP		COMPANY	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
<b>41.1 Reserve fund</b>				
At the beginning of the year	186,564	186,564	186,564	186,564
Transferred during the year	16,327	-	16,327	-
At the end of the year	202,891	186,564	202,891	186,564

## ORIENT FINANCE PLC

**41.1.1** 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.

AS AT 31 MARCH	GROUP		COMPANY	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
<b>41.2 Restricted regulatory reserve</b>				
<b>Janashakthi Insurance PLC</b>				
Change in contract liability due to transfer of one-off surplus				
Parent	1,336,414	1,363,393	1,336,414	1,363,393
NCI	459,415	432,436	459,415	432,436
	1,795,829	1,795,829	1,795,829	1,795,829

# Notes to the Financial Statements

**41.2.1** The One-off Surplus is defined as the excess of total policy liabilities under the NPV regime as at 31 December 2015 over the total policy liabilities under the RBC regime as at 01.01.2016 where, the total policy liabilities under NPV regime is computed as per the solvency basis, which is the same as minimum regulatory basis. The total policy liabilities under RBC regime is computed as per distribution basis. Under the distribution basis, we have used the risk free rate for discounting of liabilities, zeroised liabilities at a product level and valued the Universal life portfolio and the Optional Rider portfolio using GPV methodology. Further, we have reported Total Benefits Liability for the Participating portfolio under the Distribution basis. The Distribution basis is more prudent compared to the Solvency basis (defined in the Solvency Margin Risk Based Capital Rules 2015 RBC guide lines). The Distribution of One-off Surplus to shareholders, held as part of the Restricted Regulatory Reserve, is subject to meeting governance requirements stipulated by the Insurance Regulatory Commission of Sri Lanka (IRCSL) and can only be released upon receiving approval from the IRCSL. The One-Off Surplus in the Shareholder Fund (SHF) will remain invested in assets in note 17.2 as per the directions of IRCSL.

## 41.2.2 Composition of investments supporting the Restricted Regulatory Reserve

Subsequent to the transfer of one-off Surplus from Policyholder Fund other than Participating business to Shareholder Fund the Janashakthi Insurance PLC will maintain investments in "Government Debt Securities" and "Deposits with Banks & Financial Institutions" to fully support the amount of One-off Surplus at any given time on a market value basis. The composition of those investments are represented below.

SECURITY CATEGORY As at 31 December,	MARKET VALUE*	
	2024 LKR '000	2023 LKR '000
Government debt securities	1,625,829	1,475,829
Deposits with banks & financial institutions	170,000	320,000
	1,795,829	1,795,829

\*From Janashakthi Insurance PLC's perspective

## 41.3 Fair value reserve

AS AT 31 MARCH	GROUP		COMPANY	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Balance at the beginning of the year	(465,733)	(495,759)	(465,734)	(495,759)
Change in fair value	481,271	(211,977)	481,271	(211,977)
Net realized gains transferred to statement of profit or loss	-	-	-	242,002
Adjustment due to change in ownership	171,116	242,002	171,116	-
At the end of the year	186,654	(465,734)	186,653	(465,734)

## 41.4 Fair value reserve - Life Policy Holders

At the beginning of the year	(494,481)	(107,041)	(494,481)	(107,041)
Opening balance adjustment	494,481		494,481	
Change in Fair value of AFS assests		(387,440)		(387,440)
	-	(494,481)	-	(494,481)

## 41.5 Revaluation reserve

Revaluation reserve	26,004	26,004	26,004	26,004
	26,004	26,004	26,004	26,004

**41.5.1** Revaluation reserve is a capital reserve which contains gains/losses from valuation of Land and buildings.

## 42 REVENUE

For the year ended 31 March	GROUP		COMPANY	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
<b>Business Segment Analysis</b>				
Life Insurance	4,558,722	4,832,510	-	-
Financial services	33,098,209	17,021,029	-	-
Property development	-	179,805	-	-
Secretarial services	4,859	7,250	-	-
Investment holding	43,045	109,946	337	21,646
Fitness Service	216,503	118,092	-	-
	37,921,338	22,268,632	337	21,646
<b>42.1 Timing of revenue recognition</b>				
Revenue generated at the point in time	20,914,908	5,789,213	337	21,646
Revenue generated over the period	17,006,430	16,479,419	-	-
	37,921,338	22,268,632	337	21,646

## 43 INSURANCE CLAIMS AND BENEFITS (NET)

For the year ended 31 March	GROUP		COMPANY	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
<b>Gross benefits and claims paid</b>				
Life insurance contracts	(3,437,015)	(3,339,710)	-	-
<b>Claims ceded to reinsures</b>				
Life Insurance contracts	378,481	131,418	-	-
<b>Gross change in claims liabilities</b>				
Change in life insurance contract liabilities	(72,528)	212,081	-	-
<b>Change in contract liabilities ceded to reinsures</b>				
Change in life insurance contract liabilities	(273,971)	250,691	-	-
<b>Net benefits and claims</b>	(3,405,033)	(2,745,520)	-	-

## 44 UNDERWRITING AND NET ACQUISITION COSTS

For the year ended 31 March	GROUP		COMPANY	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
<b>Life insurance</b>				
Commission expenses for insurance contracts	(572,578)	(1,241,036)	-	-
Staff cost - Marketing	(590,014)	(442,972)	-	-
	(1,162,592)	(1,684,008)	-	-

# Notes to the Financial Statements

## 45 OTHER OPERATING INCOME

For the year ended 31 March	Note	GROUP		COMPANY	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Fee and commission income		194,092	206,642	18,778	41,945
Net realized gains/(losses)	45.1	(514,090)	444,749	(102,729)	674,201
Collections from written off contracts	45.2	20,995	44,350	-	-
Rental income		26,969	120,898	6,152	-
Late fee recovery		1,951	1,959	-	-
Fair value loss on biological assets		(498,900)	-	(498,900)	-
Fair value gains on investment properties		42,355	514,835	-	-
Sundry income		146,375	364,706	467	116
		(580,253)	1,698,139	(576,232)	716,262
<b>45.1 Net realized gains / (losses)</b>					
Gain on Disposal of Subsidiary		-	893,552	-	893,552
Gain on Disposal of Subsidiary shares		-	-	294,532	-
Gain on disposal of property, plant and equipment		339	143	-	-
Gain on disposal of leasehold property		2,817	721	2,817	721
Capital gain / (loss) on disposal of financial assets	45.1.1	(117,130)	(124,707)	-	(198,090)
Impairment of Available for Sale Financial Assets transferred to the Income Statement		-	(306,216)	-	-
Exchange Gain / (Loss)		1,384	38	1,421	-
Fair Value Changes- IP and related companies		(401,500)	(18,782)	(401,500)	(21,982)
		(514,090)	444,749	(102,730)	674,201
<b>45.1.1 Capital gain / (loss) on disposal of financial assets</b>					
Government securities		90,584	28,253	-	-
Equity securities		(207,714)	(152,960)	-	(198,090)
		(117,130)	(124,707)	-	(198,090)

**45.2** Collections from written off contracts relates to Orient Finance PLC amounting to LKR 20.99Mn (2022/23 - LKR 44.35Mn).

### 45.3 Change in fair value of financial assets - Fair value through profit or loss

For the year ended 31 March	GROUP		COMPANY	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Government securities	(330,272)	1,192,204	28,295	-
Listed debentures	228,247	(259,328)	-	-
Listed equity securities	5,069,149	(1,197,797)	(22,847)	48,944
Unit trusts	299,718	32,196	1,094	-
Derivative financial instruments - Government securities	82,583	(104,960)	-	-
	5,349,425	(337,685)	6,542	48,944

Changes in fair valuation of financial investments has been accounted for in accordance with the SLFRS 9.

#### 46 IMPAIRMENT CHARGES/ (REVERSALS) OF LOANS AND RECEIVABLES FROM CUSTOMERS AND INVESTMENT IN FINANCIAL ASSETS AT AMORTIZED COST

For the year ended 31 March	Note	GROUP		COMPANY	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Finance lease receivables	46.1	181,329	67,875	-	-
Hire purchase receivables	46.2	3,533	459	-	-
Other loans receivable	46.3	(35,425)	30,614	-	-
Factoring receivable	46.4	(17,886)	6,331	-	-
Gold loan receivables	46.5	3,698	(3,842)	-	-
Alternative finance and other receivable	46.6	4,930	1,587	273,330	-
Financial instruments	46.7	(120,679)	252,341	-	109,950
		19,500	355,365	273,330	109,950
<b>46.1 Finance lease receivable</b>					
Stage 01		(46,697)	(64,100)	-	-
Stage 02		4,624	(2,955)	-	-
Stage 03		223,402	134,930	-	-
		181,329	67,875	-	-
<b>46.2 Hire purchase receivable</b>					
Stage 01		-	-	-	-
Stage 02		-	-	-	-
Stage 03		3,533	459	-	-
		3,533	459	-	-
<b>46.3 Other loans receivable</b>					
Stage 01		(2,269)	(2,140)	-	-
Stage 02		(11,137)	7,254	-	-
Stage 03		(22,020)	25,500	-	-
		(35,426)	30,614	-	-
<b>46.4 Factoring receivable</b>					
Stage 01		-	(1)	-	-
Stage 02		(1,903)	1,903	-	-
Stage 03		(15,982)	4,429	-	-
		(17,885)	6,332	-	-
<b>46.5 Gold loan receivables</b>					
Stage 01		(932)	1,107	-	-
Stage 02		(1)	394	-	-
Stage 03		4,631	(5,343)	-	-
		3,698	(3,842)	-	-
<b>46.6 Alternative Finance</b>					
Stage 01		3,786	423	273,330	-
Stage 02		1,897	-	-	-
Stage 03		(754)	1,164	-	-
		4,929	1,587	273,330	-
<b>46.7 Financial instruments</b>					
Stage 01		(120,679)	250,625	-	109,950
Stage 02		-	-	-	-
Stage 03		-	-	-	-
		(120,679)	250,625	-	109,950



# Notes to the Financial Statements

## 47 PROFIT/(LOSS) FROM OPERATING ACTIVITIES STATED AFTER CHARGING / (CREDITING) :

For the year ended 31 March	GROUP		COMPANY	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Depreciation and amortization	243,150	365,300	12,222	10,943
Auditors' remuneration - Audit	7,094	8,836	1,700	1,700
- Non Audit	3,191	3,191	-	-
Personnel costs includes :				
Defined benefit plan costs - Gratuity	36,487	50,637	4,777	2,140
Salaries and defined contribution plan costs - EPF and ETF	1,174,377	1,605,626	197,906	109,513
Directors, fees and emoluments	240,033	263,023	9,443	16,161

## 48 FINANCE INCOME

For the year ended 31 March	GROUP		COMPANY	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Interest Income from Investments	3,872,030	3,145,222	110,101	719,156
	3,872,030	3,145,222	110,101	719,156

## 49 FINANCE COST

For the year ended 31 March	GROUP		COMPANY	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Interest on bank facilities	36,654	201,052	19,529	33,087
Interest on loans and borrowings	3,297,268	3,928,610	4,692,115	4,800,061
Interest on debentures	126,524	379,904	126,524	379,904
Interest on unwinding of lease liabilities	86,924	129,660	2,379	1,895
Placement fees and corporate guarantees	40,335	4,230	40,335	4,230
Bank charges	6	-	-	-
	3,587,711	4,643,456	4,880,882	5,219,177

## 50 INCOME TAX EXPENSE

For the year ended 31 March	GROUP		COMPANY	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Current tax provision (Note 50.1)	6,127,043	971,222	-	-
Over provision for the prior year	(66,510)	42,993	-	-
Deferred taxation charge	(2,174)	465,362	-	-
Withholding tax on dividend declared from subsidiary companies	1,360,307	163,740	(146,668)	-
Income tax expenses for the year	7,418,666	1,643,317	(146,668)	-

For the year ended 31 March	GROUP		COMPANY	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
<b>Recognized in Other Comprehensive Income</b>				
Deferred tax assets (reversals)/origination during the year	(3,621)	2,581	-	-
	7,415,045	1,645,898	(146,668)	-
<b>50.1 Reconciliation of accounting profit to income tax expense</b>				
Profit / (Loss) before taxation	15,379,686	709,836	4,290,988	(2,000,099)
Less : Income from other sources	(116,253)	(773,614)	(116,253)	(740,801)
Less : Exempted income	145,358	(3,879,346)	(11,257,155)	(3,785,131)
Add : Disallowable expenses	6,869,481	5,748,498	1,638,944	134,820
Less : Allowable expenses	(6,354,406)	(3,930,776)	(258,019)	(5,750)
<b>Adjusted loss for the year</b>	15,955,916	(2,125,402)	(5,701,495)	(6,396,961)
Add : Income from other sources	116,253	773,614	116,253	740,801
Add : Biological Assets Sales proceed	429,500	-	429,500	-
Add : Adjusted Business Losses	5,883,324	9,419,277	-	-
<b>Total statutory income</b>	22,384,993	8,067,489	(5,155,742)	(5,656,159)
Tax loss claimed during the year	(560,307)	(3,567,157)	(116,253)	-
Utilization of qualifying payments	-	(97,968)	-	-
<b>Taxable income</b>	21,824,686	4,402,364	(5,271,995)	(5,656,159)
<b>Income tax expense</b>				
Tax at 10% on Gain on realisation of Investment Assets	-	246,946	-	-
Tax at 14% on Dividend Income	-	162,378	-	-
Tax at 15%	-	3	-	-
Tax at 24% on balance taxable Income	-	475,018	-	-
Tax at 30%	6,127,043	-	-	-
	6,127,043	884,345	-	-

**50.2** With the enactment of the Inland Revenue (Amendment) Act No. 45 of 2022 income tax rate was revised from 24% to 30% effective from 01st October 2022 for the year of assessment 2022/2023. Accordingly, income tax rate of 30% was applied on the taxable income of the group for the 2nd half of the financial year ended 31st March 2023 and the same rate was considered for the entire period ended 31 March 2024.

# Notes to the Financial Statements

## 51 BASIC (LOSS) /EARNINGS PER SHARE

Basic earnings/(loss) per ordinary share is calculated by dividing net (loss)/profit after taxation for the year attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

	GROUP		COMPANY	
	2024	2023	2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000
Net (loss)/profit attributable to ordinary shareholders (LKR'000")	4,317,269	(1,900,132)	4,144,320	(2,000,099)
Weighted average number of ordinary shares (Nos. '000)	633,551	633,551	633,551	633,551
Basic (loss)/profit per share (LKR)	6.81	(3.00)	6.54	(3.16)

## 52 INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

The table below describes the type of structured entities that the Group does not consolidate but in which it holds an interest.

Name of the Fund	Nature of Business	Date of Incorporation	Managing Company	Investment made by First Capital Limited and First Capital Asset Management Limited (LKR '000)	Management fee received by First Capital Asset Management Limited (LKR '000)
First Capital Wealth Fund	The Unit Trust engages in investment in medium term fixed income securities (i.e. Government Securities and Corporate Debt Securities) on behalf of its clients.	18 August 2010	First Capital Asset Management Limited	-	1,326
First Capital Money Market Fund	The Unit Trust engages in investment in Short Term Fixed Income Securities on behalf of its clients.	16 September 2014	First Capital Asset Management Limited	3,525,395	121,483
First Capital Gilt -Edged Fund	The Unit Trust engages in investment in Government securities on behalf of its clients.	16 September 2014	First Capital Asset Management Limited	-	2,967
First Capital Fixed Income Fund	The Unit Trust engages in investment in fixed income securities (i.e. Government Securities and Corporate Debt Securities) on behalf of its clients.	25 April 2014	First Capital Asset Management Limited	-	5,811
First Capital Equity Fund	The Unit Trust engages in investment in equity shares on behalf of its clients.	30 July 2015	First Capital Asset Management Limited	60,602	7,772

Summarised financial performance of the above unit trusts for the year ended 31 March 2024 are as follows.

