mahindra
IDEAL FINANCE

NEW **ALTITUDE.** NEW **AMBITION.**

Mahindra Ideal Finance PLC

Annual Report 2025/26

New Altitude. New Ambition.

Mahindra Ideal Finance PLC has always believed that progress begins with the courage to rise. Over the past year, we continued to elevate our presence, strengthen our capabilities, and expand our reach across communities and industries. Each milestone achieved has become a new vantage point, opening the way for even greater aspirations ahead.

Like an ascent that reveals broader horizons with every step, our growth has inspired a renewed sense of purpose and possibility. From empowering entrepreneurs and supporting mobility to enhancing customer experiences and embracing innovation, we continue to move forward with confidence and clarity.

This new altitude is not measured solely by performance, but by the trust earned, the relationships strengthened, and the opportunities created for customers and stakeholders alike. As we rise higher, our ambitions grow bolder: to reach underserved communities, to pioneer smarter financial solutions, and to create lasting value in an evolving landscape.

Driven by resilience, guided by vision, and powered by the strength of the Mahindra legacy, we are charting a future defined, not by limits, but by possibilities. Because every new altitude unveils new ambitions for our illustrious future.

Chairman's Review

"The Company's performance has been well recognised by external stakeholders, including rating agencies and institutional investors...."

Page 14
See More...

Managing Director and CEO's Review

"This has been a record-breaking year for the Company, marking its strongest performance since inception..."

Page 16
See More...

Key Pages

Tap the QR code to log in to the Annual Report

01 Overview

02 A word from the Leadership

03 Our Business Model

Contents

OUR VISION

To be the ideal financial partner in creating wealth and enriching lives for our customers.

Mahindra Ideal Finance PLC is a licensed finance company in Sri Lanka, focused on delivering accessible, customer-centric financial solutions to individuals and businesses across the country. As part of the Mahindra Group, the Company leverages global expertise, strong governance standards, and established financial capabilities, complemented by a deep understanding of local market dynamics.

Headquartered in Colombo, MIFL operates through a growing network of 37 branches nationwide, with further expansion underway. The Company's portfolio includes leasing, loans, fixed deposits and a range of asset-backed financing solutions, serving customers across both urban and rural segments. This broad reach reflects the Company's ongoing commitment to financial inclusion and participation in the country's economic growth.

Guided by the Mahindra Group's "Rise" philosophy, MIFL's approach extends beyond financial performance to enabling progress. Whether supporting a small business to expand, facilitating mobility for individuals or empowering entrepreneurs, the Company seeks to create meaningful and sustainable impact. This is underpinned by a strong focus on integrity, transparency, innovation, and customer-centricity.

As the financial services landscape evolves, MIFL continues to invest in digital capabilities, operational efficiency, and enhanced customer experience. At the same time, the Company remains committed to responsible business practices and contributing to a more inclusive and sustainable financial ecosystem.

With a solid foundation and clear strategic direction, Mahindra Ideal Finance PLC is well positioned to support its customers and stakeholders in achieving higher levels of growth and ambition with confidence.

OUR MISSION

- To be the most credible, trustworthy and professional financial institution with a heart, which will deliver financial services to our customers.
- Enhance professionalism and the lives of our employees to be the most sought-after employer.
- Increase shareholder wealth- make them proud to be a shareholder of the Company.

OUR CORE VALUES

Professionalism

We are committed to maintaining a high level of professionalism in all aspects of our operations. This includes a thorough understanding of our customers' financial circumstances and repayment capacity. Our financial solutions are carefully tailored to suit individual needs, and we act with integrity by avoiding aggressive or excessive lending practices.

Innovation

Innovation lies at the heart of our growth strategy. We leverage technology, market intelligence, and superior service standards to improve customer accessibility and experience. This approach enables us to extend our reach while remaining agile and responsive to evolving market demands.

Exceptional Service

Delivering exceptional, personalised service is fundamental to who we are. We understand the hardships many of our customers have endured in recent years, and we remain committed to building lasting relationships through our "Customer for Life" approach, which guides our strategic and operational decisions.

Empowering Enterprises and Individuals

We provide vital financial assistance to entrepreneurs and small businesses that may not meet the conventional lending criteria of traditional banks. By adopting responsible lending practices, we support their long-term success and contribute to broader economic development.

Corporate Responsibility

We take our corporate responsibilities seriously and remain accountable to a wide array of stakeholders, including the Government of Sri Lanka, regulators, the business community, and society at large. Our governance framework is designed to ensure compliance with statutory requirements, promote environmental stewardship, manage operational risks, and uphold ethical standards in all stakeholder interactions. In today's economic landscape, we are proud to play a meaningful role in the country's economic recovery.

Ethical Employment Practices

Our people are our greatest asset. We uphold fair and equitable employment practices, providing competitive compensation and fostering a safe, respectful, and inclusive workplace free from discrimination or harassment. Our open-door policy encourages transparent communication with senior leadership, promoting collaboration and shared growth.

About this Report

WELCOME TO OUR ANNUAL REPORT

2025/26

PRESENTING OUR 2025/26 INTEGRATED ANNUAL REPORT

Mahindra Ideal Finance PLC is pleased to present its Integrated Annual Report for the financial year ended 31 March 2026.

This report provides a comprehensive account of the Company's financial and non-financial performance during the year, while offering insight into our strategy, governance, and approach to value creation in a dynamic operating environment. It demonstrates how MIFL integrates financial discipline with broader economic, social, and environmental considerations to deliver sustainable outcomes for stakeholders over the short, medium and long term.

REPORTING FRAMEWORKS AND COMPLIANCE

This Integrated Annual Report has been prepared in accordance with applicable regulatory requirements and recognised reporting frameworks, providing a holistic view of value creation across the six capitals.

The report aligns with the following key standards, frameworks, and regulatory requirements:

- Sri Lanka Accounting Standards (SLFRS/LKAS) issued by the Institute of Chartered Accountants of Sri Lanka
- Sri Lanka Auditing Standards
- Rules and Directions issued by the Central Bank of Sri Lanka applicable to Licensed Finance Companies
- Inland Revenue Act No. 24 of 2017
- Relevant United Nations Sustainable Development Goals

Subsequent to the reporting period, the Company has been listed on the Colombo Stock Exchange (CSE) on 07th April 2026 and has started complying with the CSE Listing Rules and related disclosure requirements.

These frameworks support consistency, transparency, and comparability in our disclosures.

REPORTING PERIOD

This report covers the period from 1 April 2025 to 31 March 2026, consistent with the Company's financial year and prior reporting cycle.

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements relating to MIFL's strategic priorities, business outlook, and anticipated performance. These statements are based on current expectations and assumptions and are inherently subject to risks and uncertainties.

Actual outcomes may differ materially due to factors including, but not limited to, changes in macroeconomic conditions, regulatory developments, interest rate movements, environmental factors, and geopolitical events. MIFL undertakes no obligation to update such statements, except as required by applicable laws and regulations.

MATERIALITY

MIFL's materiality determination process identifies and prioritises the economic, environmental, and social matters that substantively influence our ability to create value.

This process incorporates stakeholder engagement, internal risk assessments, and strategic considerations, ensuring that the report focuses on the issues most relevant to our business and stakeholders.

ASSURANCE AND REPORT INTEGRITY

Robust internal controls, governance processes, and review mechanisms underpin the reliability and completeness of the disclosures presented in this report.

The Financial Statements have been independently audited by Messrs. BDO Partners, Colombo, whose audit opinion is included within this report. Internal assurance is provided through the Board Audit Committee, supported by the Integrated Risk Management Committee (IRMC), based on structured audit processes and enterprise risk management frameworks.

BOARD RESPONSIBILITY FOR THE INTEGRATED ANNUAL REPORT

The Board of Directors of Mahindra Ideal Finance Limited is responsible for ensuring the integrity and completeness of this Integrated Annual Report for the financial year ended 31 March 2026.

In discharging its responsibilities, the Board has applied its collective judgement to ensure that the report presents a balanced, clear, and comprehensive assessment of the Company's strategy, performance, governance, and future outlook, within the context of the external environment and stakeholder expectations.

The Board is satisfied that appropriate governance structures, internal controls, and assurance mechanisms support the reliability of the information presented, including both financial and non-financial disclosures.

The Board confirms that it has reviewed and approved this report and, in its opinion, it reflects the Company's capacity to create sustainable value over the short, medium and long term.