<b>Year ended 31 March 2024</b>	<b>Income</b>	<b>Profit/ (loss) after tax for the year</b>	<b>Total Equity</b>	<b>Net Asset per Unit</b>
<b>Name of the Fund</b>	<b>LKR '000</b>	<b>LKR '000</b>	<b>LKR '000</b>	<b>LKR '000</b>
First Capital Wealth Fund	33,588	52,950	169,081	1,826
First Capital Money Market Fund	4,063,909	4,181,433	48,588,563	3,057
First Capital Gilt-Edged Fund	118,594	109,305	229,290	2,317
First Capital Fixed Income Fund	183,092	477,841	1,105,708	3,537
First Capital Equity Fund	16,083	35,825	295,454	2,402

<b>Year ended 31 March 2023</b>	<b>Income</b>	<b>Profit/ (loss) after tax for the year</b>	<b>Total Equity</b>	<b>Net Asset per Unit</b>
<b>Name of the Fund</b>	<b>LKR '000</b>	<b>LKR '000</b>	<b>LKR '000</b>	<b>LKR '000</b>
First Capital Wealth Fund	5,372	1,001	63,407	1,094
First Capital Money Market Fund	694,204	702,935	4,682,215	2,503
First Capital Gilt-Edged Fund	677,264	659,832	1,367,226	1,963
First Capital Fixed Income Fund	170,246	121,527	976,867	2,254
First Capital Equity Fund	18,058	12,683	104,458	1,772

Group had not provided financial or other support to an unconsolidate Structured Entity.

# Notes to the Financial Statements

## 53 RELATED PARTY DISCLOSURES

### 53.1 Directorships in other companies

The Directors of Janashakthi Limited are also Directors of the following companies.

Name of the company	Relationship	Chandana De Silva	Ramesh Schaffter	Prakash Schaffter
Janashakthi Business Services (Pvt) Limited	Subsidiary		Director	Director
Janashakthi Capital (Pvt) Limited	Subsidiary		Director	Director
Janashakthi Foundation (Guarantee) Limited	Subsidiary		Director	Director
Janashakthi Insurance PLC	Subsidiary		Director	Director/Deputy Chairman
First Capital Advisory Services (Pvt) Ltd	Subsidiary	Director		
First Capital Asset Management Limited	Subsidiary	Director		
First Capital Equities (Pvt) Limited	Subsidiary	Director		
First Capital Holdings PLC	Subsidiary	Director	Director	Alt. Director to Ramesh Schaffter
First Capital Limited	Subsidiary	Director		
First Capital Markets Limited	Subsidiary	Director		
First Capital Treasuries PLC	Subsidiary	Director	Director	
First Capital Trustee Services (Pvt) Ltd	Subsidiary			
Orient Finance PLC	Subsidiary			Director
Beckett Capital (Pvt) Ltd	Subsidiary		Director	Director
24/7 Techies (Pvt) Ltd	Related party through KMP	Director		
Acland Insurance Services Limited	Related party through KMP		Director	Director
Aitken Spence Plantation Managements PLC	Related party through KMP			
B S Consultants (Pvt) Ltd	Related party through KMP			
Brand Finance Lanka (Pvt) Ltd	Related party through KMP			
Colours of Courage Trust (Guarantee) Ltd	Related party through KMP			
Crowd Island	Related party through KMP			
Dilma Ceylon Tea Company PLC	Related party through KMP			
El Shaddai Trust	Related party through KMP		Chairman	
Elpitiya Plantations PLC	Related party through KMP			
Espalier Futures Limited	Related party through KMP		Director	Director
Eureka Technology Partners (Pvt) Ltd	Related party through KMP	Director		
Financial Investment Management & Support Services	Related party through KMP			
Forbes & Walkers (Pvt) Ltd	Related party through KMP			
Garnet Capital (Pvt) Ltd	Related party through KMP			
Green Agricultural Ventures (Private) Limited	Related party through KMP			
Habitat for Humanity International	Related party through KMP			
Habitat for humanity Sri Lanka	Related party through KMP			
Hatch Works (Pvt) Ltd	Related party through KMP			
Hayleys Plantation Services Ltd	Related party through KMP			
Heritors Holdings (Pvt) Ltd	Related party through KMP			
K Sivagananathan Memorial Trust	Related party through KMP			
Kahawatte Plantations PLC	Related party through KMP			
Kelsey Heights Nugegoda (Pvt) Limited	Related party through KMP			Director





# Notes to the Financial Statements

Name of the company	Relationship	Chandana De Silva	Ramesh Schaffter	Prakash Schaffter
Kimin Holdings (Pvt) Limited	Related party through KMP			
Kimin Power (Pvt) Limited	Related party through KMP			
Lanka Angel Network	Related party through KMP			
Lanka Energy Lubricants (Pvt) Ltd	Related party through KMP			
Lanka Shipping and Logistics (Pvt) Ltd	Related party through KMP			
Live Events (Pvt) Ltd	Related party through KMP			
Loland Holdings Limited	Related party through KMP			Director
Mahaweli Feed Mills (Pvt) Limited	Related party through KMP			
Mahaweli Marketing (Pvt) Limited	Related party through KMP			
MAS Brand Holdings (Pvt) Ltd	Related party through KMP			
MAS Capital (Pvt) Ltd	Related party through KMP			
MAS Innovation (Pvt) Ltd	Related party through KMP			
MyDeal.lk	Related party through KMP			
Pan Nippon Development (Pvt) Limited	Related party through KMP		Director	Director
Reap Digital (Pvt) Limited	Related party through KMP	Director		
Remediumone (Pvt) Ltd	Related party through KMP			
Rock Foundation (Pvt) Ltd	Related party through KMP		Director	Director
Saffron Leisure (Pvt) Limited	Related party through KMP			
Sail Development (Pvt) Limited	Related party through KMP			
Sarvodaya Development Finance PLC	Related party through KMP		Director	
Schaffters (Pvt) Limited	Related party through KMP		Director	Director
Sea-Change Partners Lanka (Pvt) Ltd	Related party through KMP	Director		
Serendib Land PLC	Related party through KMP		Director	Alternate Director to Ramesh Schaffter ( Director)
Sting Consultants (Pvt) Ltd	Related party through KMP			
Sunrise Senior Foundation	Related party through KMP		Director	
Talawakelle Tea Estates PLC	Related party through KMP			
Tea Leaf Vision (Guarantee) Limited	Related party through KMP		Director	
Tea Trails (Pvt) Ltd	Related party through KMP			
Thornton Estates Limited	Related party through KMP			
Turquoise Lanka (Pvt) Ltd	Related party through KMP			

KMP - Key Management Personnel

- a. 'The Group carries out transactions with parties who are defined as related parties as per Sri Lanka Accounting Standard (LKAS 24), "Related Party Disclosure", in the ordinary course of its business. The details of such transactions are reported below. The pricing applicable to such transactions is based on the assessment of risk and pricing model of the Company and is comparable with what is applied to transactions between the Group and its unrelated customers. Related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

Eardley Perera	Saliya Wickramasuriya	Pirananavan Sivagananathan	Manjula Mathews	Minette Perera	Vishnu Balachandran
		Director			
		Director			
		Director			
	Director				
	Director				
		Director			
			Director		
			Director		
		Director			
		Director			
		Director			
		Director			
	Director				
			Director		
		Director			
		Director			
Director					
				Director	
				Alternate Director to Merrill J Fernando	
			Director		
			Director		

# Notes to the Financial Statements

## 53.2 Transactions with subsidiaries

Nature of transaction	GROUP		COMPANY	
	2023/24 LKR '000	2022/23 LKR '000	2023/24 LKR '000	2022/23 LKR '000
<b>Statement of profit or Loss and other comprehensive income</b>				
Brokerage income (Stock broking)	-	-	8,066	36,997
Interest expense	-	-	1,613,258	1,048,101
Reimbursement of expenses	-	-	13,572	58,764
Insurance premium paid	-	-	818	5,418
Insurance claim received	-	-	366	1,912
Insurance Premium	-	-	-	-
Fee income	-	-	1,092	-
Fee expenses	-	-	12,563	3,345
Secretarial fees	-	-	620	620
Dividends income	-	-	5,195,534	386,732
Corporate Guarantee facility commission Income	-	-	15,352	11,653
Corporate Guarantee facility commission expenses	-	-	3,347	10,060
<b>Statement of financial position</b>				
Related party payable	-	-	46	46
Related party receivable	-	-	699,980	799,551
Short term lending	-	-	-	-
Short term borrowings	-	-	3,640,883	4,666,556
Investment in commercial papers	-	-	1,688,332	1,483,471
Investment in debentures	-	-	-	562,871
Investment in corporate debt securities	-	-	-	-
Corporate guarantee provided	-	-	2,400,000	4,011,250
Corporate guarantee Received	-	-	838,006	2,000,000

### 53.3 Transactions with other related companies

Nature of transaction	GROUP		COMPANY	
	2023/24 LKR '000	2022/23 LKR '000	2023/24 LKR '000	2022/23 LKR '000
<b>Statement of Profit or Loss and Other Comprehensive Income</b>				
Interest income	143,735	766,218	94,526	606,738
Fee income	323	-	-	-
Brokerage Income	8,286	16,605	-	-
Benefit accrued from investment in Unit Trust	298,624	241,680	-	-
Gain on redemption on Units	-	-	-	-
Gain realised on sale of government securities	671,940	12,174	-	-
Allocation of personnel expenses	-	-	-	-
Dividend income	-	-	-	-
Gain realised on sale of corporate debt securities securities	-	-	-	-
Interest expense	1,469,899	854,029	-	-
<b>Administrative Charges</b>				
Secretarial fees	1,660	1,348	-	-
Other expenses	100,920	56,550	-	-
Insurance premium paid	-	5,594	-	-
Claim received	-	1,692	-	-
Dividend paid	-	-	-	-
<b>Statement of Financial Position</b>				
Investment in debentures	-	197,655	-	-
Investment in securitized papers	-	-	-	-
Investment in commercial papers	126,036	5,851,752	126,036	5,851,752
Investment in unit trust	5,249,078	1,414,253	-	-
Short term lending	-	-	-	-
Borrowing on listed debentures	264,783	264,108	-	-
Borrowing on Commercial Papers	-	-	-	-
Securities purchased under re-sale agreements (against government securities)	-	-	-	-
Securities sold under re-purchase agreements (Against government securities)	44,081,038	1,744,284	-	-
Management fee receivable (Portfolio management)	1,975	3,667	-	-
Management fee receivable (Unit Trust)	-	-	-	-
Receivable from Unit Trust	-	-	-	-
Current account receivable	1,020,023	7,024,789	1,020,023	7,024,723
Current account payable	284	40,363	-	40,363
Benefit Accrued/ Earned in Unit Trust	-	-	-	-
Funds under management (Portfolio Management)	27,288,399	34,715,026	-	-

# Notes to the Financial Statements

## 53.3 Transactions with other related companies Cont..

Outstanding trading investments/borrowings other than investment under resale agreements/borrowings on repurchase agreements with related parties including current account balances at year end are not secured. There are no guarantees involved in investments under resale agreements/borrowings on repurchase agreements. The said transactions have been collateralised through trading securities. The settlement of all transactions occurs in cash. No expenses have been recognised in the current year or prior year for bad or doubtful debts in respect of amounts owed by related parties.

## 53.4 Transactions with Key Management Personnel (KMP) and their Close Family Members (CFM)

According to Sri Lanka Accounting Standard LKAS 24 "Related Party disclosures", Key Management Personnel, are those having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. Accordingly, the Board of directors and Chief Executive Officer have been classified as key management personnel of the Company/ Group.

Close Family Members of a Key Management Person are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the Entity. They may include;

- The individual's domestic partner and children;
- Children of the individual's domestic partner; and
- dependents of the Individual or the individual's domestic partner

Close Family Members are related parties to the Entity.

Transaction with Key Management Personnel and their close family members are disclosed below.

Nature of transaction	GROUP		COMPANY	
	2023/24 LKR '000	2022/23 LKR '000	2023/24 LKR '000	2022/23 LKR '000
<b>Statement of Profit or Loss and Other Comprehensive Income</b>				
Interest income	49,209	30,829	-	-
Claims Paid				
Brokerage income (Stock broking)	323	2,033	-	-
Management fee income (Portfolio Management)	8,286	5,540	-	-
Interest expense	1,655,981	59,118	186,082	58,124
Emoluments paid	35,691	251,188	12,681	21,405
Benefit accrued from investment in unit trust	298,624	12,155	-	-
Gain on redemption on Units	65,837			
Gain realised on sale of government securities	671,940			
Allocation of personnel expenses	61,780			
Dividend income	34,714			
Administrative Charges	5,718			
Secretarial fees	1,660			

Nature of transaction	GROUP		COMPANY	
	2023/24 LKR '000	2022/23 LKR '000	2023/24 LKR '000	2022/23 LKR '000
Management fee (Portfolio Management and Unit Trust)	100,920			
Statement of Changes in Equity	-			
Dividend Paid/ Declared	506,009	-	-	-
Management fee receivable (Portfolio Management)	1,975	505	-	-
Management fee receivable (Unit Trust)	25,515			
Lendings	-	45,803	-	-
Securities purchased under re-sale agreements (against government securities)	1,495,635	-	-	-
Securities sold under re-purchase agreements (Against corporate debt securities)	399,027	2,046	-	-
Borrowing on listed debentures	264,783			
Borrowing on Commercial Papers	640,538			
Receivable from Unit Trust	898			
Current account payable	284			
Investment in debentures	-	150,000	-	150,000
Investment in commercial papers	989,591	512,395	989,591	512,395
Investments made in unit trust	5,249,078	27,637	-	-
Benefit Accrued/ Earned in Unit Trust	554,937			
Funds under management (Portfolio Management)	27,288,399	899,395	-	-
Fixed deposits obtained	45,963	49,875	-	-

#### 54 FAIR VALUE HIERARCHY

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique;

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows an analysis of financial instruments recorded at fair value by table of fair value hierarchy.