For and on behalf of the Board of Directors

Thilan Wijesinghe
Chairman

Mufaddal A. Choonia
Managing Director/CEO

09th June 2026

Financial Highlights

Key Performance Indicators		2025/26	2024/25	Change (%)
Financial Performance				
Revenue	Mn	**4,262**	2,741	55.5
Net Interest Income	Mn	**2,152**	1,335	61.2
Net Operating Income	Mn	**2,373**	1,558	52.3
Operating Profit Before Taxes on Financial Services	Mn	**1,093**	434	151.8
Profit Before Tax (PBT)	Mn	**819**	279	193.5
Profit After Tax (PAT)	Mn	**478**	146	227.4
Financial Position				
Total Loans and Advances to Customers	Mn	**26,946**	14,803	82.0
Total Assets	Mn	**30,980**	17,131	80.8
Total Equity	Mn	**3,561**	3,083	15.5
Deposits from Customers	Mn	**7,530**	6,254	20.4
Profitability Perspective				
Operating Profit Margin	%	**25.65**	15.81	62.2
Net Interest Margin	%	**9.39**	9.92	-5.3
Cost to Income	%	**50.48**	68.90	-26.7
Return on Average Assets - Pre Tax	%	**3.40**	1.88	80.9
Return on Average Assets - Post Tax	%	**1.99**	0.98	103.1
Investor Perspective				
Earnings Per Share	Rs.	**3.28**	1.00	228.0
Net Assets Value Per Ordinary Share	Rs.	**24.45**	21.17	15.5
Return on Average Equity - Pre Tax	%	**24.64**	9.29	165.2
Return on Average Equity - Post Tax	%	**14.40**	4.85	196.9
Statutory Ratios				
Tier 1 (Minimum Requirement - 8.5%)	%	**14.93**	25.16	-40.7
Total Capital Ratio (Minimum Requirement - 12.5%)	%	**15.05**	25.29	-40.5
Statutory Liquidity Ratio (Minimum Requirement - 10%)	%	**40.60**	23.87	70.1
Leverage Ratio (Debt Equity Ratio)	Times	**7.22**	4.28	68.7
Non-Performing Advances Ratios				
Gross Stage 03	%	**1.73**	1.86	-7.0
Net Stage 03	%	**1.15**	1.21	-5.0
Stage 03 Impairment Coverage	%	**33.76**	35.09	-3.8

Total Assets

2025/26 Rs. **30,980** Mn

2024/25 Rs. 17,131 Mn

80.8%

Total Loans and Advances

2025/26 Rs. **26,946** Mn

2024/25 Rs. 14,803 Mn

82.0%

Deposits from Customers

2025/26 Rs. **7,530** Mn

2024/25 Rs. 6,254 Mn

20.4%

Total Equity

2025/26 Rs. **3,561** Mn

2024/25 Rs. 3,083 Mn

15.5%

Revenue

2025/26 Rs. **4,262** Mn

2024/25 Rs. 2,741 Mn

55.5%

Net Interest Income

2025/26 Rs. **2,152** Mn

2024/25 Rs. 1,335 Mn

61.2%

Profit Before Tax (PBT)

2025/26 Rs. **819** Mn

2024/25 Rs. 279 Mn

193.5%

Profit After Tax (PAT)

2025/26 Rs. **478** Mn

2024/25 Rs. 146 Mn

227.4%

Our Journey

2012/13
- IFL commences operations in March 2012.
- Portfolio: LKR 285.9 Mn.
- Deposit base: LKR 48.8 Mn.
- Main products were Finance Lease, Hire Purchase and Micro-leases.

2013/14
- SME sector was given a significant place in the lending activities.
- Branches were opened in Anuradhapura, Elpitiya, Embilipitiya, Jaffna, and Kurunegala as well as a service centre in Bandarawela.

2014/15
- Income derived was LKR 175 Mn, and at year end the portfolio was LKR 737 Mn, the deposit base was LKR 170 Mn and net profit earned was LKR 28.9 Mn.

2015/16
- Gold loans, business and personal loans were introduced.
- IFL earned the affirmation of being a sustainable ongoing finance business from Fitch Ratings with a B+(lka) Stable rating.

2016/17
- IFL opened its 6th branch in Monaragala.

2017/18
- Jaffna and Monaragala branches were relocated to improve customer service.

2018/19
- Opened branches in Kandy and Matara, expanding our branch network to 10.

2019/20
- MMFSL partners with IFL as the second largest shareholder.
- IFL is able to achieve the capital adequacy ratio mandated by the regulator.

2020/21

- Opened two branches in Vavuniya and Gampaha despite the pandemic, and relocated the Elpitiya Branch to serve our customers better.
- Achieved LKR 1 Bn in gold loans.
- Achieved the highest profits to date with a net profit of LKR 184.4 Mn and the deposit base reached LKR 920.94 Mn and a revenue of LKR 1 Bn.
- BB-(LKA) rating watch positive by Fitch rating since 10 June 2020.

2021/22

- In July, MMFSL became the parent Company of MIFL with the acquisition of a 58.20% share.
- Opened eight new branches amidst the pandemic and the economic crisis, in Welimada, Chunnakam, Nelliadi, Kaduwela, Ja-Ela, Kadawatha, Galle and Kuliyapitiya.
- Marked the completion of 10 years in business in March 2022.
- IFL was rebranded as Mahindra Ideal Finance Limited (MIFL) in January 2022 to reflect the acquisition by MMFSL.
- Achieved an AA- (Outlook Stable) by Fitch Ratings with effect from 26 July 2021.

2022/23

- Opened seven new branches, increasing the footprint to 27.
- Upgraded, rebranded, and relocated the Call Centre to Negombo to enhance the service to customers.
- Rated AA- (Watch Negative) by Fitch Ratings, becoming one of the few to be thus endorsed.
- Awarded as a "Great Place to Work" for the 4th successive year.

2023/24

- Awarded as a "Great Place to Work" for the 5th Successive year.
- Opened 5 new branches in the financial year (Ratnapura/ Matale/Hatton/Piliyandala/ Kaduruwela) making the total branch strength 32.
- Rated AA- (Outlook Stable) by Fitch Ratings, becoming one of the few to be thus endorsed.
- Achieved LKR 5 Bn Fixed deposit customer portfolio and LKR 4.5 Bn Gold loan portfolio.

2024/25

- Awarded as "Great Place to Work"
- Re-rated AA- (Outlook Stable) by Fitch Ratings.
- Opened up three branches to expand the MIFL network – Elakanda / Kochchikade / Puttalam.
- Mr. Mufaddal Choonia was appointed as the new Managing Director & CEO to the Company w.e.f 19th July 2024.
- A new corporate website was launched.
- Achieved LKR 5 Bn Gold loan portfolio in October 2024.
- Implemented Ideal Draft Loan module to meet the business requirements.

2025/26

- Successful issue of LKR 1 Bn Tier II Listed debentures.
- Implemented new Loan Origination System.
- Profit after Tax grew to LKR 478 Mn, up 228% YoY.
- Total assets increased to LKR 30.98 Bn, up 81% YoY.
- Branch strength increased to 37.

Operational Highlights

1. STRONG LENDING AND PORTFOLIO EXPANSION

MIFL recorded strong growth in lending activities during the financial year, supported by increased demand across leasing, gold loan, and SME financing segments. The gradual recovery in economic activity, improving customer confidence, and the relaxation of motor vehicle import restrictions in February 2025 contributed to renewed momentum within the leasing sector and supported overall portfolio expansion.

2. IMPROVED ASSET QUALITY AND CREDIT DISCIPLINE

The Company continued to strengthen its risk management framework through disciplined underwriting standards, enhanced monitoring mechanisms, and proactive recovery strategies. These efforts contributed to improvements in portfolio quality and reinforced the Company's focus on maintaining prudent credit and impairment management practices.

3. ENHANCED PROFITABILITY AND OPERATIONAL EFFICIENCY

Operational performance improved during the year, supported by stronger net interest income, controlled operating costs, and enhanced process efficiencies. Continued focus on productivity improvements and disciplined expense management contributed to improved profitability and operational resilience.

4. DEPOSIT GROWTH AND FUNDING OPTIMISATION

MIFL further strengthened its funding base through continued deposit mobilisation initiatives and effective liability management strategies. The Company maintained a balanced funding structure to support business expansion while preserving liquidity and financial stability.

5. DIGITAL TRANSFORMATION AND PROCESS AUTOMATION

The Company continued to accelerate its digital transformation initiatives through system enhancements, process automation, and technology-driven operational improvements. These initiatives contributed to improved turnaround times, operational efficiency, and enhanced customer service delivery across key business functions.

6. STRENGTHENED CYBERSECURITY AND IT INFRASTRUCTURE

Recognising the increasing importance of cybersecurity and digital resilience within the financial services sector, MIFL continued to strengthen its cybersecurity framework and IT governance practices during the year through enhanced monitoring systems, infrastructure improvements, strengthened access controls, and improved data protection measures. The Company remains focused on reinforcing operational resilience, safeguarding customer information, and ensuring system reliability and regulatory compliance across its digital operations.

7. CUSTOMER-CENTRIC SERVICE ENHANCEMENT

The Company continued to strengthen customer engagement through improved service responsiveness, expanded communication channels, and enhanced accessibility across its branch network and digital platforms. Customer-centric initiatives remained focused on improving convenience, responsiveness, and overall service experience.

8. BRANCH NETWORK EXPANSION AND MARKET ACCESSIBILITY

MIFL continued to strengthen its regional presence through branch expansion and infrastructure enhancement initiatives aimed at improving accessibility to financial services across key markets. Investments in branch facilities and operational infrastructure supported business growth and customer reach.

9. HUMAN CAPITAL DEVELOPMENT AND EMPLOYEE ENGAGEMENT

Recognising employees as a key driver of long-term success, the Company continued to invest in talent development, leadership capability building, and employee engagement initiatives. Learning and development programmes, performance management enhancements, and staff engagement activities supported the development of a stronger and more agile workforce.

10. GOVERNANCE, COMPLIANCE, AND REGULATORY ALIGNMENT

MIFL continued to strengthen governance frameworks, internal controls, and compliance processes in line with evolving regulatory expectations. The Company remained committed to maintaining high standards of transparency, accountability, and responsible business conduct across all operational activities.