# Notes to the Financial Statements

## Group

As at 31 March 2024

	Total	Level 1	Level 2	Level 3
	LKR '000	LKR '000	LKR '000	LKR '000
<b>Financial assets at fair value through profit or loss &amp; Derivatives</b>				
Investment in quoted equity securities	1,502,953	1,502,953	-	-
Investment in government securities	71,607,788	71,607,788	-	-
Investment in unit trust	4,815,058	-	4,815,058	-
Investment in debentures	1,018,254	777,624	240,630	-
Forward Sale contracts	1,944	-	-	-
Forward purchase contracts	49,989	49,989	-	-
	78,995,986	73,938,354	5,055,688	-
<b>Financial assets at fair value through other comprehensive income</b>				
Investment in quoted equity securities	2,516,818	2,516,587	231	-
Venture capital investments	12	-	-	12
Investment in government securities	932,761	932,761	-	-
Corporate debt	1,555,979	1,555,979	-	-
	5,005,570	5,005,327	231	12

## Group

As at 31 March 2023

	Total	Level 1	Level 2	Level 3
	LKR '000	LKR '000	LKR '000	LKR '000
<b>Financial assets at fair value through profit or loss &amp; Derivatives</b>				
Investment in quoted equity securities	1,453,141	1,453,141	-	-
Investment in government securities	54,921,348	54,921,348	-	-
Investment in unit trusts	1,922,212	-	1,922,212	-
Investment in debentures	1,092,105	831,579	260,526	-
Forward purchase contracts	38,918	38,918	-	-
	59,427,724	57,244,986	2,182,738	-
<b>Financial assets at fair value through other comprehensive income</b>				
Investment in quoted equity securities	3,571,030	3,570,799	231	-
Venture capital investments	12	-	-	12
Investment in government securities	1,251,863	1,251,863	-	-
Corporate debt	1,551,649	1,551,649	-	-
	6,374,554	6,374,311	231	12

**Company****As at 31 March 2024**

	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	<b>LKR '000</b>	<b>LKR '000</b>	<b>LKR '000</b>	<b>LKR '000</b>
<b>Financial assets at fair value through profit or loss</b>				
Investment in quoted equity securities	91,387	91,387	-	-
Investment in unit trust	29,389		29,389	
	120,775	91,387	29,389	-
<b>Financial assets at fair value through other comprehensive income</b>				
Investment in quoted equity securities	-	-	-	-
	-	-	-	-

**Group****As at 31 March 2023**

	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	<b>LKR '000</b>	<b>LKR '000</b>	<b>LKR '000</b>	<b>LKR '000</b>
<b>Financial assets at fair value through profit or loss</b>				
Investment in quoted equity securities	114,233	114,233	-	-
	114,233	114,233	-	-

**55 FINANCIAL RISK MANAGEMENT DISCLOSURES**

Risk management demonstrate the initiatives that are undertaken to reduce or mitigate the Group's exposure to losses. The Group as a whole is exposed to the following risk categories.

- Insurance risk
- Financial risk
  - Credit risk
  - Market risk
  - Operational risk
  - Liquidity risk

**Risk management framework**

The primary objective of the Group's risk and financial management is to protect the Group's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Board of Directors of the Group recognizes the critical importance of having efficient and effective risk management system in place.

The risk management function is overlook by the Group's risk committee which comprises with Independent Directors and other expertise. The committee meets regularly and reviews Group's risk management policies which defines Group's risk identifications, its interpretation and risk levels and ensure whether the policies and procedures in place are sufficient to cater the risk faced by the Group. Also it prepares an investment guideline which determine asset allocations, duration allocations, investment yields along with the monitoring of Group's Investment Portfolio, asset-liability mismatches and mitigating actions for any identified risk exposures.

# Notes to the Financial Statements

## 55 FINANCIAL RISK MANAGEMENT DISCLOSURES CONT..

### (A) Capital management objectives, policies and approach

The Group has established the following capital management objectives, policies and approach to managing the risks that affect its capital position :

- To maintain the required level of solvency in order to provide a degree of security to policyholders and customers.
- To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its shareholders.
- To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets.
- To align the profile of assets and liabilities taking account of risks inherent in the business.
- To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, customers, regulators and stakeholders.
- To maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximise shareholders' value.

The Group has complied with all these regulatory requirements throughout the financial period under review.

### (B) Approach to capital management

The Group's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital levels on a regular bases and taking appropriate actions to influence the capital position of the Group in the light of changes in economic conditions and risk characteristics.

The primary source of capital used by the Group is equity shareholders' funds. The Group also utilises, where efficient to do so, sources of funds such as bank borrowings and securitisation in addition to more traditional sources of funding. Management and the Board of Directors forecast and review the capital requirements on periodic basis.

There were no significant changes to the equity capital of the Group during the financial year under review.

### (C) Regulatory framework

The operations of the Group are subject to regulatory requirements.

#### Insurance risk

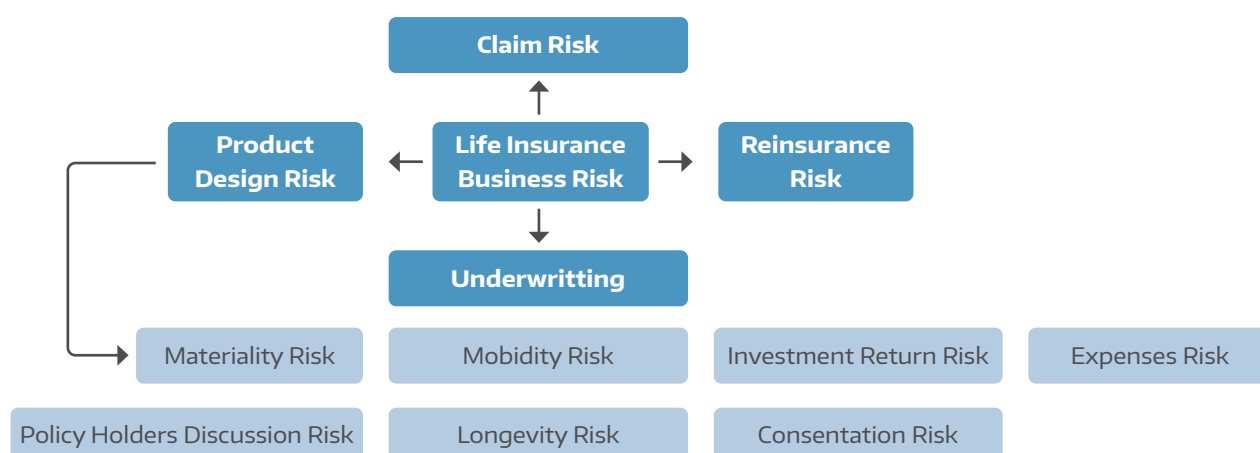
The primary risk to the Group under its insurance contracts is that the amount and timing of actual claims and benefit payments being different from expectations. This is influenced by the frequency and severity of claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities. The Group mitigates the above risk exposure by diversification across a large portfolio of insurance contracts, by careful selection and implementation of underwriting strategies and by use of reinsurance arrangement. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Group has reinsurance arrangement, it is not relieved of its direct obligations or its policyholders and thus as credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Group's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract.

#### Life insurance business risk

The principal insurance risk the Group faces under its insurance contract is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency and subsequent development of long term claims. Therefore, the objective of the Group is to ensure that sufficient financial and reinsurance protection is available to cover these liabilities. The Group mitigates the above risk exposure by diversification across a large portfolio of insurance contract, by careful selection and implementation of underwriting strategies and by use of reinsurance agreements.

The group has entered into long term reinsurance treaties with the world's leading reinsurers as part of its risk mitigation programme. The reinsurance programme is designed to mitigate the Group's net exposure to a single claim as well as to catastrophic losses.

Life insurance is a contractual agreement between a policyholder and a life insurance Company. Policyholders come to an agreement to make premium payments to the Company, and the Company agrees to pay beneficiaries if an insured event occurred. Traditional life insurance products comprise protection and annuity covers. Protection products convey product designing, underwriting, claims and reinsurance risk.



#### a. Product Design Risk

Life insurance contracts offered by the Company including whole life, term assurance, retirement plans, critical illness benefit, endowment plans, disability insurance, major surgery benefit and daily hospital cash. The fundamental assumptions used in product development are as below.

Risk	Description	Risk Response
Mortality risk	Risk of loss arising due to policyholders death experience being different from expected	Using standard mortality table with sensitivity to Company's mortality experience.
Morbidity risk	Risk of loss arising due to policyholders health experience being different from expected	Decisions made based on reinsurance tables and adjustments made when appropriate to reflect the Company's own risk experience.
Investment return risk	Risk of loss arising from actual returns being different from expected	The weighted average rate of return is derived based on a model portfolio that is assumed to back liabilities, consistent with the long term asset allocation strategy.
Expense risk	Risk of loss arising from the expense experience being different from expected	Expense assumptions reflect the projected costs of maintaining and servicing in policies and associated overhead expenses.
Policyholder decision risk	Risk of loss arising due to policyholders experiences (lapses and surrenders) being different from expected	Lapse and surrender rates are projected according to the Company's past experience.
Longevity risk	Risk of loss arising due to the annuitant living longer than expected.	Terms and conditions included in insurance applications have been designed to address nonstandard and unpredictable risks.
Concentration risk	Risk of losses due to not maintaining a balanced product portfolio	Developing a proper product mix in line with company strategy.

# Notes to the Financial Statements

## 55 FINANCIAL RISK MANAGEMENT DISCLOSURES CONT..

Mainly Janashakthi Insurance PLC offer Traditional participating products, Non-participating products and Universal life products. Universal life product category's key risk is interest rate risk which means differences in duration and yield of assets and liabilities. Another main risk is investment credit risk. Company is matching of asset and liability cash flows and investing in investment grade assets to mitigate risks which arising from Universal life products.

### Participating Fund vs. Non-Participating Fund

The following analysis depicts the concentration of Participating and Non- Participating fund position of the Company.

For the year ended 31st December	2023		2022	
	LKR million	%	LKR million	%
Participating Fund	1,377	10	980	8
Non-Participating Fund	13,168	90	10,638	92
Total	14,545	100	11,618	100

### b. Underwriting Risk

The Group's underwriting strategy is designed to ensure that risks are well diversified in terms of type of risk level of insured benefits. This is largely achieved through the use of medical screening in order to ensure that pricing takes account of current health conditions and family medical history, regular review of actual claims experience and product pricing. Underwriting limits are in place to enforce appropriate risk selection criteria.

The Group further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Group. For contracts for which death or disability is the insured risk, the significant factors that could increase the overall frequency of claims than expected. The Group limits exposure on any single life by way of retention limits agreed with the reinsurers.

### Life Underwriting Risk Management

1. Separate life underwriting division headed by a well-qualified management along with a trained staff is in placed in order to closely monitor the life underwriting functions of the Group.
2. Pricing decisions of the products are reviewed and guided by a qualified actuary to facilitate the management to make accurate pricing decisions.
3. Reinsurers' advices are obtained before deciding on the terms and conditions of the products in order to assists the proper pricing strategies.
4. The Group carefully analyses the current health condition and the family medical history of the proposal holder before deciding on the premiums.

### c. Reinsurance Risk

A new or continuing reinsurance contract could give rise to one or more of the following risks:

Notwithstanding the advantages reinsurance provides insurers, it can expose them, at varying degrees, to various risks inherent in its use.

1. Residual insurance risk may arise from discrepancies between reinsurance needs and the actual coverage provided for in the contract, resulting in the insurer retaining greater risk than anticipated. Similarly, an insurer may face a basic risk related to alternative risk transfer mechanisms where the amounts obtained by the insurers through the mechanisms do not match the losses incurred by the insurer.
2. Legal risk may arise when the terms of the contract do not accurately reflect the intent of the insurers or when the contract cannot be legally enforced.

3. Counterparty risk may result from the inability or potential refusal of the reinsurer, or a stakeholder in the case of an alternative risk transfer mechanism, to honour its obligations towards the ceding insurer.
4. Liquidity risk may arise from the possible lag time between the payment of a claim by the insurer to its insured and receipt of the reinsurance recoverable.
5. Operational risk may result from inadequate contractual arrangements or from insufficient technological or administrative capacity to manage and collect sums owed by reinsurers. Some of the specific actions by the Group to mitigate Reinsurance Risks are shown below.

Some of the specific actions by the Group to mitigate Reinsurance Risks are shown below.

\* Outstanding reinsurance receivables are viewed on a monthly basis to ensure that all dues are collected or set off against payables on time.

\* A very close and professional relationship is maintained with all reinsurers.

\* No cover is issued without a confirmed reinsurance in place.

\* Only a globally trusted and stable portfolio of reinsurance companies which are rated highly by A.M Best is used.

For the year ended 31st December	2023 LKR '000	2022 LKR '000
Gross Written Premium	4,584	4,867
Reinsurance	(220)	(258)
Net Written Premium	4,364	4,609

### Reinsurance Credit Ratings

The following table shows the credit ratings of reinsurance Companies with whom the Group has entered into reinsurance arrangements as of 31 December 2022.

Rating	Rating		
	Financial Strength	Credit	Rating Agency
Partner Reinsurance ASIA Pte Ltd	A+	AA-	A.M Best
Hannover Rueck SE-Malaysian Branch	A+	AA	A.M Best
SCOR SE Singapore Branch	A	A+	A.M Best
Munich Re India Branch	A+	AA	A.M Best

### d. Claims risk

The possibility of adverse variance in claim pattern of the product which is not expected at the product development stage. Some of specific actions taken by the Group to mitigate the claims risks are as below.

\* Strict claim review policies to assess all new and ongoing claims.

\* Regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims.

\* Obtaining adequate reinsurance cover.

\* A qualified actuary is employed within the Group in order to assist the management to review the life insurance business.

\* Life fund valuation is carried out by a qualified independent actuarial valuer on a regular basis.

\* Claims are reserved immediately at the intimation or on the availability of information of the death or injury of an insured.



# Notes to the Financial Statements

## 55 FINANCIAL RISK MANAGEMENT DISCLOSURES CONT..

The purpose of these underwriting, claims and reinsurance strategies was to limit risk exposure based on the Group's risk appetite as decided by management. The Board decided to increase or decrease the maximum tolerances based on market conditions and other factors.

### Financial risk

The Group is exposed to financial risk primarily through financial assets, financial liabilities and insurance liabilities. The key financial risk categories that the Group is exposed to is :

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The Group credit risk exposure is depicted in the below table using carrying values as at the statement of financial position date.

- Financial investments in debt securities
- Loans and receivables from customers
- Loans to life policyholders and others
- Premium receivables
- Reinsurance receivables
- Cash and cash equivalent
- Other financial receivables
- Investment in quoted debentures
- Short term and long term lendings
- Placement with banks and financial institutions

For the year ended 31st March	2024		2023	
	LKR'000	%	LKR'000	%
Government securities & Reverse Repurchase Agreements	76,680,245	71.3%	60,375,450	65.2%
Financial investments in debt securities	3,331,448	3.1%	4,134,506	4.5%
Unit Trust	4,815,058	4.5%	1,922,212	2.1%
Investment in shares	1,502,953	1.4%	1,453,141	1.6%
Fixed deposits	455,752	0.4%	390,976	0.4%
Investment in quoted debentures	1,018,254	0.9%	1,036,396	1.1%
Short term and long term lendings	130,557	0.1%	759,918	0.8%
Placement with banks and financial institutions	236,667	0.2%	877,692	0.9%
Staff Loans	62,953	0.1%	74,127	0.1%
Reinsurance receivables	26,814	0.0%	299,781	0.3%
Premium receivables	268,203	0.2%	121,594	0.1%
Loans and receivables from customers	15,658,738	14.6%	12,941,011	14.0%
Loans to life policyholders and others	268,736	0.3%	328,359	0.4%
Cash and cash equivalents	1,983,030	1.8%	841,720	0.9%
Amount due from related parties	1,050,045	1.0%	7,054,789	7.6%
<b>Gross financial assets</b>	<b>107,489,453</b>		<b>92,611,672</b>	

#### Management of credit risk includes the following components

- Formulating credit policies IN consultation WITH business units covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures and compliance WITH regulatory and statutory requirements
- Establishing the authorisation structure for the approval and renewal of credit facilities.
- Limiting concentration of exposures to counter parties
- Reviewing compliance through regular audits by internal audit.

#### Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in Market prices. The group's market risk policy setting out the assessment and determination of what constitutes market risk for the Group.

#### (i) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Group policy is to continuously monitor positions on a daily basis and periodic interest rate re-pricing strategies are used to ensure positions are maintained on a prudential basis.

The interest rate profile of the Group interest-bearing financial instruments as reported to the management of the Group as follows:

	2024		2023	
	Group	Company	Group	Company
<b>Fixed rate instruments</b>				
Investment in financial assets	91,571,321	204,497	80,698,870	163,763
Amounts due from related parties	1,050,045	1,446,673	7,054,789	7,824,274
Amounts due to related parties	8,163	6,706	40,514	40,409
Financial Liabilities	15,801,602	9,700,996	15,654,631	15,322,733
<b>Variable rate instruments</b>				
Investment in financial assets	5,005,570	-	6,374,554	-
Financial liabilities	5,509,014	7,184,263	14,238,690	9,074,201

#### Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Group.

#### Cash flow sensitivity analysis for variable rate instruments

A reasonably possible 1% change interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular foreign currency exchange rates remain constant.

	PROFIT OR LOSS		EQUITY, NET OF TAX	
	1% Increase		1% Increase	
<b>2024</b>				
Variable rate instruments				
Cash flow sensitivity (net)	(5,034)	5,034	(5,034)	5,034

# Notes to the Financial Statements

	PROFIT OR LOSS		EQUITY, NET OF TAX	
	1% Increase		1% Increase	
2023				
Variable rate instruments				
Cash flow sensitivity (net)	(116,678)	116,678	(116,678)	116,678

## Operational Risks

Operational risks is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's involvement with financial instruments, including processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. The Group objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

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

## Foreign exchange (FOREX) and country risk

Foreign exchange (FOREX) risk is the risk that Group may suffer loss as a result of advance exchange rate movements. The impact from FOREX is not substantial on the Group to conduct in-depth analysis. However, there is a slight impact when budgeting for this cost. The above risks are triggered by the treasury operations.

A reasonably possible 1% change exchange rates (USD to LKR) at the reporting date would have increased or decreased equity and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular foreign currency exchange rates remain constant.

## Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with Financial Instruments, when they fall due. That can be due to inadequacy of liquid assets to meet the obligations.

The Group liquidity risk policy setting out the assessment and determination of what constitutes liquidity risk for the Group. Compliance with the policy is monitored and exposures and breaches are reported to the management. The policy is regularly reviewed for pertinence and for changes in the risk environment.

An investment guideline is in place to review the asset allocations, duration allocations and the asset liability mismatches on regular basis.

Setting up contingency funding plans which specify minimum proportions of funds to meet emergency calls as well as specifying events that would trigger such plans.

## Maturity Profile

The following table summarises the Maturity Analysis (excluding interest) of the Group's financial instruments.

## Maturity Analysis - Group

31 March 2024	Less Than 1 Year	1 To 3 Years	3 To 5 Years	Over 5 Years	No Maturity Date	Total
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
<b>Assets</b>						
Financial assets at fair value through profit or loss	24,563,852	13,755,557	32,616,575	8,007,515	-	78,943,499
Fair value at amortised Cost	10,456,088	720,709	1,126,746	322,855	-	12,626,397
Financial assets at fair value through Other comprehensive income	4,052,992	556,362	-	396,000	-	5,005,354
Loans and receivable from customers	8,260,696	4,444,925	1,965,607	987,511	-	15,658,739
Premium Receivables	-	-	268,203	-	-	268,203
Reinsurance receivable	26,814	-	-	-	-	26,814
Trade, other receivables and advances	5,752,016	-	102,486	-	-	5,854,502
Amounts due from related parties	1,050,045	-	-	-	-	1,050,045
Derivative financial instruments	51,933	-	-	-	-	51,933
Cash and cash equivalents	1,983,030	-	-	-	-	1,983,030
<b>Total as at 31 March 2024</b>	<b>56,197,466</b>	<b>19,477,553</b>	<b>36,079,617</b>	<b>9,713,881</b>	<b>-</b>	<b>121,468,516</b>
<b>As at 31 March 2023</b>	<b>43,329,212</b>	<b>25,095,597</b>	<b>29,340,070</b>	<b>6,824,714</b>	<b>402,598</b>	<b>104,992,191</b>
<b>Liabilities</b>						
Debentures	307,565	2,316,882	949,000	-	-	3,573,447
Interest bearing loans & borrowings	18,025,846	5,445,980	50,467	-	-	23,522,293
Deposits from customers	10,923,700	1,391,330	1,241,400	-	-	13,556,431
Reinsurance creditors	276	-	-	-	-	276
Securities sold under repurchase agreements	49,516,772	120,876	5,691	-	-	49,643,339
Trade and other payable	10,755,729	-	-	-	-	10,755,729
Lease Liability	801,863	-	-	-	-	801,863
Amount due to related parties	8,163	-	-	-	-	8,163
Derivative financial instruments	71,742	-	-	-	-	71,742
Bank overdrafts	2,082,924	-	-	-	-	2,082,924
<b>Total as at 31 March 2024</b>	<b>92,494,580</b>	<b>9,275,069</b>	<b>2,246,558</b>	<b>-</b>	<b>-</b>	<b>104,016,207</b>
<b>As at 31 March 2023</b>	<b>79,785,735</b>	<b>11,075,108</b>	<b>1,377,178</b>	<b>-</b>	<b>-</b>	<b>92,238,021</b>

# Notes to the Financial Statements

## Maturity Profile

The following table summarises the Maturity Analysis (excluding interest) of the Company's financial investments.

### Maturity Analysis- Company

31 March 2024	Less than 1 Year	1 to 3 Years	3 to 5 Years	Over 5 Years	No Maturity Date	Total
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
<b>Assets</b>						
Investment Property	-	2,907,000	-	-	-	2,907,000
Consumable Biological Assets	-	-	-	-	-	-
Financial assets at fair value through profit or loss	120,776	-	-	-	-	120,776
Fair value at Amortized Cost	83,721	-	-	-	-	83,721
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-
Amounts due from related parties	1,446,673	-	-	-	-	1,446,673
Trade & Other Receivables	272,048	-	-	-	-	272,048
Cash and cash equivalents	769,215	-	-	-	-	769,215
<b>Total as at 31 March 2024</b>	<b>2,692,433</b>	<b>2,907,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,599,433</b>
						5,846,316
<b>As at 31 March 2023</b>	<b>8,173,812</b>	<b>3,649,967</b>	<b>-</b>	<b>-</b>	<b>928,000</b>	<b>12,752,179</b>
<b>Liabilities</b>						
Debentures	1,299	108,000	949,000	-	-	1,058,299
Interest bearing loans & borrowings	15,402,204	1,869,483	50,467	-	-	17,322,154
Amount due to related parties	6,706	-	-	-	-	6,706
Bank overdrafts	112,432	-	-	-	-	112,432
<b>Total as at 31 March 2024</b>	<b>15,522,642</b>	<b>1,977,483</b>	<b>999,467</b>	<b>-</b>	<b>-</b>	<b>18,499,592</b>
<b>As at 31 March 2023</b>	<b>19,769,610</b>	<b>6,444,386</b>	<b>1,720</b>	<b>-</b>	<b>-</b>	<b>26,215,716</b>

## 56 ASSETS PLEDGED

### Maturity Profile

The following assets have been pledged as securities against the long term and short term borrowings that have been disclosed under the note no 31.2 to the financial statements.

### Maturity Analysis- Company

Name of company	Funding institution	Nature of asset	Nature of liability	Group LKR '000	Company LKR '000	Included Under
				Balance outstanding	Value of assets pledged	Balance outstanding
Orient Finance PLC	Bank of Ceylon	Lease Receivable	POD	23,290	66,500	- Future Capital Receivable
Orient Finance PLC	Commercial Bank of Ceylon PLC	Lease Receivable	POD	168,705	253,500	- Future Rental Receivable
Orient Finance PLC	DFCC Bank PLC	Lease Receivable	POD	49	112,500	- Future Rental Receivable
Orient Finance PLC	Hatton National Bank PLC	Lease Receivable	POD	6,612	65,000	- Future Rental Receivable
Orient Finance PLC	National Development Bank PLC	Lease Receivable	POD	2,830	32,500	- Future Rental Receivable
Orient Finance PLC	People's Bank	Lease Receivable	POD	9,145	97,500	- Future Rental Receivable
Orient Finance PLC	Sampath Bank PLC	Lease Receivable	POD	23,125	112,500	- Future Rental Receivable
Orient Finance PLC	Seylan Bank PLC	Lease Receivable	POD	35	37,500	- Future Rental Receivable
Orient Finance PLC	Pan Asia Banking Corporation PLC	Lease Receivable	Short Term Revolving	175,000	227,500	- Future Capital Receivable
Orient Finance PLC	Sampath Bank PLC	Lease Receivable	Money Market Loan	100,000	150,000	- Future Rental Receivable
Orient Finance PLC	Union Bank of Colombo PLC	Lease Receivable	Short Term Revolving	200,000	260,000	- Future Rental Receivable
Orient Finance PLC	Bank of Ceylon	Lease Receivable	Term Loan	628,889	817,556	- Future Rental Receivable
Orient Finance PLC	Cargills Bank PLC	Lease Receivable	Term Loan	6,944	9,028	- Future Rental Receivable
Orient Finance PLC	Hatton National Bank PLC	Lease Receivable	Term Loan	273,200	355,160	- Future Rental Receivable
Orient Finance PLC	National Development Bank PLC	Lease Receivable	Term Loan	300,000	450,000	- Future Rental Receivable
Orient Finance PLC	Sampath Bank PLC	Lease Receivable	Term Loan	308,240	462,360	- Future Rental Receivable



# Notes to the Financial Statements

Name of company	Funding institution	Nature of asset	Nature of liability	Group LKR '000		Company LKR '000		Included Under
				Balance outstanding	Value of assets pledged	Balance outstanding		
Orient Finance PLC	Union Bank of Colombo PLC	Lease Receivable	Term Loan	215,625	280,313	-		Future Rental Receivable
Janashakthi Limited	National Development Bank PLC	Quoted shares	Long term loans	861,000	1,909,500	861,000		Interest bearing borrowings
Janashakthi Limited	National Development Bank PLC	Quoted shares	Short term loans - Revolving	350,000		350,000		Interest bearing borrowings
Janashakthi Limited	Seylan Bank PLC	Quoted shares and personal guarantees of Directors	Long term loans	-		-		Interest bearing borrowings
Janashakthi Limited	Seylan Bank PLC		Long term loans	-		-		Interest bearing borrowings
Janashakthi Limited	Seylan Bank PLC		Short term loans - Revolving	250,000	6,766,528	250,000		Interest bearing borrowings
Janashakthi Limited	Seylan Bank PLC		Short term loans - Revolving	-		-		Interest bearing borrowings
Janashakthi Limited	Seylan Bank PLC		Long term loans	1,475,000		1,475,000		Interest bearing borrowings
Janashakthi Limited	People's Bank	Personal guarantees of Directors	Long term loans	260,000	1,300,000	260,000		Interest bearing borrowings
Janashakthi Limited	Bank of Ceylon	Land located at wattala	Long term loans	500,000	2,800,000	500,000		Interest bearing borrowings
Janashakthi Limited	Bank of Ceylon	Land located at wattala	Long term loans	43,569		43,569		Interest bearing borrowings
Janashakthi Limited	Cargills bank	Personal guarantees of Directors	Long term loans	79,030	250,000	79,030		Interest bearing borrowings
Janashakthi Limited	Cargills bank	Personal guarantees of Directors	Long term loans	222,083	325,000	222,083		Interest bearing borrowings
Janashakthi Limited	Cargills bank	Personal guarantees of Directors	Long term loans	33,426		33,426		Interest bearing borrowings

Name of company	Funding institution	Nature of asset	Nature of liability	Group LKR '000		Company LKR '000		Included Under
				Balance outstanding	Value of assets pledged	Balance outstanding		
Janashakthi Limited	Cargills bank	Personal guarantees of Directors	Long term loans	400,000		400,000		Interest bearing borrowings
Janashakthi Limited	DFCC bank	Corporate Gurantee	Long term loans	-	400,000	-		Interest bearing borrowings
Janashakthi Limited	DFCC bank	Quoted shares	Long term loans	89,870	397,200	89,870		Interest bearing borrowings
Janashakthi Limited	Commercial Bank of Ceylon PLC	Quoted shares	Long term loans	-	3,933,210	-		Interest bearing borrowings
Janashakthi Limited	Commercial Bank of Ceylon PLC	Quoted shares	Long term loans	-		-		Interest bearing borrowings
Janashakthi Limited	Commercial Bank of Ceylon PLC	Quoted shares	Long term loans	400,000		400,000		Interest bearing borrowings
Janashakthi Limited	Hatton National Bank PLC	Quoted shares / Personal guarantees of Directors	Long term loans	-	3,167,908	-		Interest bearing borrowings
Janashakthi Limited	Pan Asia Banking Corporation PLC	Quoted shares / Personal guarantees of Directors	Long term loans	208,779	985,200	208,779		Interest bearing borrowings
Janashakthi Limited	Nations Trust Bank PLC	Quoted shares / Personal guarantees of Directors	Long term loans	300,000	1,106,550	300,000		Interest bearing borrowings

**56.1** In the ordinary course of the business, the Group entered into transactions that result in the transfer of financial assets to third parties. The information above sets out the extent of such transfers and retained interest in transferred assets.

**56.2** The Group has transferred future rental receivable of Leases and Hire Purchases, but has retained substantially all of the credit risks associated with the transferred assets. Due to the retention of substantially all the risk and rewards on these assets the Group continues to recognized these assets within Lease Rental Receivable and Stock out on Hire.

# Notes to the Financial Statements

## 57 FAIR VALUES VERSUS THE CARRYING AMOUNTS

The fair values of financial assets and liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follow;

Group	2024		2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	LKR '000	LKR '000	LKR '000	LKR '000
<b>Financial assets not measured at fair value</b>				
Financial assets at amortised cost	12,627,268	12,627,268	14,991,219	14,991,219
Loans and receivables from customers	15,658,738	15,658,738	12,941,011	12,941,011
Loans to life policyholders and others	268,736	268,736	328,359	328,359
Reinsurance receivables	26,814	26,814	299,781	299,781
Amount due from related parties	1,050,045	1,050,045	7,054,789	7,054,789
Trade other receivables and advances	5,854,499	5,854,499	2,826,488	2,826,488
Cash at banks and in hand	1,983,030	1,983,030	841,720	841,720
<b>Total financial assets</b>	<b>37,469,130</b>	<b>37,469,130</b>	<b>39,283,367</b>	<b>39,283,367</b>
<b>Financial liabilities not measured at fair value</b>				
Deposits from customers	13,556,431	13,556,431	10,759,499	10,759,499
Interest bearing loans and borrowings	23,522,292	23,522,292	28,304,374	28,304,374
Borrowings on debentures	3,573,447	2,924,489	3,731,194	5,268,583
Securities sold under re-purchase agreements	49,643,339	50,260,785	46,330,589	46,314,954
Trade payable	408,156	408,156	270,971	270,971
Amount due to related parties	8,163	8,163	40,514	40,514
Bank overdrafts	2,082,924	2,082,924	1,588,947	1,588,947
<b>Total financial liabilities</b>	<b>92,794,751</b>	<b>92,763,240</b>	<b>91,026,088</b>	<b>92,547,842</b>

Company	2024		2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	LKR '000	LKR '000	LKR '000	LKR '000
<b>Financial assets not measured at fair value</b>				
Amount due from related parties	1,446,673	1,446,673	7,824,274	7,824,274
Financial assets at amortised cost	83,721	83,721	49,530	49,530
Cash at banks and in hand	769,215	769,215	130,331	130,331
<b>Total financial assets</b>	<b>2,299,609</b>	<b>2,299,609</b>	<b>8,004,135</b>	<b>8,004,135</b>
<b>Financial liabilities not measured at fair value</b>				
Borrowings on debentures	1,058,299	1,058,299	1,778,373	1,778,373
Interest bearing loans and borrowings	17,322,154	17,322,154	24,292,992	24,292,992
Amount due to related parties	6,706	6,706	40,409	40,409
Bank overdrafts	112,432	112,432	103,942	103,942
<b>Total financial liabilities</b>	<b>18,537,611</b>	<b>18,537,611</b>	<b>26,253,736</b>	<b>26,253,736</b>

### Cash and cash equivalents

The carrying amounts of cash and cash equivalents, approximate their fair value as those are short-term in nature and are receivable on demand.