11. SUSTAINABILITY AND ESG INTEGRATION

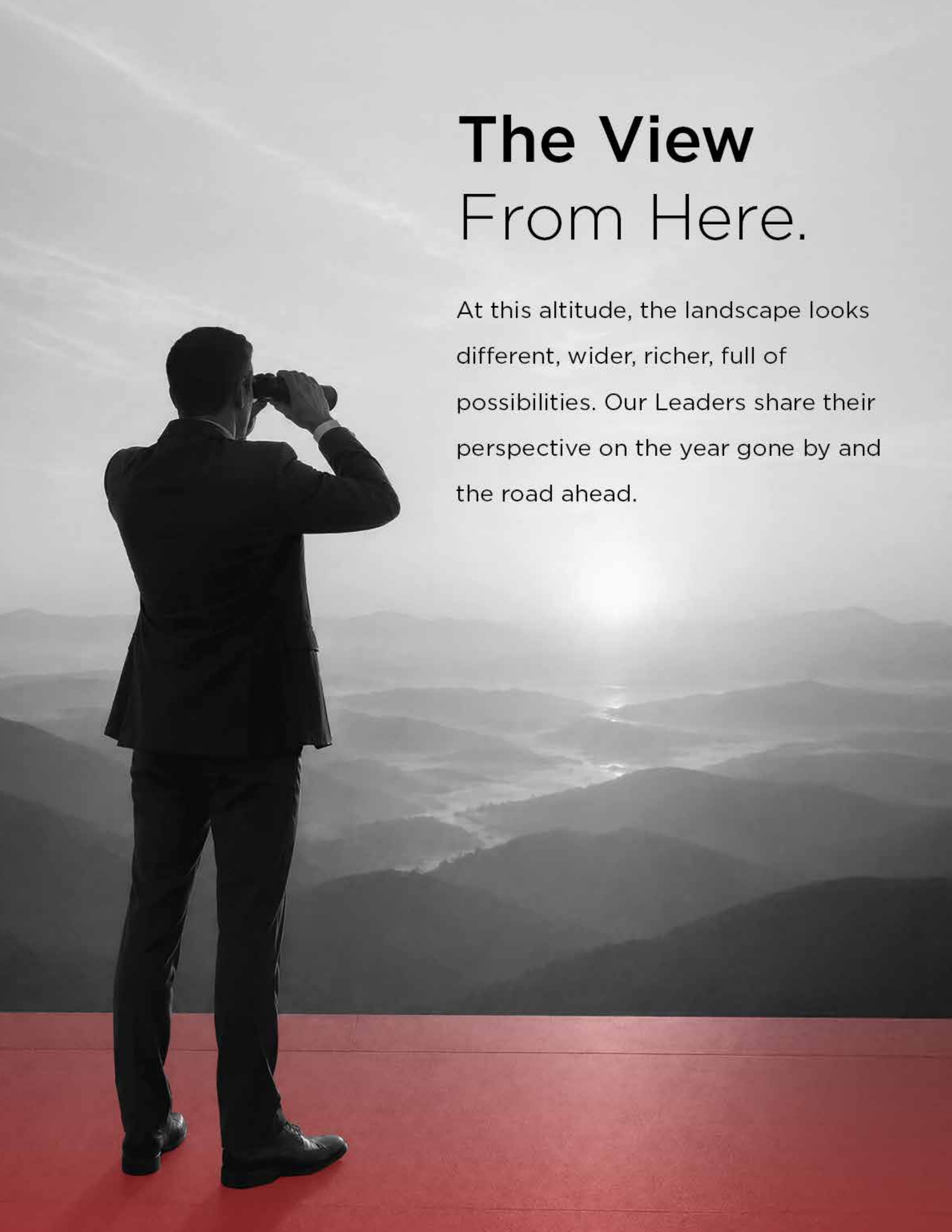
Environmental and sustainability considerations continued to be integrated into operational and infrastructure-related initiatives across the Company. Further reinforcing its long-term sustainability focus, MIFL also commenced work on its first dedicated Environmental, Social and Governance (ESG) Report, reflecting the Company's growing commitment to responsible business practices, stakeholder accountability, and sustainable value creation.

12. RESILIENT BUSINESS PERFORMANCE AMID EVOLVING MARKET CONDITIONS

Despite ongoing global and domestic economic uncertainties, MIFL demonstrated resilience through disciplined execution, prudent risk management, and operational adaptability. The Company remains focused on sustainable growth, customer value creation, and strengthening long-term institutional resilience.

13. INNOVATION AND PRODUCT DEVELOPMENT

MIFL continued to enhance its product portfolio through the introduction of tailored financial solutions designed to meet the evolving needs of its diverse customer base. Ongoing innovation initiatives focused on improving product flexibility, accessibility, and value proposition, enabling the Company to strengthen its competitive positioning while supporting sustainable business growth and customer retention.



The View
From Here.

At this altitude, the landscape looks different, wider, richer, full of possibilities. Our Leaders share their perspective on the year gone by and the road ahead.

Chairman's Review

> The Company's performance has been well recognised by external stakeholders, including rating agencies and institutional investors. Mahindra Ideal Finance PLC is among a select group of finance companies to achieve strong credit ratings. Accordingly, our recent listed debenture issuance was met with robust demand from leading institutional investors.

Thilan Wijesinghe
Chairman

It is with a sense of satisfaction that I reflect on a year in which the Company delivered a strong performance, building on the solid foundation established over the past two years. During this period, Mahindra Ideal Finance PLC has achieved significant growth, gained market share, and outperformed many of its peers within the non-banking financial institutions (NBFI) sector. Year-on-year profit growth of 228% and asset growth of over 80% were achieved, alongside sound balance sheet management, reflected in an industry-leading non-performing loan (NPL) ratio of 1.73%. Notably, the Company surpassed LKR 1 billion in Profit before Tax and VAT on financial services and crossed LKR 30 billion in Total Assets for the first time, marking a significant milestone in its growth trajectory.

The Company's performance has been well recognised by external stakeholders, including rating agencies and institutional investors. Mahindra Ideal Finance PLC is among a select group of finance companies to achieve strong credit ratings. Accordingly, our recent listed debenture issuance was met with robust demand from leading institutional investors. These developments reflect growing confidence in the Company's financial strength, governance standards and long-term prospects.

Since assuming the role of Chairman, my focus has been on guiding the Company through its next phase of growth while ensuring that the strong fundamentals established in recent years are sustained. This involves a greater emphasis on long-term strategic direction, informed by evolving market dynamics while fostering an environment that encourages constructive dialogue and balanced decision-making at Board level.

Going forward, the Company's growth strategy will increasingly centre on enhancing operational efficiency through technology, and strengthening service delivery. Investments in information technology are expected to play a key role in enabling scalable growth, allowing the Company to expand without a commensurate increase in costs typically associated with physical branch expansion. In parallel, the Board continues to emphasise the importance of human capital, recognising that a performance-driven and growth-oriented culture is fundamental to long-term success.

The Board ensures strong governance, independence, and effective oversight through well-defined structures, disciplined processes, and a culture of accountability. The majority of the Board comprises independent non-executive directors, supported by specialised Board committees with clear mandates. These frameworks enable focused oversight across key areas while ensuring that management is held to high standards of performance and compliance. Maintaining asset quality remains a key priority, supported by a disciplined approach to credit underwriting.

From a market perspective, the Company is positioned as a trusted financial partner, particularly within the SME and rural segments. Our ability to combine strong governance practices with customer-centric service delivery, supported by the guidance of our parent, Mahindra Finance of India, provides a distinct competitive advantage.

The outlook for Sri Lanka's financial services and leasing sector is expected to be more measured, following the strong loan growth driven by pent-up demand for motor vehicles after the lifting of import restrictions. At the same time, the operating environment remains competitive and subject to external vulnerabilities, including global economic conditions and domestic policy dynamics. In this context, growth alone will not define success; greater emphasis will need to be placed on maintaining asset quality and disciplined credit underwriting as lending activity expands.

Within this environment, the Company is well positioned to benefit from growth opportunities, particularly across SME and rural markets, where access to finance remains a key enabler of economic activity. While Sri Lanka remains exposed to external factors such as global economic volatility and energy price fluctuations, improving macroeconomic stability and strengthening foreign reserves provide a basis for cautious optimism.

The Board views responsible lending as fundamental to both the Company's long-term sustainability and its broader contribution to the economy. Sound credit underwriting, prudent risk management, and a clear understanding of customer repayment capacity are central to this approach. We recognise that responsible lending extends beyond asset growth; it requires ensuring that credit is extended in a manner that supports productive economic activity without placing undue financial strain on borrowers.

In this context, the Company remains focused on strengthening its capital base to support future growth. The successful issuance of debentures during the year has enhanced our capital position, and we will continue to evaluate appropriate avenues for capital raising in line with our growth trajectory.

Over the medium term, technology and operational efficiency will become increasingly important differentiators. The ability to scale through digital platforms, enhance credit assessment capabilities, and improve customer engagement—without a corresponding increase in operating costs—will be central to sustaining profitability and market share.

As we look to the future, our priority will be to sustain growth while reinforcing the foundations of governance, risk management, and operational excellence. We will also continue to enhance market presence and brand visibility in an increasingly competitive landscape, ensuring that Mahindra Ideal Finance PLC is well positioned to capture emerging opportunities.

APPRECIATION

I would like to acknowledge the dedication of the management team and staff, whose commitment has been instrumental in delivering the Company's performance. I also extend my appreciation to our customers, investors, and regulators for their continued trust and support.