### Investments with banks and other financial institutions

The carrying amounts of fixed deposits with banks and other reverse repurchase agreements, approximate their fair value as those are short-term in nature. Almost all of these balances have a remaining maturity of less than six months from the reporting date.

### Bank overdrafts

The carrying amounts of bank overdrafts, approximate their fair value as those are short-term in nature.

### Interest bearing loans and borrowings

Interest bearing borrowings include both the fixed rate and floating rate borrowings. Floating rate borrowings represent nearly 63% of the portfolio. Accordingly, carrying value of the floating rate borrowings approximate to their fair values as at the reporting date. Rest of the borrowings has a remaining contractual maturity of less than one year. Therefore, fair value of interest bearing borrowings approximate to the carrying value as at the reporting date.

## 58 COMMITMENTS

There were no material commitments as at the reporting date which require disclosure in the financial statements other than the following.

### 58.1 Capital Commitments

#### a. First Capital Holdings Group

First Capital Treasuries PLC (subsidiary) entered into an agreement to acquire three condominium units currently occupied by the company for a purchase consideration of LKR 270Mn. An advance payment of LKR 230Mn was made as of 31 March 2024.

- b. First Capital Treasuries PLC entered into a sale and purchase agreement to acquire a property (land and premises) for a consideration of LKR 382Mn and an advance of LKR 77.3Mn was paid. However, in consequent to the seller failing to honor the terms of the agreement, legal proceedings were initiated against the seller and the District Court granted an interim order in favour of the Company, against the Seller disposing and alienating the property to any third party. The legal proceedings have not been concluded yet.

### 58.2 Other Commitments

#### First Capital Holdings Group

There value of forward purchase contracts (Government Securities) as at 31 March 2024 is LKR 14,517Mn (31 March 2023 - LKR 2,730Mn) and the value of forward sales contracts (Government Securities) as at 31 March 2024 is LKR 7,093Mn (31 March 2023 - LKR 9,356Mn).

# Notes to the Financial Statements

## 59 CONTINGENT LIABILITIES

There were no material contingent liabilities as at the reporting date which require disclosure in the financial statements, other than disclosed below.

### 59.1 Company

- a. The Department of Inland Revenue issued a assessment on income tax for year of assessment 2015/16, 2016/17 and 2017/18 totalling to LKR 105.7 Mn (inclusive of penalties). The Company has appealed against the assessment.
- b. The Department of Inland Revenue issued a assessment on NBT/VAT on financial services for year of assessment 2017/18 totalling to LKR 59.6 Mn (inclusive of penalties). The Company has appealed against the assessment.

The related appeals against the said assessments have been duly submitted. Based on the tax consultant's opinion, the Board of Directors of the Company is of the view that no liability would arise on the above stated tax matters as they are outside the scope of chargeability of taxes.

### 59.2 First Capital Holdings- Group

- a. First Capital Holdings PLC (the Company) has provided corporate guarantees for credit facilities of Janashakthi Limited (parent) and First Capital Limited (subsidiary) amounting to LKR 838 Mn and LKR 250 Mn respectively.
- b. The company's appeals on VAT on financial services related to year of assessment 2016/17 and 2017/18 (aggregate of LKR 254 Mn) are being heard at the Tax Appeals Commissions. Further, the Department of Inland Revenue (IRD) raised assessments on VAT on financial services for 2019/20 and 2020/21 amounting to LKR 431Mn. The company submitted appeals against the said assessments.
- c. First Capital Limited's (subsidiary) appeal on the assessment of VAT on financial services (2012/13) amounting to LKR 9.3 Mn is being heard at the Court of Appeal. Further, the subsidiary's appeals against assessments on VAT on financial services (2013/14, 2014/15) amounting to LKR 99.3 Mn were determined by the Tax Appeals Commission reducing the total value of assessments to LKR 43 Mn (original assessment – LKR 99.3 Mn) during year 2023/24. These have been referred to the Tax Appeals Commission by the subsidiary to state the cases. Further, Department of Inland Revenue issued assessments on VAT on financial services for 2019/20 and 2020/21 amounting to LKR 130 Mn to the subsidiary. Appeal proceedings are in progress.
- . Appeals against the above assessments (b and c) have been duly submitted. Based on the tax consultant's opinion, the Board of Directors of the Company is of the view that no liability would arise on the above stated tax matters as they are outside the scope of chargeability of taxes.

There were no material litigations or claims with respect to employee compensation. Further, the Company did not have any other material litigations or claims that could have a material impact on the financial position of the group, or which would lead to a disclosure in the financial statements for the year ended 31 March 2024.

### 59.3 Janashakthi Insurance PLC

#### a. Outstanding Tax Assessment

The Department of Inland Revenue (IRD) has issued assessments in relation to the years 2003, 2004 & 2005 imposing VAT on reinsurance commissions and claim recoveries. The Group has filed cases in the Court of Appeal with the consultation of Tax Consultant and the Company's lawyers. As such no provisions are made in the Financial Statements for the taxes in dispute and penalties. The status of each case is provided in section e. below.

b. **Year of Assessment 2002/2003**

An appeal to tax appeals commission (TAC) has been made against the determination made by the commissioner general of inland revenue (CGIR). Appeal is pending before the Court of Appeal. The impact on present value of contingent liability is LKR28 million. The case was scheduled for argument on January 9th, 2023, and subsequently set for further discussion on November 13th, 2023. During the latter session, the case was stated for additional argumentation on January 22nd, 2024. However, on this specified date, the case was not addressed, prompting its rescheduling for mention on May 7th, 2024.

c. **Year of Assessment 2004/2005**

The company made the application at Court of Appeal seeking its opinion which has been decided in IRD's favour previously. Then the Company appealed to Supreme Court against the Court of Appeal order.

d. Judgement was delivered by Supreme Court in favour of Janashakthi Insurance PLC and the Court of Appeal (CA) judgement was set aside. The matter was reverted to Court Appeals to rehear based on the SC judgement. Written submissions were scheduled for December 7th, 2023, with both parties submitting their arguments on that date. The case is now scheduled for arguments on June 11th, 2024. The impact on the present value of contingent liability has been assessed at LKR524 million.

Janashakthi Insurance PLC has indemnified the purchaser with respect to pending tax matters of its subsidiary Janashakthi General Insurance Limited (JGIL). IRD has issued Tax Assessments for JGIL for the years 2015/16, 2016/17 & 2017/18. The amount cannot be quantified at this time due to pending finalization of tax credits.

d. **Year of Assessment 2010/2011**

The Company being dissatisfied with the determination of the TAC requested the TAC to state a case at a court of law for its opinion on several questions of law with regard to the above said determination on the assessment for the period 2010/2011. Case is currently at Courts.

The Company has also received assessments relating to Income Taxes for the years of assessment of 2010/11, 2011/12, 2012/13, 2013/14, 2014/15, 2016/17, 2017/18, 2018/19 & 2019/20 where the Department of Inland Revenue has disallowed management expenses relating to the Life Insurance Business including capital allowance. The Company has appealed against the assessments. The appeals had been filed following due process. Further, these Income Tax Assessments have been common Assessments for all Life Insurance Companies in the insurance industry. It is the view of the industry and the Company's Tax Consultant that these assessments will not materialise. Therefore, no additional provisions has been made in the Financial Statements.

e. **Year of Assessment 2011/2012**

The appeal to TAC is made by the Company against the CGIR's determination on the Income Tax payable for the period of 2011/2012. TAC delivered the order in favour of IRD. The Company being dissatisfied with the determination of the TAC requested the TAC to state a case at a court of law. This case was filed at the Court of Appeal, and was argued on 10th June and 10th February 2023 and was fixed for further argument.



# Notes to the Financial Statements

Year of Assessment	Status of Assessment	Nature of Contingent Impact to the Company	Measurement of Contingent Impact to the Company
2010/2011	Following a determination by the TAC in favour of the Commissioner General of Inland Revenue, the Company has appealed to the Court of Appeal.	Loss Adjustment (Decrease in Brought Forward Tax Loss).	Loss Adjustment (Decrease in Brought Forward Tax Loss) Tax loss reduced by LKR 43 million.
2011/2012	Following a determination by the TAC in favour of the Commissioner General of Inland Revenue, the Company has appealed to the Court of Appeal.	Loss Adjustment (Decrease in Brought Forward Tax Loss) and Additional Tax Liability.	Loss Adjustment (Decrease in Brought Forward Tax Loss) Tax loss reduced by LKR 58 million.
2012/2013	Following a determination by the TAC in favour of the Commissioner General of Inland Revenue, the Company has appealed to the Court of Appeal.	Loss Adjustment (Decrease in Brought Forward Tax Loss) and Additional Tax Liability.	Loss Adjustment (Decrease in Brought Forward Tax Loss) Tax loss reduced by LKR 86 million.
2013/2014	"Following a determination by the TAC in favour of the Commissioner General of Inland Revenue, the Company has appealed to the Court of Appeal.	Loss Adjustment (Decrease in Brought Forward Tax Loss) and Additional Tax Liability.	Loss Adjustment (Decrease in Brought Forward Tax Loss) Tax loss reduced by LKR 173 million.
2014/2015	Following a determination by the TAC in favour of the Commissioner General of Inland Revenue, the Company has appealed to the Court of Appeal.	Loss Adjustment (Decrease in Brought Forward Tax Loss) and Additional Tax Liability.	Loss Adjustment (Decrease in Brought Forward Tax Loss) Tax loss reduced by LKR 207 million.
2016/2017	"Pending Decision from Tax Appeals Commission.	Loss Adjustment (Decrease in Brought Forward Tax Loss).	Loss Adjustment (Decrease in Brought Forward Tax Loss) Tax loss reduced by LKR 140 million.
2017/2018	Pending Decision from Tax Appeals Commission	Loss Adjustment (Decrease in Brought Forward Tax Loss).	Loss Adjustment (Decrease in Brought Forward Tax Loss) Tax loss reduced by LKR 56 million.
2018/2019	Following a determination by the TAC in favour of the Company, Commissioner General of Inland Revenue has appealed to the Court of Appeal.	Loss Adjustment (Decrease in Brought Forward Tax Loss).	Loss Adjustment (Decrease in Brought Forward Tax Loss) Tax loss reduced by LKR 98 million.
2019/2020	Pending Decision from Tax Appeals Commission	Loss Adjustment (Decrease in Brought Forward Tax Loss).	Loss Adjustment (Decrease in Brought Forward Tax Loss) Tax loss reduced by LKR 99 million.

An arbitration was initiated by Allianz SE Singapore Branch (Allianz) alleging reinsurance fraud and violation of certain warranties of the share sale and purchase agreement entered into by the Company and Allianz in relation to the sale of Janashakthi General Insurance Ltd. Allianz has provisionally quantified the claim for the sum of S\$3.4 million. Singapore International Arbitration Centre decided the case in favour of Janashakthi Insurance PLC. The Arbitration Centre, in dismissing the case filed by Allianz, also directed Allianz to reimburse all legal cost incurred by Janashakthi Insurance PLC in defending our position. Janashakthi Insurance PLC incurred legal cost up to SGD 1,202,499.97 during the case. These amounts were reimbursed to us by Allianz in April 2023.

## 59.5 Orient Finance PLC

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 LKR 263,394,017/- (including penalties of LKR 105,608,871/-). Based on the tax consultant's opinion, the Board of Directors of the Company is of the view that no liability would arise on the above stated tax matter as they are outside the scope of chargeability of taxes.

## 60 EVENTS AFTER REPORTING PERIOD

### Company

- a. There have been no material events subsequent to the reporting date which require disclosures/ adjustments in these financial statements.

### Janashkathi Insurance PLC

- a. Dividend declared in May 2024 for LKR 13.25 per share.

### First Capital Holdings PLC

- a. There have been no material events subsequent to the reporting date which require disclosures/ adjustments in these financial statements.

## 61 ECONOMIC OUTLOOK AND THE BUSINESS IMPACT

- a. Economic activities are expected to be enhanced in the medium to long term by the favourable developments. The continuous reduction in policy rates by the Central Bank of Sri Lanka was experienced since May 2023. The GDP growth for year 2024 is expected to moderately increase due to gradual growth in economic activities as a result of improved level of private consumption primarily derived through lower inflation.
- b. The Economy is expected to recover in the medium to long term conditional on restoring reassurance on the implementation of proposed economic adjustment programme via the International Monetary Fund (IMF) and social coherence. The Company has adequate level of financial and other resources to face the uncertainties via economic unrest (if any). The prevailing economic environment does not trigger a significant impact on the liquidity, valuation of assets and solvency of the Company.
- c. The management has determined that the Company, along with its subsidiaries and affiliates, possesses sufficient resources to ensure its ongoing viability for the foreseeable future. This confidence is supported by the continuous implementation of risk mitigation initiatives, rigorous monitoring of business continuity and response plans at each business unit level, and the overall financial strength of the Group.
- d. As explained in note number 2.12, the Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future.

## 62 NUMBER OF EMPLOYEES OF THE GROUP AS AT THE YEAR END

The number of employees as at 31 st March 2024 was 1,245 (31 March 2023 – 1,197).

# Notes to the Financial Statements

## 63 CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

Group	Financial assets measured at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total carrying amount
Financial assets				
As at 31 March 2024	(FVTPL)	(FVTOCI)	(AC)	
	LKR '000	LKR '000	LKR '000	LKR '000
Financial assets - Fair value through profit or loss	78,944,053	-	-	78,944,053
Financial assets at amortized cost	-	-	12,627,268	12,627,268
Financial assets - Fair value through other comprehensive income	-	5,005,570	-	5,005,570
Loans and receivables from customers	-	-	15,658,738	15,658,738
Loans to life policyholders and others	-	-	268,736	268,736
Amount due from related parties	-	-	1,050,045	1,050,045
Reinsurance receivables	-	-	26,814	26,814
Trade, other receivables and advances	-	-	5,854,499	5,854,499
Derivative financial instruments	51,933	-	-	51,933
Cash and cash equivalents	-	-	1,983,030	1,983,030
Total Financial Assets	78,995,986	5,005,570	37,469,130	121,470,686

Financial Liabilities	Financial liabilities measured at fair value through profit or loss	Financial liabilities at amortised cost	Total carrying amount
As at 31 March 2024			
	LKR '000	LKR '000	LKR '000
Deposits from Customers	-	13,556,431	13,556,431
Interest bearing loans and borrowings	-	23,522,292	23,522,292
Bank Overdrafts	-	2,082,924	2,082,924
Debentures	-	3,573,447	3,573,447
Securities sold under re-purchase agreements	-	49,643,339	49,643,339
Derivative Financial Instruments	71,742	-	71,742
Liabilities & accrued expenses	-	3,926,590	3,926,590
Amount due to related companies	-	8,163	8,163
Other payable	-	461,273	461,273
Total Financial Liabilities	71,742	96,774,459	96,846,201

<b>Financial Assets</b>	<b>Financial assets measured at fair value through profit or loss (FVTPL)</b>	<b>Financial assets at fair value through other comprehensive income (FVTOCI)</b>	<b>Financial assets at amortised cost (AC)</b>	<b>Total carrying amount</b>
<b>As at 31 March 2023</b>	<b>LKR '000</b>	<b>LKR '000</b>	<b>LKR '000</b>	<b>LKR '000</b>
Financial assets - Fair value through profit or loss	59,333,097	-	-	59,333,097
Financial Assets at Amortised Cost	-	-	14,991,219	14,991,219
Financial assets - Fair value through other comprehensive income	-	6,374,554	-	6,374,554
Loans and Receivables from customers	-	-	12,941,011	12,941,011
Loans to life policyholders and others	-	-	328,359	328,359
Amount due from related parties	-	-	7,054,789	7,054,789
Trade, other receivables and advances	-	-	299,781	299,781
Reinsurance receivables	-	-	2,826,486	2,826,486
Derivative Financial Instruments	51,194	-	-	51,194
Cash and Cash Equivalents	-	-	841,720	841,720
<b>Total Financial Assets</b>	<b>59,384,291</b>	<b>6,374,554</b>	<b>39,283,365</b>	<b>105,042,209</b>

<b>Financial Liabilities</b>	<b>Financial liabilities measured at fair value through profit or loss</b>	<b>Financial liabilities at amortised cost</b>	<b>Total carrying amount</b>
<b>As at 31 March 2023</b>	<b>LKR '000</b>	<b>LKR '000</b>	<b>LKR '000</b>
Deposits from Customers	-	10,759,499	10,759,499
Interest bearing loans and borrowings	-	28,304,374	28,304,374
Bank Overdrafts	-	1,588,947	1,588,947
Debentures	-	3,731,194	3,731,194
Securities sold under re-purchase agreements	-	46,330,589	46,330,589
Derivative Financial Instruments	153,586	-	153,586
Other creditors including accrued expenses	-	1,589,397	1,589,397
Amount due to related companies	-	40,514	40,514
Other payable	-	435,363	435,363
<b>Total Financial Liabilities</b>	<b>153,586</b>	<b>92,779,877</b>	<b>92,933,463</b>

# Notes to the Financial Statements

## 64 CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES CONT..

Company	Financial assets measured at fair value through profit or loss (FVTPL)	Financial assets at fair value through other comprehensive income (FVTOCI)	Financial assets at amortised cost (AC)	Total carrying amount
Financial Assets				
As at 31 March 2024	LKR '000	LKR '000	LKR '000	LKR '000
Financial assets - Fair value through profit or loss	91,387	-	-	91,387
Financial Assets at Amortised Cost	-	-	83,721	83,721
Financial assets - Fair value through other comprehensive income	-	-	-	-
Trade other receivables and advances	-	-	272,048	272,048
Amount due from related parties	-	-	1,446,675	1,446,675
Cash and Cash Equivalents	-	-	769,215	769,215
Total Financial Assets	91,387	-	2,571,658	2,663,046

Financial Liabilities	Financial liabilities measured at fair value through profit or loss	Financial liabilities at amortised cost	Total carrying amount
As at 31 March 2024	LKR '000	LKR '000	LKR '000
Debentures	-	1,058,299	1,058,299
Long term borrowings	-	2,976,950	2,976,950
Short term borrowings	-	14,345,204	14,345,204
Amount due to related companies	-	6,706	6,706
Amount due to directors	-	6,660	6,660
Bank Overdrafts	-	112,433	112,433
Total Financial Liabilities	-	18,506,254	18,506,252

<b>Financial Assets</b>	<b>Financial assets measured at fair value through profit or loss (FVTPL)</b>	<b>Financial assets at fair value through other comprehensive income (FVTOCI)</b>	<b>Financial assets at amortised cost (AC)</b>	<b>Total carrying amount</b>
<b>As at 31 March 2023</b>	<b>LKR '000</b>	<b>LKR '000</b>	<b>LKR '000</b>	<b>LKR '000</b>
Financial assets - Fair value through profit or loss	114,233	-	-	114,233
Financial Assets at Amortised Cost	-	-	49,530	49,530
Financial assets - Fair value through other comprehensive income	-	-	-	-
Trade other receivables and advances	-	-	55,444	55,444
Amount due from related parties	-	-	7,824,274	7,824,274
Cash and Cash Equivalents	-	-	130,331	130,331
<b>Total Financial Assets</b>	<b>114,233</b>	<b>-</b>	<b>8,059,579</b>	<b>8,173,812</b>

<b>Financial Liabilities</b>	<b>Financial liabilities measured at fair value through profit or loss</b>	<b>Financial liabilities at amortised cost</b>	<b>Total carrying amount</b>
<b>As at 31 March 2023</b>	<b>LKR '000</b>	<b>LKR '000</b>	<b>LKR '000</b>
Debentures	-	1,778,373	1,778,373
Long term borrowings	-	6,446,106	6,446,106
Short term borrowings	-	17,846,886	17,846,886
Amount due to related companies	-	40,409	40,409
Amount due to directors	-	-	-
Bank Overdrafts	-	103,942	103,942
<b>Total Financial Liabilities</b>	<b>-</b>	<b>26,215,716</b>	<b>26,215,716</b>

## 65. COMPARATIVE FIGURES

The information has been reclassified with the current year's classification in order to provide a better presentation.

<b>As at 31 March 2024</b>	<b>Current Presentation Company</b>	<b>As Disclosed Previously Company</b>
	<b>LKR '000</b>	<b>LKR '000</b>
<b>Statement of Financial Position</b>		
Investments in subsidiaries	18,603,850	18,226,543
Liabilities related to Equity Accounted Subsidiaries	377,307	-



# Notes to the Financial Statements

## 66 Financial reporting by segments

For the year ended 31 March	Life Insurance		Lease & Hire Purchase		Loans		Factoring		Gold Loan		Investment	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Revenue	4,584,822	4,867,011	2,421,088	1,965,897	115,270	142,673	4,528	4,315	1,368,369	1,261,763	71,875	109,946
Cost of sales	(220,183)	(257,964)	(1,489,048)	(1,414,543)	(74,795)	(106,932)	(6,966)	(3,425)	(789,028)	(832,259)	-	-
Other operating income	23,585	702,964	161,289	112,500	14,443	14,443	7,553	717	-	-	(576,232)	716,322
<b>Total segmental income</b>	<b>4,388,227</b>	<b>5,312,011</b>	<b>1,093,329</b>	<b>663,854</b>	<b>54,918</b>	<b>50,184</b>	<b>5,115</b>	<b>1,607</b>	<b>579,341</b>	<b>429,504</b>	<b>(504,357)</b>	<b>826,268</b>
Insurance claims and benefits (net)	(3,411,483)	(2,781,329)	-	-	-	-	-	-	-	-	-	-
Underwriting & netV acquisition costs	(1,162,592)	(1,684,008)	-	-	-	-	-	-	-	-	-	-
Change in life insurance fund	(2,502,624)	1,280,062	-	-	-	-	-	-	-	-	-	-
Depreciation & amortization	(120,844)	(123,382)	(44,179)	(64,125)	(2,219)	(4,847)	(207)	(155)	(23,410)	(38,929)	(12,222)	(10,943)
Other operating expenses	3,641,201	(2,758,005)	(789,914)	(582,875)	(39,677)	(44,062)	(3,695)	(1,412)	(418,565)	(353,854)	(1,002,811)	(744,551)
Impairment charge/(reversal)	-	-	(184,862)	(68,334)	35,425	(30,613)	17,886	(6,331)	(3,698)	3,841	(273,330)	(109,950)
Net Finance income / (Expense)	4,418,841	2,591,316	-	-	-	-	-	-	-	-	(4,782,683)	(4,666,221)
Share of Profit	-	-	-	-	-	-	-	-	-	-	-	2,401,219
<b>Profit / (loss) from ordinary activities before tax</b>	<b>5,250,727</b>	<b>1,836,665</b>	<b>74,374</b>	<b>(51,480)</b>	<b>48,447</b>	<b>(29,338)</b>	<b>19,098</b>	<b>(6,291)</b>	<b>133,668</b>	<b>40,562</b>	<b>(6,575,402)</b>	<b>(2,304,178)</b>
Corporate taxation	(1,115,900)	(460,963)	-	-	-	-	-	-	-	(2,480)	(148,852)	-
<b>Net Profit / (loss) for the year</b>	<b>4,134,827</b>	<b>1,375,702</b>	<b>74,374</b>	<b>(51,480)</b>	<b>48,447</b>	<b>(29,338)</b>	<b>19,099</b>	<b>(6,291)</b>	<b>133,668</b>	<b>38,082</b>	<b>(6,724,255)</b>	<b>(2,304,178)</b>

	Life Insurance		Lease & Hire Purchase		Loans		Factoring		Gold Loan		Investment	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
<b>Segmental assets</b>	<b>36,192,207</b>	<b>25,145,747</b>	<b>7,857,567</b>	<b>7,857,567</b>	<b>605,754</b>	<b>605,754</b>	<b>31,621</b>	<b>31,621</b>	<b>4,483,270</b>	<b>4,483,270</b>	<b>27,816,255</b>	<b>31,547,088</b>
<b>Segmental liabilities</b>	<b>20,600,292</b>	<b>14,284,671</b>	<b>6,475,051</b>	<b>6,381,758</b>	<b>499,174</b>	<b>491,981</b>	<b>26,058</b>	<b>25,682</b>	<b>3,694,452</b>	<b>3,641,222</b>	<b>19,913,432</b>	<b>27,103,391</b>

Financial Services		Property Development		Secretarial		Fitness		Shared Service		Adjustments	Adjustments	Total	
2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
30,203,040	14,450,674	-	179,805	6,853	7,250	216,504	118,092	-	220,920	(1,071,010)	(1,059,714)	37,921,338	22,268,632
(10,346,741)	(9,803,586)	-	(136,199)	-	-	(119,970)	(64,775)	-	(220,920)	262,892	170,121	(12,783,838)	(12,670,482)
88,851	116,724	-	1,390	558	85	10,606	223	3,317	218	(314,222)	32,553	(580,253)	1,698,139
19,945,150	4,763,812	-	44,996	7,411	7,335	107,140	53,540	3,317	218	(1,122,340)	(857,040)	24,557,247	11,296,289
-	-	-	-	-	-	-	-	-	-	6,450	35,809	(3,405,033)	(2,745,520)
-	-	-	-	-	-	-	-	-	-	-	-	(1,162,592)	(1,684,008)
-	-	-	-	-	-	-	-	-	-	-	-	(2,502,624)	1,280,062
(39,811)	(36,348)	-	-	(199)	(199)	-	(86,311)	(60)	(60)	-	-	(243,150)	(365,299)
(3,637,904)	(825,653)	-	(82,119)	(14,453)	(14,328)	(155,851)	(34,671)	(566)	(417)	293,255	223,854	(2,128,981)	(5,218,093)
95,694	(122,029)	-	-	-	-	-	-	-	-	293,385	(21,948)	(19,500)	(355,364)
(27,406)	(26,780)	-	(99,598)	-	-	(29,432)	(24,722)	-	-	704,998	727,774	284,319	(1,498,231)
-	-	-	-	-	-	-	-	-	-	-	(2,401,219)	-	-
16,335,723	3,753,002	-	(136,721)	(7,241)	(7,192)	(78,143)	(92,164)	2,691	(259)	175,748	(2,292,770)	15,379,686	709,836
(6,153,913)	(1,178,512)	-	(1,362)	-	-	-	-	-	-	-	-	(7,418,666)	(1,643,317)
10,181,810	2,574,490	-	(138,083)	(7,241)	(7,192)	(78,144)	(92,164)	2,690	(259)	175,745	(2,292,770)	7,961,020	(933,481)

Financial Services		Property Development		Secretarial		Fitness		Shared Service		Adjustments	Adjustments	Total	
2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
86,152,226	71,116,850	-	-	8,252	6,771	422,976	428,871	50,912	38,284	(29,471,353)	(22,500,743)	134,149,690	118,761,080
76,892,294	63,592,581	-	-	9,623	28,016	310,922	349,157	48,520	40,674	(9,623,268)	(7,654,121)	118,846,553	108,285,012



SUPPLEMENTARY INFORMATION

# Grounded in Success



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# Decade at a Glance

## STATEMENT OF FINANCIAL POSITION (GROUP)

As at 31 March	2024 LKR '000	2023 LKR '000	2022 LKR '000	2021 LKR '000
<b>Assets</b>				
Property, plant & equipment	881,599	348,198	389,439	459,781
Investment property	5,677,937	6,522,374	2,875,151	5,812,574
Biological assets	-	928,400	928,400	865,400
Intangible assets	4,382,678	4,390,515	4,524,893	4,526,953
Right of use of assets	916,232	663,817	664,677	452,473
Deferred tax	497,471	686,838	1,238,839	1,437,458
Investment in financial assets	96,576,891	80,698,870	61,623,801	55,430,481
Loans and receivables to customers	15,658,738	12,941,011	14,125,813	11,447,030
Other assets	7,575,113	10,739,337	13,826,203	8,893,774
Cash and cash equivalents	1,983,030	841,720	1,362,528	954,692
<b>Total assets</b>	<b>134,149,688</b>	<b>118,761,080</b>	<b>101,559,744</b>	<b>90,280,615</b>
<b>Liabilities and equity</b>				
<b>Liabilities</b>				
Debentures	3,573,447	3,731,194	5,737,966	5,306,652
Interest bearing loans & borrowings	23,522,293	28,304,374	28,498,277	25,050,954
Deposits from customers	13,556,431	10,759,499	9,204,263	8,692,941
Insurance liability -life	14,544,804	12,193,639	13,473,701	12,681,780
Securities sold under repurchase agreements	49,643,339	46,330,589	23,799,838	20,223,286
Other liabilities	14,006,237	6,965,717	8,483,008	5,571,011
<b>Total liabilities</b>	<b>118,846,551</b>	<b>108,285,012</b>	<b>89,197,053</b>	<b>77,526,624</b>
<b>Equity</b>				
Stated capital	4,300,000	4,300,000	4,300,000	4,300,000
Reserved fund	2,631,825	1,978,435	1,764,490	1,779,608
Fair value reserve	186,655	(465,734)	(495,759)	(597,916)
Available for sale reserve	-	(494,481)	(107,041)	(43,486)
Revenue Reserves	1,466,553	(361,342)	2,048,617	2,630,991
<b>Total equity attributable owners of the company</b>	<b>8,585,033</b>	<b>4,956,878</b>	<b>7,510,307</b>	<b>8,069,197</b>
Non - controlling interests	6,718,104	5,519,190	4,852,384	4,684,794
<b>Total equity</b>	<b>15,303,137</b>	<b>10,476,068</b>	<b>12,362,691</b>	<b>12,753,991</b>
<b>Total liabilities and equity</b>	<b>134,149,688</b>	<b>118,761,080</b>	<b>101,559,744</b>	<b>90,280,615</b>