Thilan Wijesinghe
Chairman

21st April 2026

Managing Director and CEO's Review

This has been a record-breaking year for the Company, marking its strongest performance since inception. During the year, we capitalised on emerging economic opportunities to deliver strong growth and reinforce our market position as a strong challenger in Sri Lanka's licensed non-bank lending space.

Mufaddal A. Choonia
Managing Director/CEO

A YEAR OF EXCEPTIONAL PERFORMANCE

This has been a record-breaking year for the Company, marking its strongest performance since inception. During the year, we capitalised on emerging economic opportunities to deliver strong growth and reinforce our market position as a strong challenger in Sri Lanka's licensed non-bank lending space.

Our asset base expanded by 98%, reflecting strong demand for our products and the effectiveness of our strategic execution. This growth was driven by a proactive and highly committed team that engaged closely with customers and dealer partners, enabling us to scale our operations and strengthen our market position. We are pleased to note that the Company has grown faster than most of its peers, gaining market share beyond initial expectations.

OPERATING ENVIRONMENT AND MARKET DYNAMICS

The year was not without its challenges. External events, including the Ditwah cyclone, impacted the repayment capacity of certain customer segments. In addition, global developments such as geopolitical tensions in the Middle East, rising interest rates, and energy-related pressures continued to shape the broader economic landscape.

Despite these challenges, Sri Lanka has demonstrated remarkable resilience. Macroeconomic management, particularly in relation to foreign reserves and financial sector stability, has been encouraging. The country's ability to navigate multiple shocks in recent years reinforces our confidence in its long-term potential.

Within this context, the gradual reopening of the vehicle import market in February 2025 created a significant opportunity for growth in vehicle financing. We were well-positioned to respond swiftly to this development, enabling us to expand our portfolio and strengthen our presence in this key segment.

BUSINESS PERFORMANCE AND COMPETITIVE ADVANTAGE

Vehicle leasing remains a core component of our business, and the reopening of imports provided a strong impetus for growth. Our success in this segment is underpinned by our deep relationships with dealer partners and our ability to deliver a superior customer experience.

In the vehicle financing business, the dealer is a critical stakeholder. Customers do not seek finance in isolation; they seek to acquire a vehicle, with financing acting as an enabler. Our ability to provide fast and efficient credit approvals, often within hours rather than days, has positioned us as a preferred partner among the dealer community. This, in turn, has resulted in enhanced customer satisfaction and has driven business growth for our company at dealer counters that we serve.

Our competitive advantage lies in the strength of these relationships, coupled with our operational efficiency and service responsiveness. By enabling dealers to serve their customers more effectively, we create a mutually beneficial ecosystem that supports sustained growth.

RISK MANAGEMENT AND CREDIT DISCIPLINE

While we have pursued growth opportunities, we have remained firmly committed to disciplined lending practices. The reopening of the vehicle import market led to a surge in credit demand, which could have encouraged aggressive lending. However, we have consciously avoided overextending our portfolio and have remained focused on maintaining asset quality.

Our credit appraisal process is supported by a robust, scorecard-based system that leverages data analytics and historical customer behaviour. Assessing the customer's ability to service his / her credit facility with MIFL, without putting unnecessary strain on their financial well-being, remains the bedrock of our lending policy. This is complemented by strong on-the-ground insights, with our branch teams bringing deep local knowledge and understanding of customer profiles and regional market dynamics.

This balanced approach has enabled us to maintain strong credit quality and collection performance. Our emphasis on lending to customers with diversified income sources has further strengthened portfolio resilience.

AGILITY AND LESSONS LEARNED

One of the key lessons from recent years has been the importance of agility and responsiveness. The ability to react quickly to changing market conditions and customer needs has been critical to our success.

For example, in the aftermath of the cyclone, we proactively engaged with affected customers to understand their circumstances and adjust our recovery strategies accordingly. This approach not only supported our customers during a difficult period but also contributed to maintaining strong collection performance.

At the same time, we have reinforced the importance of disciplined growth. While market opportunities must be seized, they must be approached with prudence and a clear focus on long-term sustainability. Our continued emphasis on strong credit processes and risk management ensures that we remain resilient even in a dynamic environment.

FINANCIAL SECTOR DEVELOPMENTS

The Sri Lankan financial services sector has shown encouraging signs of recovery and strengthening. Regulatory initiatives by the Central Bank have played a key role in enhancing sector stability, improving capital adequacy, and reducing non-performing loans across the industry.

These developments have contributed to healthier balance sheets and improved confidence within the sector. As economic conditions stabilise, we expect credit demand to gradually strengthen, supporting further growth opportunities for financial institutions.

COMMITMENT TO RESPONSIBLE FINANCE AND ESG

Being part of the Mahindra Group, the Company adheres to a strong governance framework guided by well-established group policies and ethical standards. We maintain a zero-tolerance approach to non-compliance and have implemented robust internal controls, supported by our finance and internal audit functions, to ensure adherence to governance standards.

Whistleblowing mechanisms are in place to encourage transparency and accountability, with appropriate safeguards to protect confidentiality.

From a social perspective, our business plays a meaningful role in supporting economic activity and livelihoods. A significant portion of our lending is directed towards productive purposes, enabling customers - particularly in sectors such as agriculture and SMEs to generate income and sustain their livelihoods. Our gold loan portfolio also supports individuals engaged in income-generating activities.

Responsible lending remains central to our philosophy. We are committed to ensuring that credit is extended in a manner that is aligned with the customer's ability to repay, thereby supporting both financial inclusion and portfolio quality.

We also take pride in fostering an inclusive workplace. Women represent approximately 56% of our workforce, with several branches operated entirely by women teams.

On the environmental front, we are taking steps to support sustainable practices, including financing environmentally friendly vehicles and incorporating energy-efficient solutions within our branch infrastructure. The Company is also working towards enhancing its environmental performance in line with broader sustainability goals.

OUTLOOK

Looking ahead, we remain optimistic about the future. Sri Lanka's resilience as a nation, demonstrated through its ability to recover from multiple economic and external shocks, provides a strong foundation for growth.

While global uncertainties and economic fluctuations may continue to pose challenges, we are confident in our ability to navigate these dynamics through disciplined execution, strong governance, and a clear strategic focus.

Against this backdrop, the Company will focus on strengthening its core business segments, particularly in vehicle financing and SME lending, while exploring opportunities to further enhance its product offerings and expand its customer reach.

We recognise the growing importance of digital transformation in financial services and will invest in improving operational efficiency, enhancing customer experience, and strengthening data-driven decision-making capabilities.

In addition, the Company remains committed to maintaining strong asset quality and disciplined growth, ensuring that expansion is aligned with prudent risk management practices.

Building on these priorities, we aim to deepen relationships with customers and partners while pursuing growth opportunities in a responsible and sustainable manner.

ACKNOWLEDGEMENTS

I wish to extend my sincere appreciation to our customers and dealer partners for their continued trust in our services, our employees for the dedication and commitment that they bring to their work every single day, our Board of Directors for their continuous guidance to the management team and to all other stakeholders for their ongoing support.

Choonia

Mufaddal A. Choonia
Managing Director/CEO

21st April 2026

Charting the **Road Ahead**.

With a stronger foundation and a clearer line of sight, we look at the business model, strategy, and operating environment shaping our next phase of growth.

Operating Environment

GLOBAL ECONOMIC ENVIRONMENT

Global Growth Dynamics and Macroeconomic Stability

The global economy during 2025-2026 reflected a phase of moderate stabilization following a period of significant macroeconomic disruption, supported by resilient consumption in emerging markets and gradual recovery in global trade flows. According to the International Monetary Fund (IMF), global economic growth is estimated at 3.2% in 2025, with a marginal moderation to 3.1% in 2026, highlighting a stable but subdued growth trajectory.

While emerging markets continued to outperform advanced economies, growth momentum remained uneven across regions due to structural constraints, geopolitical disruptions, and varying policy responses. The global economy's medium-term outlook remains constrained compared to historical averages, reflecting underlying productivity challenges and investment inefficiencies.

Indicator	2023/24	2024/25	2025/26F	2026/27F
Global GDP Growth (%)	3.5	3.3	3.2	3.1
Advanced Economies Growth (%)	1.7	1.8	1.6	1.6
Emerging Markets Growth (%)	4.7	4.3	4.2	4.0

Source: IMF World Economic Outlook (2025)

Inflation, Interest Rates, and Global Financial Conditions

Inflationary pressures gradually moderated but remained above historical norms. Global inflation declined from 5.8% in 2024 to 4.2% in 2025, with further easing expected to 3.7% in 2026, reflecting the cumulative effects of monetary tightening and stabilizing supply chains.

However, persistent inflation particularly in major economies such as the United States necessitated continued caution in monetary easing. As a result, global interest rates remained relatively elevated compared to pre-pandemic levels, leading to:

- Higher cost of funds for financial institutions
- Tighter global liquidity conditions
- Increased capital flow volatility across emerging markets

These conditions directly influenced NBFIs through rising funding costs and margin pressures.

Geopolitical Conflicts and Global Impact

A defining feature of the global economic environment during the period was the persistence and evolution of geopolitical conflicts, including tensions involving the United States and its geopolitical counterparts, which significantly influenced global financial and commodity markets.

These conflicts, including the ongoing Russia-Ukraine war and broader geopolitical alignments involving the United States, had several measurable economic effects:

The evolving geopolitical landscape, particularly tensions and strategic conflicts involving major global powers such as the United States and its allies, continued to influence global economic conditions through multiple transmission channels. These impacts were evident across energy markets, global trade systems, financial markets, and international policy frameworks, creating both direct and indirect implications for financial institutions and emerging economies.

Energy and Fuel Prices

One of the most immediate and visible effects of geopolitical tensions has been the disruption to global energy markets. Supply chain interruptions, trade restrictions, and sanctions on major energy-producing nations contributed to significant volatility in crude oil and natural gas prices. These dynamics resulted in elevated and fluctuating fuel costs globally, which, in turn, fed into broader inflationary pressures.

Higher fuel prices increased transportation and logistics costs, raising the cost of goods and services across supply chains. Manufacturing sectors, particularly those reliant on energy-intensive processes, experienced margin pressures, which were often passed on to consumers in the form of higher prices. For emerging economies, including Sri Lanka, increased fuel costs also exerted pressure on trade balances and foreign exchange reserves, amplifying macroeconomic vulnerabilities.

Global Trade and Supply Chains

Geopolitical tensions and shifting alliances have contributed to a gradual fragmentation of global trade systems, with the emergence of regional "economic blocs" and realignment of supply chains. This restructuring has reduced trade efficiency, as countries increasingly prioritize strategic partnerships over cost optimization.

Trade route disruptions and increased regulatory barriers resulted in longer lead times and higher logistics costs, particularly in shipping and freight services. These developments not only affected global trade volumes but also created uncertainties in supply chains, impacting industries reliant on imported inputs and components. The increased cost structure has had a cascading effect, contributing to inflation and reducing overall competitiveness in global markets.

Financial Market Volatility

Heightened geopolitical uncertainty also translated into increased volatility across global financial markets. Investors, seeking to mitigate risk, shifted capital towards traditional safe-haven assets such as gold and US Treasury securities. This resulted in significant movements in asset prices and shifts in global capital flows.

Emerging markets experienced increased exchange rate volatility, as capital outflows and shifts in investor sentiment placed pressure on local currencies. Such fluctuations impacted import costs, external debt servicing, and inflation dynamics in these economies.

For financial institutions, this translated into heightened balance sheet risks, particularly in terms of foreign currency exposure, funding costs, and asset valuation.

Sanctions and Policy Shifts

Economic sanctions imposed by the United States and its allies played a critical role in reshaping global trade and financial flows. Restrictions on specific countries, industries, and financial institutions disrupted commodity supply chains, limited access to international markets, and constrained cross-border financial transactions.

These policies contributed to inefficiencies in global markets, as countries sought alternative trade routes and payment systems to bypass restrictions. The resulting fragmentation of financial systems introduced additional complexities in global transactions, increased compliance requirements, and elevated operational and regulatory risks for financial institutions.

Furthermore, the evolving policy landscape has accelerated the shift towards economic self-reliance in several regions, leading to structural changes in global trade, investment patterns, and supply chain configurations.

SRI LANKAN ECONOMIC ENVIRONMENT

Economic growth and Recovery Momentum

Sri Lanka's economy demonstrated a gradual yet notable recovery during 2025, reflecting the impact of sustained macroeconomic stabilization efforts, structural policy reforms, and improved external sector performance. Following a period of severe contraction in the preceding years, economic activity began to stabilize, with real GDP growth estimated at approximately 4.5% for 2025 and projected to remain within the range of 4% to 5% in 2026. This recovery has been underpinned by the restoration of domestic demand, improved consumer confidence, and a gradual rebound in investment and trade-related activity.

The resumption of economic activity was further supported by the easing of supply-side constraints, increased private sector participation, and policy measures aimed at stabilizing key macroeconomic variables. Improvements in tourism inflows, remittance earnings, and export performance also contributed positively to overall growth momentum. However, the pace of recovery remains moderate, reflecting ongoing structural challenges and the need for sustained reform implementation.

Inflation, Interest Rates, and Monetary Conditions

Inflation dynamics in Sri Lanka showed significant improvement during the period under review, transitioning from the extreme volatility observed in earlier years to a more stable trajectory. Following a deflationary phase in 2025, inflation began to normalize in line with recovering domestic demand and gradual adjustments in administered prices. It is projected to stabilize around 5% in the medium term, consistent with the Central Bank's inflation targeting framework.

Monetary conditions eased progressively during the year, with policy rates declining in response to moderating inflation and improving liquidity in the financial system. This downward adjustment in interest rates translated into lower lending rates across the banking and non-banking financial sectors, thereby supporting a recovery in credit demand. Sectors such as retail lending, SME financing, and leasing experienced renewed growth, reflecting both improved borrower confidence and enhanced affordability of credit.

Despite this easing trend, real interest rates remained relatively elevated, primarily due to cautious monetary policy calibration aimed at anchoring inflation expectations. This indicates the continued need for a balanced policy approach to sustain economic recovery while maintaining price stability and financial system resilience.

Exchange Rate Stability and External Sector Performance

The external sector of the Sri Lankan economy experienced a significant turnaround during 2025, supported by improved foreign inflows, strengthened policy credibility, and enhanced macroeconomic management. The exchange rate environment exhibited greater stability compared to the volatility witnessed in previous periods, thereby reducing uncertainties associated with import costs and external debt servicing obligations.

Foreign exchange reserves improved substantially, exceeding USD 6 billion, driven by disbursements under the IMF-supported programme, increased tourism earnings, and a recovery in worker remittances. This accumulation of reserves provided an important buffer against external shocks and supported exchange rate stability.

At the same time, improvements in the trade balance, particularly through moderate import growth and strengthening export performance, contributed to overall external sector resilience. Nevertheless, the external position remains sensitive to global commodity price movements, international interest rate conditions, and shifts in capital flows, highlighting the importance of continued policy discipline and external sector monitoring.

Sri Lanka Macroeconomic Indicators are as follows.

Indicator	2023	2024	2025E	2026F
GDP Growth (%)	-2.3	~5.0	~4.5	4.0 - 5.0
Inflation (%)	~4.0	Deflationary	Rising toward 5%	~5%
FX Reserves (USD Bn)	4.4	6.1	>6.0	Improving
Unemployment (%)	4.4	~4.0	3.8	Improving

Sources: Central Bank of Sri Lanka, Department of Census & Statistics

Outlook and Key Risks

While the Sri Lankan economy has demonstrated encouraging signs of recovery, the outlook remains subject to several internal and external risks. The economy continues to be vulnerable to global shocks, particularly fluctuations in commodity prices and shifts in international interest rates, which may impact inflation, exchange rates, and overall economic stability. In addition, fiscal consolidation efforts, although necessary for long-term sustainability, may impose short-term constraints on growth through reduced public expenditure and tighter budgetary conditions.

Weather-related disruptions also pose a risk to agricultural output and food price stability, which could in turn affect inflation dynamics and rural income levels. Furthermore, maintaining exchange rate stability and rebuilding external buffers will require continued discipline in monetary and fiscal policy.

Notwithstanding these challenges, the improvement in macroeconomic fundamentals, strengthening external position, and increasing confidence across economic agents provide a solid foundation for sustained recovery. The evolving economic environment is expected to support financial sector stability, enhance credit growth, and create opportunities for continued expansion within the non-bank financial sector.

SRI LANKA NBFI SECTOR PERFORMANCE

Balance Sheet Growth and Credit Expansion

The Non-Bank Financial Institution (NBFI) sector in Sri Lanka demonstrated strong balance sheet expansion during 2025, reflecting the improving macroeconomic environment, easing monetary conditions, and a renewed appetite for credit across both retail and corporate segments. Total sector assets increased significantly to approximately Rs. 2.78 trillion, representing a year-on-year growth of 44%, underscoring the sector's resilience and its ability to expand faster than several other components of the financial system.

This growth was largely underpinned by a broad-based expansion in lending portfolios, which continued to remain the primary driver of asset growth. Loans and advances recorded a robust increase of over 56% year-on-year, reaching Rs. 2.21 trillion, reflecting strong underlying demand for credit across multiple segments of the economy. The recovery in lending activity was supported by improved borrower confidence, stabilization of interest rates, and the gradual revival of economic activity, particularly within consumption-driven and SME sectors.

A major contributor to this expansion was the leasing segment, which experienced a notable resurgence following the relaxation of vehicle import restrictions. The removal of these restrictions led to a sharp increase in vehicle imports, thereby driving demand for leasing facilities across passenger vehicles, commercial fleets, and agricultural machinery. This structural shift not only boosted credit growth volumes but also improved portfolio diversification within the sector. The leasing segment, traditionally a core component of NBFI operations in Sri Lanka, benefited significantly from this policy change, reinforcing its position as a key revenue and growth driver.

In addition to leasing, SME and business lending segments witnessed strong momentum, supported by the revival of economic activity and increasing demand for working capital and expansion financing. Small and medium-sized enterprises, which form a critical component of the Sri Lankan economy, increasingly relied on NBFIs for flexible and accessible financing solutions, particularly in industries such as trade, manufacturing, and services. This trend highlights the growing importance of NBFIs in bridging credit gaps left by traditional banking channels.

Furthermore, gold-backed lending continued to play a vital role in supporting sector growth. Elevated global gold prices significantly enhanced the value of collateral, allowing financial institutions to extend higher loan amounts against pledged assets while maintaining acceptable risk levels. This led to increased customer utilization of Gold Loan products, particularly among lower- and middle-income segments seeking short-term liquidity. The growth in gold-backed portfolios not only contributed to asset expansion but also supported relatively stable credit performance, given the collateralized nature of such lending.