2020 LKR '000	2019 LKR '000	2018 LKR '000	2017 LKR '000	2016 LKR '000	2015 LKR '000
564,591	393,589	417,086	2,224,094	2,452,387	2,005,506
5,145,073	4,911,903	2,099,554	22,600	22,600	45,600
733,250	618,770	588,307	450,500	426,116	250,000
4,485,488	4,492,188	1,467,069	2,515,204	2,905,627	1,499,177
522,531	76,695	81,831	86,967	92,103	
1,908,882	2,603,731	288,537	305,015	441,922	120,614
61,236,860	58,074,222	17,628,797	23,559,136	23,832,300	18,578,655
12,207,538	13,858,760	14,504,334	16,416,103	13,839,302	11,034,845
6,456,943	4,075,145	1,385,029	8,080,352	5,877,068	4,712,863
448,962	483,077	5,470,482	613,297	933,355	1,152,477
93,710,118	89,588,080	43,931,026	54,273,268	50,822,780	39,399,737
-					
2,800,224	5,533,089	1,955,136	1,942,591	2,133,788	2,254,470
22,217,341	18,415,277	12,078,524	13,396,193	11,322,843	7,202,807
9,020,632	10,479,531	11,852,625	9,565,560	9,249,313	8,159,800
11,096,474	9,897,807	9,651,593	18,143,657	17,078,776	126,687,14
33,294,367	29,204,828	-			
5,197,423	4,084,485	1,645,469	5,120,586	4,980,356	332,402,8
83,626,461	77,615,017	37,183,347	48,168,587	44,765,076	33,609,819
-					
3,100,000	3,100,000	100,000	100,000	100,000	100,000
1,617,434	1,518,445	1,483,970	120,577	109,006	367,594
269,105	213,354	(77,612)	115,782	115,782	
(38,810)	(28,452)		(654,270)	(322,565)	
762,938	2,794,879	1,457,794	4,434,709	4,255,240	3,213,109
5,710,666	7,598,226	2,964,152	4,116,798	4,257,463	3,680,703
4,372,991	4,374,838	3,783,527	1,987,883	1,800,241	2,109,215
10,083,657	11,973,064	6,747,679	6,104,681	6,057,704	5,789,918
93,710,118	89,588,081	43,931,026	54,273,268	50,822,780	39,399,737

# Decade at a Glance

## STATEMENT OF FINANCIAL POSITION (COMPANY)

As at 31 March	2024 LKR '000	2023 LKR '000	2022 LKR '000	2021 LKR '000
<b>Assets</b>				
Property, plant & equipment	115,736	7,408	5,999	3,153
Investment property	2,907,000	3,649,967	429,082	3,200,000
Biological asset	-	928,400	928,400	865,400
Right of use of assets	-	728	929	-
Investment in financial assets	131,148	99,726	119,002	120,896
Investment in Subsidiaries	204,497	163,763	1,332,646	1,191,294
Other assets	23,270,482	26,483,568	24,937,237	21,751,186
Cash and cash equivalents	769,215	130,331	86,862	31,059
<b>Total assets</b>	<b>27,398,078</b>	<b>31,463,891</b>	<b>27,840,157</b>	<b>27,162,987</b>
<b>Liabilities and equity</b>				
<b>Liabilities</b>				
Debentures	1,058,299	1,778,373	4,043,912	3,986,318
Interest bearing loans & borrowings	17,322,152	24,292,992	15,005,369	13,970,327
Other liabilities	823,269	593,528	1,330,001	1,137,145
<b>Total liabilities</b>	<b>19,203,720</b>	<b>26,664,893</b>	<b>20,379,282</b>	<b>19,093,790</b>
<b>Equity</b>				
Stated capital	4,300,000	4,300,000	4,300,000	4,300,000
Restricted regulatory reserve	2,631,825	1,978,435	1,764,490	1,779,608
Fair value reserve	186,655	(465,734)	(495,759)	(597,916)
Fair value reserve fund of life policyholders	-	(494,481)	(107,041)	(43,486)
Revenue Reserves	1,075,878	(519,222)	1,999,185	2,630,991
<b>Total equity attributable owners of the company</b>	<b>8,194,357</b>	<b>4,798,998</b>	<b>7,460,875</b>	<b>8,069,197</b>
Non - controlling interests	-	-	-	-
<b>Total equity</b>	<b>8,194,357</b>	<b>4,798,998</b>	<b>7,460,875</b>	<b>8,069,197</b>
<b>Total liabilities and equity</b>	<b>27,398,078</b>	<b>31,463,891</b>	<b>27,840,157</b>	<b>27,162,987</b>

2020	2019	2018	2017	2016	2015
LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
2,927	-	1,468	5,292	10,474	13,210
2,513,500	-	-	-	-	-
733,250	618,770	588,307	450,500	426,116	250,000
-	-	140,888	149,730	158,572	
131,482	132,046	1,886,821	815,160	831,340	2,588,599
930,469	868,215	7,387,988	7,909,076	6,703,415	3,000,677
18,336,071	12,156,706	577,254	607,907	941,860	597,693
23,038	17,087	4,295,037	409,910	15,275	104,472
22,670,737	13,792,824	14,877,763	10,347,575	9,087,052	6,554,651
2,661,302	2,718,460	1,026,875	1,026,875	1,026,875	1,026,875
12,332,790	5,905,868	10,050,312	7,371,749	6,100,966	4,368,224
1,965,979	696,862	80,700	63711	94749	199,481
16,960,071	9,321,190	11,157,887	8,462,335	7,222,590	5,594,580
3,100,000	3,100,000	100,000	100,000	100,000	100,000
1,617,434	-	-	-	-	-
269,105	1,622,548	3,198,481	805937	-	-
(38,810)	-	-	0	-	-
762,938	(250,914)	421,395	979,303	1,764,462	860,071
5,710,666	4,471,634	3,719,876	1,885,240	1,864,462	960,071
-	-				
5,710,666	4,471,634	3,719,876	1,885,240	1,864,462	960,071
22,670,737	13,792,824	14,877,763	10,347,575	9,087,052	6,554,651

# Decade at a Glance

## STATEMENT OF PROFIT OR LOSS (GROUP)

As at 31 March	2024 LKR Mn	2023 LKR Mn	2022 LKR Mn	2021 LKR Mn
Revenue from contracts with customers	33,319,571	17,326,176	4,848,228	8,883,456
Revenue from Insurance contracts	4,558,722	4,832,510	5,429,819	3,791,643
Shared Services	-	-	-	-
Dividend Income	43,045	109,946	273,534	15,086
<b>Revenue</b>	<b>37,921,339</b>	<b>22,268,632</b>	<b>10,551,581</b>	<b>12,690,185</b>
Cost of sales and direct expenses	(12,783,838)	(12,670,482)	(3,512,654)	(4,099,463)
<b>Gross profit</b>	<b>25,137,500</b>	<b>9,598,150</b>	<b>7,038,927</b>	<b>8,590,722</b>
Benefits and losses	(7,070,249)	(3,149,466)	(4,790,654)	(4,204,030)
Other operating income	(580,253)	1,698,139	1,437,076	1,742,845
Change in fair value of financial assets- Fair value through profit or loss	5,349,425	(337,685)	(434,569)	174,682
	<b>22,836,423</b>	<b>7,809,138</b>	<b>3,250,780</b>	<b>6,304,219</b>
Operating expenses	(7,540,837)	(5,031,024)	(3,517,928)	(3,253,435)
<b>Profit / (Loss) from operations</b>	<b>15,295,586</b>	<b>2,778,114</b>	<b>(267,148)</b>	<b>3,050,785</b>
Net finance (cost) / income	284,319	(1,498,234)	226,368	342,186
<b>Operating profit / (loss) before taxation on financial services</b>	<b>15,579,905</b>	<b>1,279,880</b>	<b>(40,780)</b>	<b>3,392,971</b>
Value added taxation on financial services	(200,219)	(570,044)	(396,467)	(69,417)
<b>Profit / (Loss) before income tax</b>	<b>15,379,686</b>	<b>709,836</b>	<b>(437,247)</b>	<b>3,323,554</b>
Income tax expense	(7,418,666)	(1,643,317)	(187,364)	(1,013,414)
<b>Net loss for the year</b>	<b>7,961,020</b>	<b>(933,481)</b>	<b>(624,611)</b>	<b>2,310,140</b>

2020	2019	2018	2017	2016	2015
LKR Mn	LKR Mn	LKR Mn	LKR Mn	LKR Mn	LKR Mn
8,281,662	4,296,018	3,153,041	3,015,012	2,486,922	1,391,654
3,483,445	2,873,121	2,801,283	11,518,680	8,977,226	7,623,331
-	-	-			
4,174	6,106	-	77,135	109,467	68,298
11,769,281	7,175,245	5,954,324	14,610,827	11,573,615	9,083,283
(5,416,104)	(3,111,562)	(2,068,780)	(1,836,496)	(1,236,943)	(530,097)
6,353,177	4,063,683	3,885,544	12,774,331	10,336,672	8,553,186
(4,023,749)	(2,695,726)	(1,732,915)	(9,452,760)	(7,730,224)	(6,510,258)
946,710	634,164	7,756,150	1,207,368	746,606	447,350
155,957	775,700	(115,317)	(7,799)	67,184	532,053
3,432,095	2,777,821	9,793,462	4,521,140	3,420,238	3,022,331
(3,857,730)	(3,079,214)	(2,203,788)	(4,279,498)	(3,577,236)	-2908056
(425,634)	(301,393)	7,589,674	241,642	(156,998)	114,275
48,721	812,636	305,592	1,063,766	893,021	1,049,346
(376,913)	511,243	7,895,266	1,305,408	736,023	1,163,621
(52,102)	(63,093)	(55,366)	(76,751)	(6,472)	-16987
(429,015)	448,150	7,839,900	1,228,657	729,551	1,146,634
(780,369)	1,240,687	(124,132.00)	(343,166)	192,009	(77,695)
(1,209,384)	1,688,837	7,715,768	885,491	921,560	1,068,939



# Decade at a Glance

## STATEMENT OF PROFIT OR LOSS (COMPANY)

As at 31 March	2024 LKR '000	2023 LKR '000	2022 LKR '000	2021 LKR '000
Revenue	337	21,646	45,395	15,086
Cost of sales and direct expenses	-	-	-	-
Gross profit	337	21,646	45,395	15,086
Other operating income	189,622	716,262	216,164	759,835
Change in fair value of financial assets- Fair value through profit or loss	6,542	48,944	594,049	123,171
	196,501	786,852	855,608	883,006
Operating expenses	(1,087,060)	(688,149)	(242,448)	(195,980)
Profit / (Loss) from operations	(890,559)	98,703	613,160	702,112
Net finance (cost) / income	(4,770,780)	(4,500,021)	(1,588,950)	(1,586,236)
Share of profit/(loss) from equity accounted investee (net of tax)	10,952,867	2,401,219	313,417	2,555,207
Operating profit / (loss) before taxation on financial services	4,290,988	(2,000,099)	(662,373)	1,671,083
Income tax expense	(146,668)	-	-	-
Net loss for the year	4,144,320	(2,000,099)	(662,373)	1,671,083

2020	2019	2018	2017	2016	2015
LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
15,488	69,740	93,904	396,629	335,874	619,699
-					
15,488	69,740	93,904	396,629	335,874	619,699
127,285	30,543	1,162,433	48,342	1,074,083	-
(172,846)	33,049	(22,213)	43,501	(68,407)	
(45,561)	133,332	1,234,124	488,472	1,341,550	619,699
(140,965)	(93,109)	(72,104)	(116,559)	(86,156)	(68,008)
(171,038)	40,223	1,162,020	371,913	1,255,394	551,691
(1,253,709)	(704,204)	(1,150,328)	(876,271)	(595,423)	(399,805)
(48,044)		-	-	-	-
(1,472,791)	(663,981)	11,692	(504,358)	659,971	151,886
(4,600)	(8,328)	(3,681)	(5,801)	(11,162)	-6274
(1,477,391)	(672,309)	8,011	(510,159)	648,809	145,612

# Glossary

## Actuarial Gains and Losses

Gain or loss arising from the difference between estimates and actual experience in a company's pension plan.

## Additional Issue

The issuance of new shares for sale to public by a company that has already held its Initial Public Offering (IPO).

## Amortisation

The systematic allocation of the depreciable amount of an intangible asset over its useful life.

## Amortised Cost

Amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and minus any reduction for impairment or uncollectability.

## Annual Equivalent Rate (AER)

The interest rate on a financial product, loan or investment re-stated from its nominal interest rate to an interest rate with annual compound interest payable in arrears.

## Annual Equivalent basis

The methodology of using the Annual Equivalent Rate to depict the interest rate on a financial product.

## Assets Under Management (AUM)

The total market value of all the financial assets which a financial institution such as an asset manager of unit trusts, investment company, venture capital firm or private equity company manages on behalf of its clients and themselves.

## Associate

An associate is an entity, including an unincorporated entity such as a partnership, over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

## Available for Sale (AFS)

AFS are those non-derivative financial assets which are designated as available for sale or are not classified as loans and receivable, held-to-maturity investments or financial assets at fair value through profit or loss.

## Average Weighted Deposit Rate (AWDR)

Weighted average interest rates offered for interest bearing deposits by commercial banks.

## Beneficiary

A person or financial institution named by the policyholders as the recipient of the sum insured and other benefits due in the event of the policyholder's death.

## Biological Asset

A living animal or plant

## Bonus

Bonus is a method of distribution of surplus amongst the participating policyholders of a life insurance company. A bonus is an enhancement to the basic sum assured under a contract, and is declared as percentage of the sum assured.

## Broker

A sales and service representative who handles Insurance for clients, generally selling Insurance of various kinds and for several companies.

## Business Model

A representation for the operation of a business, identifying its revenue sources, customer base, products, services and financing sources. In this report we use the term business platform to refer to the core services or main businesses represented in the Company's business model. These core areas are Government Securities, Corporate Finance and Advisory, Asset Management and Stock Brokering.

## Capital Adequacy Ratio (CAR)

A measure of a Primary Dealer's capital and is a prudential requirement reflecting the dealer's level of stability. Two categories of capital are measured by the CAR namely TIER 1 and TIER 2.

- ◆ TIER 1 capital in view of local Primary Dealers consists of shareholders' equity, retained earnings or other surpluses and preference shares types as selectively set out by the Central Bank of Sri Lanka.
- ◆ TIER 2 capital includes revaluation reserves, subordinated term debt, perpetual subordinated debt and cumulative preference shares as selectively set out by the
- ◆ Central Bank of Sri Lanka.

## Capital Employed

The sum of shareholders' equity and debt liabilities simplified as Total Assets less Current Liabilities denoting the total amount of capital used in the acquisition of profits.

## Capital Formation

The act of capital raising in debt and equity primary markets through initial issues of instruments to raise funds for a company.

### Capital Reserves

The profits of a company which (for various reasons) are not regarded as distributable to shareholders as dividends. These include gains on the revaluation of capital assets.