From a balance sheet perspective, the rapid expansion in lending assets was accompanied by corresponding growth in liabilities, including deposits and borrowings, as institutions sought to fund increased credit demand. While this reflects a positive growth trajectory, it also underscores the importance of maintaining sound asset-liability management practices to mitigate potential risks related to funding mismatches and interest rate volatility.

Overall, the strong growth in assets and lending activity during 2025 reflects the sector's ability to capitalise on favourable economic conditions, policy support, and evolving customer demand. The continued expansion across leasing, SME financing, and gold-backed lending segments highlights the sector's adaptability and its critical role in supporting economic recovery and financial inclusion in Sri Lanka.

Funding Structure and Deposit Mobilisation

The funding profile of the Non-Bank Financial Institution (NBFI) sector strengthened considerably during 2025, reflecting improved market confidence, enhanced liquidity conditions, and greater access to diversified funding sources. The sector's deposit base expanded to approximately Rs. 1.26 trillion, recording a year-on-year growth of 19.8%, supported by increasing depositor trust and stabilizing macroeconomic conditions.

The growth in deposits was driven by a combination of factors, including improved real returns on savings instruments, the stabilization of inflation, and increased confidence in the financial sector following policy reforms and strengthened regulatory oversight. Finance companies continued to play a critical role in mobilizing retail deposits, particularly from individuals seeking higher yields compared to traditional banking products.

In parallel, the sector experienced a significant increase in borrowings, as institutions sought to fund accelerated credit expansion and capitalize on strong lending demand. Borrowings from financial institutions and capital markets grew at a faster pace than deposits, reflecting proactive balance sheet management strategies aimed at supporting asset growth. While this approach enabled institutions to scale operations and expand their lending portfolios, it also altered the funding mix of the sector.

The increasing reliance on borrowings, however, introduces a degree of vulnerability, particularly in an environment characterised by interest rate volatility and evolving monetary conditions. Borrowed funds are generally more sensitive to market rate adjustments and refinancing risks, which may exert pressure on funding costs and net interest margins. Consequently, maintaining an optimal balance between deposit mobilization and external borrowings remains a key strategic priority for NBFIs, alongside strengthening asset-liability management frameworks to mitigate liquidity and interest rate risks.

Asset Quality and Risk Indicators

Asset quality across the NBFI sector showed marked improvement during 2025, reflecting both the recovery in macroeconomic conditions and the strengthening of internal risk management practices. The sector's gross non-performing loan (NPL) ratio declined significantly from 11.5% to 6.1%, indicating a substantial enhancement in portfolio performance and credit quality.

This improvement was largely attributable to a combination of factors, including better borrower repayment capacity as economic conditions stabilized, as well as more disciplined credit underwriting practices implemented by institutions. Enhanced credit screening frameworks, improved risk assessment methodologies, and a greater focus on secured lending segments contributed to reducing the incidence of loan defaults.

In addition, NBFIs strengthened their collection and recovery mechanisms, adopting more proactive and technology-enabled approaches to credit monitoring and delinquency management. These efforts enabled institutions to address early warning signals more effectively and reduce the build-up of impaired assets. The growth in collateral-backed lending, particularly gold-backed loans and leasing portfolios, further supported asset quality by providing additional security buffers.

Despite these improvements, underlying risks remain within certain borrower segments, particularly those still exposed to income volatility and external shocks. As such, maintaining prudent lending standards and continuous monitoring of portfolio risks will be critical to sustaining the gains achieved in asset quality.

Profitability and Capital Adequacy

The NBFI sector recorded a strong recovery in profitability during 2025, driven by a combination of increased lending volumes, improved net interest margins, and a reduction in credit impairment charges. Return on Assets (ROA) improved to 6.3%, while Return on Equity (ROE) increased to 16.1%, reflecting enhanced operational efficiency and stronger earnings capacity across the sector.

The improvement in profitability was supported by growth in net interest income, driven by the expansion of loan portfolios and relatively stable funding costs during the period. In addition, non-interest income streams, including fees and commissions, contributed to overall revenue growth, while cost optimization initiatives helped improve operating efficiency.

A significant contributor to the enhanced profitability was the reduction in impairment provisions, as improved asset quality translated into lower credit loss charges. This trend reflects the positive impact of both macroeconomic stabilization and strengthened risk management practices within institutions.

From a capital perspective, the sector remained well-capitalized, with capital adequacy ratios maintained at approximately 18.7%, providing a strong buffer above regulatory minimum requirements. This robust capital position enables NBFIs to absorb potential shocks, support future asset growth, and maintain confidence among stakeholders, including depositors and investors.

The strong capital base also provides strategic flexibility for institutions to pursue expansion opportunities, invest in digital capabilities, and enhance risk management frameworks. However, as the sector continues to grow rapidly, maintaining capital adequacy through prudent capital planning and retention of earnings will remain critical to ensuring long-term sustainability.

Indicator (31st March 2026)	NBFI Sector	MIFL	Performance Insight
Total Assets	Rs. 3,055 Bn	Rs. 31 Bn	Significantly smaller scale with strong growth potential
Asset Growth (YoY)	46.24%	80.84%	Substantially above sector, indicating aggressive expansion
Loan Growth ((YoY)	56.88%	82.03%	Accelerated portfolio growth outperforming peers
Deposits Growth (YoY)	22.50%	20.40%	Broadly aligned with sector, supporting asset expansion
Gross NPL Ratio	4.40%	1.73%	Significantly stronger asset quality than sector average
ROA	6.20%	3.40%	Lower profitability reflects ongoing growth and investment phase
ROE	17.20%	14.40%	Moderate returns with upside potential as scale improves
Total Capital Adequacy	18.40%	15.05%	Adequate capital buffers; adjusted CAR *

* Audited Total Capital Adequacy ratio is 15.05%, debenture adjusted CAR is 19.35%.

Sources: CBSL Financial Soundness Indicators; Company disclosures

Sector Outlook and Strategic Implications

The Sri Lankan Non-Bank Financial Institution (NBFI) sector is expected to maintain its positive growth trajectory over the medium term, supported by the gradual strengthening of macroeconomic fundamentals and improving confidence across both consumers and businesses. The continued recovery of the broader economy is likely to foster increased demand for credit, particularly in key segments such as retail lending, leasing, and small and medium enterprise (SME) financing. As economic activity normalizes, the need for asset financing, working capital support, and consumption-driven lending is expected to expand, positioning NBFIs as key enablers of credit intermediation and financial accessibility.

Furthermore, the ongoing emphasis on financial inclusion is expected to play a significant role in shaping sector growth. A large segment of the population and small businesses continue to rely on NBFIs for accessible and flexible financing solutions, particularly in areas underserved by traditional banking institutions. This creates opportunities for finance companies to expand their geographic footprint, diversify customer segments, and introduce tailored financial products. In addition, the leasing segment is poised for sustained growth, supported by the continued recovery in vehicle imports and increased demand for mobility and logistics solutions, while SME financing is expected to remain a critical driver, aligned with the expansion of domestic trade and entrepreneurship.

However, despite this favourable outlook, the sector continues to face several structural and cyclical challenges. Interest rate movements and funding cost volatility remain key concerns, particularly in a dynamic monetary environment where shifts in policy rates can directly impact borrowing costs and net interest margins. Institutions that rely heavily on market-based funding or borrowings may face pressure on profitability if funding costs increase or liquidity conditions tighten.

At the same time, the regulatory landscape is evolving, with increased oversight by the Central Bank aimed at strengthening financial system stability, improving governance standards, and encouraging consolidation within the sector. While these measures are essential for long-term sustainability, they may impose additional compliance requirements and operational adjustments for NBFIs.

Competition within the financial services sector is also intensifying. Traditional banks are increasingly expanding into segments historically dominated by NBFIs, leveraging their strong balance sheets and digital capabilities. In parallel, the emergence of fin-tech platforms and digital lending solutions is reshaping customer expectations, particularly in terms of speed, convenience, and accessibility. This evolving competitive environment requires NBFIs to continuously innovate, enhance digital capabilities, and improve customer experience in order to retain and expand their market share.

In this context, the strategic priorities for NBFIs will centre on maintaining prudent risk management practices, optimizing funding structures, strengthening capital positions, and leveraging technology to enhance operational efficiency. Institutions that successfully balance growth with risk discipline and adaptability will be well-positioned to capitalize on emerging opportunities and sustain long-term value creation within Sri Lanka's evolving financial landscape.

Value Creation Model

INPUTS

Relying on the strength of our resources and relationships

FINANCIAL CAPITAL
- Equity: LKR 3561 Mn
- Debt: LKR 18,176 Mn
- Deposit Base: LKR 7,530 Mn
- Gearing Ratio: 7.22

MANUFACTURED CAPITAL
- Branches/Touchpoints: 37
- Capex/PPE Investments: LKR 146 Mn

INTELLECTUAL CAPITAL
- Rating: AA- (by Fitch Ratings)
- Went live with new Customer Onboarding and Loan Origination System.
- Governance, ERM, Policies, Processes

HUMAN CAPITAL
- Permanent Employees: 325
- Contract/Probation: 102
- Service Over 5 Years: 49
- Female Staff: 44%

SOCIAL AND RELATIONSHIP CAPITAL
- Number of Active customers : 26,652
- Memberships in Financial Ombudsman, Finance House Association of Sri Lanka and the Chamber of Commerce
- Community Engagement: Conducted Eye clinic, Distributed food rations to needy during Ditwah .

NATURAL CAPITAL
- Energy Usage: 319,301 kWh
- Incentives to minimise electricity and water usage across branches

VALUE ADDITION

VISION

MISSION

KEY STRATEGIC PRIORITIES
- Organic Growth
- Customer Centricity
- Brand Strength
- Experienced Human Capital

GOVERNANCE

HOW WE CREATE VALUE
- Lending
- Leasing
- Deposit Mobilisation
- Gold Loans

HOW WE CREATE VALUE
- Call Centre
- Delivery Channels
- Above the Line Media
- New Branches in Rural Semi-urban Areas

RISK MANAGEMENT

OUTPUTS

Our Products and Services

LEASING

FIXED DEPOSITS

MORTGAGE LOANS

PAWNING (GOLD LOAN)

PERSONAL LOANS

OUTCOMES

Delivering Sustainable Value to our Stakeholders

Shareholders

- ROA (before tax) : 3.40%
- ROE (post tax) : 1.99%

Partner - Mahindra Finance, India

- Synergy: Adoption of best practices and strengthening of governance and risk management frameworks
- Enhanced brand value

Customers

- Vehicle lending portfolio recorded a 111% growth in portfolio
- Call centre capabilities enhanced
- Zero open customer complaints
- Data privacy/integrity

Employees

- Total personnel expenses: LKR 656 Mn
- Number of promotions: 32
- Highest recruitment in a given Year: 190
- Percentage of new recruits who were recruited within the district: 100%

Suppliers

- Preference to local suppliers
- Providing business opportunities and improving their service level with constant engagement

Government

- Taxes paid: LKR 563 Mn
- Zero incidents of non-compliance

Community

- Empowering communities through financial literacy and improved livelihood, health, and education.

Natural Capital

- Minimising the negative impact of our operations
- Reduction in electricity consumption
- Reduction in water consumption
- Promoting financing of electric vehicles

Strategic Focus

MACROECONOMIC AND OPERATING CONTEXT

During FY 2025/26, Mahindra Ideal Finance PLC's strategic direction was shaped by a gradual transition in Sri Lanka's macroeconomic environment from post-stress stabilisation towards more sustained recovery. The operating context reflected improving financial system stability, easing interest rate conditions, and the progressive revival of asset-backed lending demand, particularly within vehicle financing and related credit segments.

Within this evolving landscape, the Company maintained a disciplined and calibrated approach to growth, ensuring that strategic positioning remained aligned with prevailing liquidity conditions, capital strength, and risk appetite. The initial phase of the year reflected a measured stance, as the recovery in vehicle imports and associated credit demand remained gradual in its translation into actual market activity.

CORE STRATEGIC ORIENTATION

Against this backdrop, MIFL's strategic orientation remained firmly anchored in strengthening its core lending franchises while maintaining a clear emphasis on capital efficiency and risk-adjusted returns. The Company prioritised selective and controlled portfolio expansion, focusing on segments demonstrating both sustainable demand and acceptable credit risk profiles.

As macroeconomic conditions improved progressively through the year, the Company transitioned in a measured manner from a cautious positioning stance to a more growth-oriented posture. However, this transition was deliberately incremental, ensuring that expansion remained fully aligned with capital adequacy, liquidity strength, and regulatory expectations.

The disciplined approach followed reinforced the Company's ability to balance growth aspirations with financial resilience, ensuring that earnings expansion was structurally supported rather than cyclical in nature.

This strategic direction was supported by ongoing strengthening of organisational capabilities, operational infrastructure, and stakeholder relationships across the value chain.

ORIGINATION AND DISTRIBUTION STRENGTHENING

A key pillar of the Company's strategic execution during the year was the continued strengthening of its origination ecosystem. MIFL deepened its engagement with vehicle dealers, importers, and distribution partners, thereby enhancing pipeline visibility and improving the efficiency of customer acquisition channels.

This ecosystem-led approach enabled the Company to build a stronger forward pipeline while ensuring responsiveness to emerging demand as market conditions normalised. The focus remained on strengthening relationships across the value chain, thereby reinforcing the Company's competitive positioning within the asset-backed lending space.

At the same time, distribution capability was reinforced through closer alignment between origination channels and credit assessment processes, ensuring that growth in disbursements remained consistent with underwriting discipline and portfolio quality expectations.

These initiatives were further enabled by enhanced distribution capacity and continued investment in customer-facing and intermediary relationships across the lending ecosystem.

CAPITAL DISCIPLINE AND RISK ALIGNMENT

Capital discipline remained central to MIFL's strategic framework throughout the year. The Company ensured that portfolio growth was supported by strong capital buffers and a well-diversified funding base, thereby maintaining alignment between asset expansion and balance sheet strength.

From a risk perspective, the Company maintained a consistently prudent underwriting stance across all key lending segments. Enhanced monitoring frameworks and proactive portfolio management practices supported early identification of emerging risks and ensured timely intervention where required.

This disciplined risk posture enabled the Company to sustain strong asset quality outcomes even during a period of accelerated portfolio growth, thereby reinforcing the sustainability of earnings and preserving long-term capital integrity.

This approach was reinforced by the Company's sustained focus on governance frameworks, risk analytics, and data-supported decision-making processes.

FORWARD GROWTH PRIORITIES

Building on this disciplined foundation, MIFL's strategic financial direction remains anchored in a balanced and sustainable value creation framework. This framework continues to prioritise disciplined expansion of core earning assets, optimisation of funding structures, enhancement of risk-adjusted returns, and progressive improvement in operational efficiency.

In addition, the Company is increasingly focused on strengthening its digital capabilities across lending and customer engagement processes, with the objective of improving scalability, responsiveness, and operational effectiveness over time.

MIFL also continues to evaluate emerging opportunities within structurally growing segments, including mobility-linked financing and sustainability-aligned lending opportunities. These initiatives are being approached in a measured and disciplined manner, ensuring alignment with the Company's established risk appetite and long-term strategic objectives.

In this context, continued strengthening of digital platforms and internal capabilities is expected to support scalable, technology-enabled growth over time.

CONCLUDING STRATEGIC POSITIONING

Overall, MIFL's strategic focus during FY 2025/26 reflects a clear evolution towards a more resilient, scalable, and growth-capable operating model. This progression has been underpinned by strong capital foundations, disciplined risk governance, and a deliberate emphasis on sustainable expansion within core lending markets.

The Company remains well positioned to continue this trajectory, supported by improving macroeconomic conditions and a structurally strengthening financial services environment in Sri Lanka.

KEY STRATEGIC FOCUS AREAS FOR THE NEXT PHASE:

- Continued disciplined expansion of core lending franchises, with emphasis on leasing and gold-backed financing within defined risk parameters.
- Strengthening of origination capabilities through enhanced dealer, importer, and distribution ecosystem engagement.
- Maintenance of strong capital adequacy and liquidity buffers to support sustainable and risk-aligned growth.
- Preservation of asset quality through prudent underwriting standards and proactive portfolio monitoring.
- Ongoing optimisation of funding structures to support stable margins and financial resilience.
- Gradual integration of digital capabilities to enhance operational efficiency and customer experience.

The Strength
Behind the Ascent.

Every climb is powered by something deeper. Here is a look at the six capitals—financial, manufacturing, social, intellectual, human, and natural—that fuel our progress and sustain our momentum.

Financial Capital

Driving resilient growth through disciplined balance sheet expansion, strong asset quality, and prudent risk management.

RESILIENT FOUNDATION IN A RECOVERING ECONOMIC LANDSCAPE

The financial year ended 31 March 2026 represented a significant phase of recovery and strategic progression for Mahindra Ideal Finance PLC (MIFL), as Sri Lanka's macroeconomic environment gradually transitioned from prolonged instability towards stabilisation and renewed economic activity. The year was characterised by improving market sentiment, easing interest rate conditions, greater policy clarity, and the gradual restoration of confidence across financial markets and credit-driven sectors.

While macroeconomic indicators demonstrated encouraging improvement during the year, the recovery remained uneven across industries during the early phases of the financial year. In particular, the anticipated reopening of the vehicle import market, which remains closely linked to leasing sector activity, progressed more gradually than initially expected. Although policy announcements signalled a positive direction for the sector, actual market activity and consumer demand required time to normalise.

Against this backdrop, MIFL adopted a measured and disciplined approach to growth, prioritising operational readiness, relationship strengthening, and portfolio resilience rather than pursuing aggressive expansion during the initial stages of recovery. The Company continued to strengthen engagement with vehicle dealers, importers, and distribution partners to reinforce origination pipelines and improve market responsiveness as economic conditions evolved.

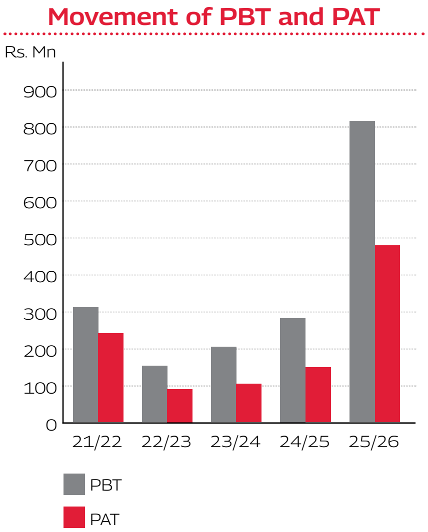
As the year progressed, improving liquidity conditions, declining interest rates, and enhanced financial system stability created a more supportive operating environment for lending activity. This enabled the Company to progressively transition towards a growth-oriented stance, while maintaining prudent oversight over credit quality, capital adequacy, and liquidity management.