### Cash Equivalents

Short-term, highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### Commercial Paper

A short term unsecured promissory note issued in the open market by quoted public companies representing an obligation of the issuing entity.

### Contingent Liabilities

Conditions or situations at the reporting date, the financial affects of which are to be determined by future events which may or may not occur.

### Core Businesses

Principal areas of business. In this report we refer to core businesses of the Company as Government Securities, Corporate Finance and Advisory, Asset Management and Stock Brokering.

- ◆ Corporate Finance and Advisory refers to a range of advisory services offered by the company including capital raising, capital market strategy, treasury/ liquidity management and project finance.
- ◆ Asset Management refers to the company's wealth and asset management activities which include unit trust investments, discretionary portfolio management and tailored financial advice and products such as lifestyle investment.

- ◆ Government Securities refers to the range of fixed income based investment products and secondary market trading services in addition to primary dealing offered by the company.
- ◆ Stock Brokering refer to the stock brokering and margin trading services offered by the company in view of secondary market trading in equity products.

### Cost Method

Cost method is a method of accounting for an investment whereby the investment is recognised at cost. The investor recognises income from the investment only to the extent that the investor receives distributions from accumulated profits of the investee arising after the date of acquisition. Distributions received in excess of such profits are regarded as a recovery of investment and are recognised as a reduction of the cost of the investment.

### Credit Rating

An evaluation of a corporate's ability to repay its obligations or likelihood of not defaulting, carried out by an independent rating agency.

### Credit Risk

The risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

### Current Ratio

Current assets divided by current liabilities. A measure of liquidity.

### Current Service Cost

Is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

### Deferred Tax

Sum set aside in the financial statements that may become payable/ receivable in a financial year other than the current financial year. It arises because of temporary differences between tax rules and accounting conventions.

### Deposit Premium

A premium paid on the inception of a contract of Insurance or re-insurance, which is subject to adjustment at a later date. A deposit premium may represent the minimum amount payable.

### Derivatives

A derivative is a financial instrument or other contract, the value of which changes in response to some underlying variable (e.g. an interest rate), that has an initial net investment smaller than would be required for other instruments that have a similar response to the variable, and that will be settled at a future date.

### Dividend Cover

Profit after tax divided by gross dividends. This measures the number of times the dividend is covered by distributable profits.

### Dividend Payout

It is the percentage of earnings paid to shareholders in dividends.

### Dividend Per Share (DPS)

Value of the total dividend paid out and proposed to ordinary shareholders divided by the number of ordinary shares in issue; this indicates the proportion of the current year's dividend attributable to an ordinary share in issue.

### Dividend Yield

Dividend earned per share as a percentage of its market value.

# Glossary

## Earnings per Share (EPS)

Profit attributable to ordinary shareholders, divided by the weighted average number of ordinary shares in issue.

## Economic Value Added (EVA)

A measure of performance considering cost of total invested equity.

## Effective Interest Method (EIR)

A method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period.

## Effective Tax Rate

Income tax expense divided by profit before tax.

## Events Occurring after the Reporting Period

Significant events that occur between the reporting date and the date on which financial statements are authorised for issue.

## Equity

The value of an asset after all the liabilities or debts have been paid.

## Equity Instrument

Equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

## Equity Method

The equity method is a method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition changes in the investor's share of net assets of the investee. The profit or loss of the investor includes the investor's share of the profit or loss of the investee.

## Expected Credit Losses (ECL)

Expected credit losses are a probability – weighted estimate of credit losses over the expected life of the financial instrument.

- ◆ 12 Month Expected Credit Losses: The portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date.
- ◆ Lifetime Expected Credit Losses: The expected credit losses that result from all possible default events over the expected life of a financial instrument.

## Fair Value (FV)

The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

## Finance Lease

A lease that transfers substantially all the risks and rewards incidental to the ownership of an asset to the lessee. Title may or may not eventually be transferred.

## Financial Asset

Any asset that is cash, an equity instrument of another entity or a contractual right to receive cash or another financial asset from another entity.

## Financial Assets Recognised Through Profit or Loss – Measured at Fair Value:

These financial assets are held within a business model with the objective to sell financial assets.

## Financial Assets at Amortised Cost

These financial assets are held within a business model with the objective to hold financial assets in order to collect contractual cash flows. These assets are tested for impairment.

## Financial Assets – Fair Value Through Other Comprehensive Income

These financial assets are held within a business model with the objective to both hold financial assets in order to collect contractual cash flows and sell financial assets.

Financial Asset or Financial Liability at Fair Value through Profit or Loss

Financial asset or financial liability that is held for trading or upon initial recognition designated by the entity as 'at fair value through profit or loss'.

## Financial Instrument

Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

## Financial Liability

A contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity

## Fixed Income Securities

Securities whose current income is fixed or based on some underlying index. These are also known as debt securities since they represent a fixed obligation of the company unlike equity, which pays dividends only when the company makes profits.

## Gearing

Proportion of total interest bearing borrowings to capital employed.

## Goodwill

An intangible asset that represents the excess of the purchase price of an acquired company over the value of the net assets acquired.

### Gross Dividends

The portion of profit inclusive of tax withheld is distributed to shareholders.

### Gross Written Premium – Life (GWP)

Premium to which the insurer is contractually entitled and received in the accounting period

### Group

A group is a parent and all its subsidiaries.

### Guarantee

A promise made for a fee by a third party (Guarantor), who is not a party to the contract between two others, that the guarantor will be liable if one of the parties fails to fulfill the contractual obligations.

### Held to Maturity Investment (HTM)

Non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity.

### Hire Purchase

A contract between hirer and financier where the hirer takes on hire a particular article from the financier, with the option to purchase the article at the conclusion of the agreed rental payments.

### Impairment

This occurs when recoverable amount of an asset is less than its carrying amount.

### Impairment Allowances

Impairment allowances are provisions held on the Statement of Financial Position as a result of the raising of a charge against profit for the incurred loss. An impairment allowance may either be identified or unidentified and individual (specific) or collective respectively.

### Insurance

Insurance is a contract whereby one party the insurer, in return for a consideration i.e. the premium, undertakes to pay the other party – the insured, a sum of money or its equivalent in kind, upon the happening of a specified event that is contrary to the interest of the insured.

### Intangible Asset

An identifiable non-monetary asset without physical substance held for use in the production/ supply of goods/ services or for rental to others or for administrative purposes.

### Interest Rate Risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

### Interest Rate SWAP

An interest rate SWAP is a contract, whereby two parties agree to exchange a set of interest cash flows based on a notional principle on pre-arranged dates. Normally fixed rate is exchanged for a floating rate.

### Interest Cover

A ratio showing the number of times interest charges is covered by earnings before interest and tax.

### IPO or Initial Public Offering

The first sale of a company's shares to the public, leading to the listing of its shares on the stock market.

### Joint Control

Joint control is the contractually agreed sharing of the control over an economic activity and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

### Key Management Personnel (KMP)

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

### Lease

An agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

### Liabilities

Debt or obligations of a business.

### Liquidity Risk

The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

### Listed

A company or its financial securities which are admitted for trading on a stock exchange.

### Loans and Receivables

Non derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those intends to sell immediately or in the near term and designated as fair value through profit or loss or available for sale on initial recognition.

### Margin Trading

A credit facility given to investors who wish to expand their investment portfolio.

### Market Value per Share

The price at which an ordinary share is transacted in the stock market.

### Market Capitalisation

The market value of a company at a given date obtained by multiplying the share price by the number of issued shares.



# Glossary

## Materiality

The relative significance of a transaction or an event, the omission or misstatement of which could influence the decisions of users of financial statements.

## Money Broker

Inter-bank money broker approved by the Central Bank of Sri Lanka.

## Mergers and Acquisitions (M&A)

Transactions in which the ownership of companies, other businesses or their operating units are transferred or combined. They are considered as capital market strategy or tactical management transactions that can allow companies to grow, decrease in size, change the nature of their business or enhance their competitive position.

## Net Earned Premium (NEP)

Gross Written premium adjusted for the re-insurance incurred and for the increase or decrease in unearned premium.

## Net Interest Margin

Is the difference between interest paid and interest received, adjusted for the total amount of interest-generating assets held. It is a measure of profitability of interest rate based businesses.

## Net Interest Rate Spread

See Spread

## Net Written Premium (NWP)

Gross written premium less re-insurance premium payable.

## Non-controlling Interest (NCI)

Portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the parent.

## Operational Risk

This refers to the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.

## Other comprehensive income (OCI)

An entry that is generally found in the shareholders' equity section of the balance sheet.

## Overnight

Deposit or swap transaction for settlement on transaction date to or against the next business day after transaction date.

## Parent

A parent is an entity that has one or more subsidiaries.

## Premium

The consideration payable by the insured for an Insurance contract.

## Policy Rates

The rates that are used by a Central Bank to implement or signal its monetary policy stance. The Central Bank of Sri Lanka uses the Standing Deposit Facility Rate and Standing Lending Facility Rate as policy rates.

## Portfolio

Income generating assets such as loans, finance leases, investment securities and bills discounted etc.

## Primary Market

A capital market where newly issued securities are offered to the public directly by the issuer. Initial Public Offerings and new issues where a company offers its shares or debentures directly to investors constitute the primary market.

## Primary Dealer

A dealer in government securities licensed by the Central Bank of Sri Lanka. Prime Lending Rate (PLR) The interest rate a commercial bank will offer to its best customers.

## Redemption

Refers to the liquidation of unit trust holdings; or in general, repayment of a fixed-income security before their maturity date.

## Related Parties

Parties are considered to be related if one\* party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

## Related Party Transactions (RPT)

A transfer of resources, services or obligations between related parties, regardless of whether a price is charged or not.

## Return on Capital employed

Profit before tax and net finance cost divided by average capital employed.

## Repricing

Means the opportunity to reassess or reassessment of the value of an investment when a change in market environment occurs.

## Return on Average Equity (ROE)

Net profit attributable to owners, expressed as percentage of average ordinary shareholders' equity.

## Revenue Reserves

Reserves which may be distributed to shareholders as dividends. Reverse Re-purchase Agreement An agreement (Reverse Repo for short) is the simultaneous purchase and resale of a security on different settlement dates.

### Secondary Market

A capital market where investors purchase securities or assets from other investors, rather than from the issuing companies themselves. The Colombo Stock Exchange is a secondary market (Listed shares/debentures).

### Segment

Constituent business units grouped in terms of nature and similarity of operations.

### Shareholder's Funds

Shareholders funds consist of issued and fully paid ordinary share capital plus capital and revenue reserves.

### Spread

In this report refers to, net interest rate spread or the difference between the average yield received from interestaccruing activities or assets and the average rate we pay on interest-accruing borrowings or liabilities.

### SoRP

Statement of Recommended Practice.

### Statutory Reserve Requirement (SRR)

The proportion of rupee deposit liabilities that commercial banks are required to maintain as a deposit with the Central Bank of Sri Lanka.

### Subsidiary

A subsidiary is an enterprise that is controlled by another enterprise (known as the parent company). Control is the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities.

### Surcharge Tax

Surcharge Tax has been calculated in accordance with the provisions of the Inland Revenue Act No. 24 of 2017, which exceeds Rs. 2.00 bn, for the year of assessment 2020/2021.

### Surrender

Termination of an Insurance policy by the insured before the expiry of its term.

### Sustainability Reporting

Sustainability reporting is a practice of measuring, disclosing, and being accountable for organisational performance while working towards the goal of sustainable development. A sustainability report provides a balanced and reasonable representation of

### Swap (currency)

The simultaneous purchase and sale of identical amounts of a currency for different value dates.

### Term Repo

A Repo with more than one day's duration. In this report we use it in relation to the Platinum Bond issued by the Company which is a Repo investment with medium to long term horizon. Also see Repurchase Agreement.

### Transaction Costs

Incremental costs which are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability.

### Unit Trust

An undertaking formed to invest in securities under the terms of a trust deed. May also be referred to as Fund or Mutual Fund.

### Unlisted

A financial instrument that is not traded on a stock exchange. This also refers to a company that has not been admitted to the stock exchange or acquired 'listed' status.

### Value Added

Value of wealth created by providing financial and other related services less the cost of providing such services.

### Working Capital

Capital required to finance day- to-day operations, computed as the excess of current assets over current liabilities.

# Corporate Information

## NAME OF THE COMPANY

Janashakthi Limited

## NAME OF THE SUBSIDIARIES

Janashakthi Insurance PLC  
First capital Holdings PLC  
Orient Finance PLC  
Janashakthi Capital Limited  
Orient Capital Limited  
Janashakthi Business Services (Pvt) Limited  
Beckett Capital (Pvt) Limited

## LEGAL FORM

Limited liability company incorporated in Sri Lanka on 09th May 1994 under the name Acland Finance Limited and subsequently changed its name to Janashakthi Finance Limited on 15th July 1994, Janashakthi Securities and Financial Services Limited on 06th September 2002, Janashakthi Limited on 09th September 2004, Janashakthi PLC on 29th January 2015 & Janashakthi Limited on 17th December 2020

## PRINCIPAL ACTIVITIES

Investment and Management of Subsidiaries

## COMPANY REGISTRATION NUMBER

PB613 PQ/PB

## FINANCIAL YEAR END

31st March

## WEBSITE

<https://www.jxg.lk/>

## REGISTERED OFFICE

No. 02, Deal Place,  
Colombo 03, Sri Lanka

## OFFICE ADDRESS

No. 324, 39 Floor, Mireka Tower,  
Havelock Road Colombo 05

## REGISTRARS

SSP Corporate Services (Private)  
Limited No. 101, Inner Flower Road,  
Colombo 03 Tel: 0112 573894

## EXTERNAL AUDITORS

Messrs KPMG Chartered Accountants  
32 A, Sir Mohamad Macan Marker  
Mawatha P.O. Box 186 Colombo 03

## PRINCIPAL BANKERS

Commercial Bank of Ceylon PLC  
Seylan Bank PLC  
Hatton National Bank PLC  
Nations Trust Bank PLC  
People's Bank  
Bank of Ceylon  
National Development Bank  
Cargills Bank  
DFCC Bank

## BOARD OF DIRECTORS

Chandana De Silva  
Chairman

Prakash Schaffter  
Deputy Chairman

Ramesh Schaffter  
Managing Director/Group Chief  
Executive Officer

Eardley Perera  
Independent Non-Executive Director

Saliya Wickramasuriya  
Independent Non-Executive Director

Pirnavan Sivagananathan  
Independent Non-Executive Director

Manjula Mathews  
Non Independent Non Executive  
Director

Minette Perera  
Independent Non-Executive Director

Vishnu Balachandran  
Independent Non-Executive Director

## AUDIT COMMITTEE

Minette Perera (Chairperson)  
Vishnu Balachandran  
Manjula Mathews

## REMUNERATION COMMITTEE

Pirnavan Sivagananathan  
(Chairperson)  
Chandana de Silva  
Eardley Perera

## RELATED PARTY TRANSACTIONS REVIEW COMMITTEE (RPTRC)

Minette Perera (Chairperson)  
Vishnu Balachandran  
Manjula Mathews

## NOMINATION COMMITTEE

Pirnavan Sivagananathan  
(Chairperson)  
Eardley Perera  
Prakash Schaffter  
Chandana de Silva

## TAXPAYER IDENTITY NUMBER (TIN)

134004983

## CREDIT RATING

The Company has been assigned  
"BBB-" (Positive outlook) by Lanka  
Rating Agency Limited