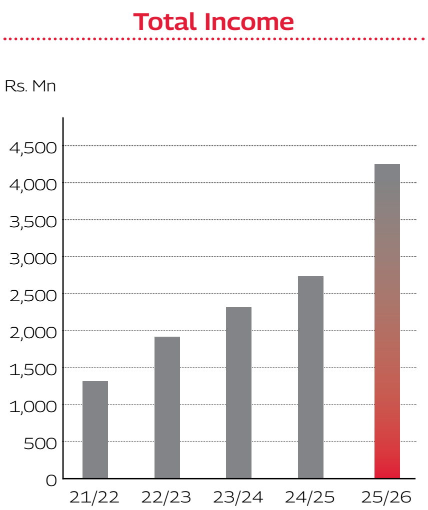
This balanced approach between prudence and expansion remained a defining feature of MIFL's financial capital management strategy throughout the year and provided a strong foundation for the Company's financial performance.

STRONG FINANCIAL PERFORMANCE DRIVEN BY DISCIPLINED GROWTH

MIFL delivered a strong financial performance during the financial year under review, supported by sustained growth in earning assets, improved operating leverage, disciplined cost management, and effective execution of strategic priorities.

Profit After Tax increased significantly to LKR 478 million, compared to LKR 146 million recorded in the previous financial year, while Profit Before Tax increased to LKR 819 million from LKR 279 million. The improvement in profitability reflects the combined impact of stronger revenue generation, controlled operating costs, improved portfolio growth, and stable asset quality across the Company's core lending segments.





Total revenue increased by 55.5% to LKR 4,262 million, supported by broad-based expansion across leasing, lending, and gold loan portfolios. Revenue growth was driven not only by increased business volumes, but also by disciplined pricing strategies and improved portfolio mix, enabling the Company to strengthen earnings quality while maintaining prudent risk parameters.

The Company's performance during the year reflects a disciplined approach to growth, where expansion initiatives remained closely aligned with funding capacity, liquidity management, and risk appetite considerations. This ensured that profitability growth remained sustainable and supported by underlying balance sheet strength rather than short-term opportunistic expansion.

Operational performance was further supported by continued improvements in internal coordination, distribution readiness, and customer engagement initiatives implemented during the year. These measures enabled the Company to respond effectively to improving market demand while preserving operational discipline and portfolio quality.

EXPANSION OF CORE EARNING CAPACITY THROUGH NET INTEREST INCOME GROWTH

Net interest income remained the primary contributor to earnings growth during the year, increasing significantly to LKR 2,152 million from LKR 1,335 million recorded in FY 2024/25.

This growth was primarily supported by strong expansion in interest-earning assets, particularly within leasing and lending portfolios, alongside effective management of funding costs and pricing structures. During the year, the Company recorded an 82% increase in its lending portfolio, reflecting strengthening customer demand and improved market activity across secured lending segments.

MIFL continued to maintain disciplined pricing practices throughout the year, ensuring that lending yields remained aligned with prevailing market conditions, funding costs, and risk considerations. This approach enabled the Company to preserve healthy interest spreads despite operating within a competitive interest rate environment.

In parallel, the Company actively managed its liability structure to optimise funding efficiency and maintain margin stability. Careful management of borrowing rates, deposit pricing, and funding diversification contributed positively to net interest margin performance and supported sustainable earnings expansion.

The improvement in net interest income also reflects the Company's ability to effectively deploy capital into productive earning assets while maintaining prudent portfolio quality standards. This disciplined balance between growth, pricing, and funding management continues to underpin the resilience of MIFL's core earnings profile.

SUSTAINED MOMENTUM IN INTEREST INCOME ACROSS CORE LENDING SEGMENTS

Interest income increased by 58.6% to LKR 3,878 million during the financial year, reflecting strong growth across the Company's key lending products and customer segments.

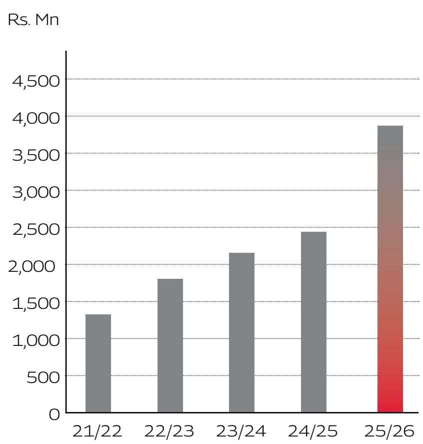
Leasing and loan receivables continued to represent the largest component of interest income, contributing 55.3% of total interest income during the year, while gold loans contributed 43.1%. The balanced contribution from these segments highlights the diversification and resilience of the Company's lending portfolio.

Income generated from leasing and loan receivables increased by 77.6%, supported by improved disbursement momentum, strengthened origination capabilities, and increased market activity linked to gradual recovery in vehicle-related financing demand. The Company's focus on strengthening dealer and distribution relationships during the early stages of the year further supported the expansion of leasing activity as market conditions improved.

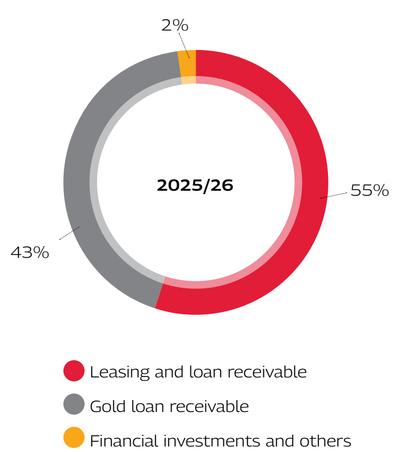
Interest income from gold loans increased by 46.7%, reflecting sustained customer demand for short-term secured financing products during a period of continued economic adjustment. The gold loan portfolio continued to provide earnings stability and liquidity flexibility, supporting the overall resilience of the Company's revenue base.

The Company's diversified lending mix enabled it to capture opportunities across multiple customer segments while reducing concentration risk within any single product category. This balanced portfolio structure remains an important contributor to earnings consistency and financial resilience.

Interest Income



Interest Income - Segment wise



STRATEGIC FUNDING EXPANSION AND COST DISCIPLINE

The expansion of the Company's lending portfolio and balance sheet during the year was supported by a corresponding increase in funding capacity and liability mobilisation.

Interest expenses increased by 55.6% during the year, reflecting higher funding requirements associated with accelerated portfolio growth. This increase was primarily driven by growth in institutional borrowings and customer deposits, consistent with the Company's strategy of supporting asset expansion through diversified funding sources.

Despite the increase in funding costs, MIFL continued to maintain disciplined liability management practices throughout the year. The Company actively managed borrowing rates and funding structures to preserve healthy interest spreads and minimise cost pressures arising from market fluctuations.

Funding diversification remained a key strategic priority, enabling the Company to maintain flexibility and stability within its liability structure. The balanced mix of institutional funding, customer deposits, and capital market instruments strengthened overall funding resilience and supported sustainable balance sheet expansion.

The Company's ability to secure funding from local and international financial institutions at competitive rates further reflects continued confidence in MIFL's financial position, governance framework, and long-term growth outlook.

STRENGTHENING NON-INTEREST INCOME STREAMS

MIFL continued to strengthen its non-interest income base during the financial year, supporting further diversification of earnings streams and reducing reliance on purely interest-based income generation.

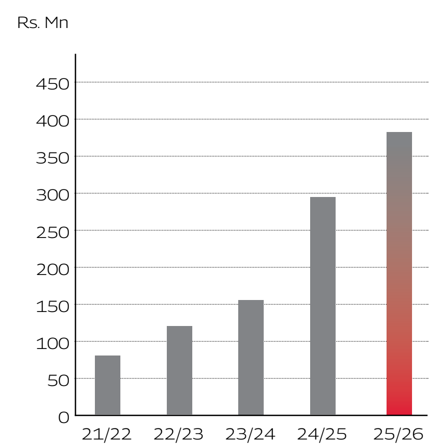
Non-interest income increased by 29.5% to LKR 384 million during the year, driven primarily by higher service charge income and commission-based revenue streams.

Service charge income increased significantly by 89.7%, reflecting higher transaction volumes, increased portfolio activity, and broader customer engagement across core business operations. Commission income also increased during the year, supported by stronger lending and leasing activity.

At the same time, the Company adopted a more conservative approach towards investment-related income streams. Other operating income declined following a reduction in fair value gains from unit trust investments, as the Company strategically rebalanced portions of its investment portfolio towards liquidity preservation and reduced earnings volatility.

This measured approach reflects management's continued emphasis on maintaining sustainable and predictable earnings quality while prioritising liquidity strength and balance sheet resilience.

Non-Interest Income



OPERATIONAL INVESTMENTS TRANSLATING INTO EFFICIENCY GAINS

Operating expenses increased to LKR 1,280 million during the financial year, reflecting continued investments in human capital, branch expansion, operational infrastructure, and business development capabilities required to support future growth.

Personnel-related expenses increased during the year following targeted recruitment initiatives aimed at strengthening operational capacity, customer engagement, and branch-level business development activities. The Company also continued to invest in operational support functions and infrastructure enhancements to improve service delivery standards and strengthen scalability.

Despite these investments, MIFL recorded a significant improvement in operational efficiency during the year. The cost-to-income ratio improved substantially to 50.5% from 68.9% in the previous year, reflecting stronger operating leverage and disciplined expense management.

The improvement demonstrates the Company's ability to convert revenue growth into enhanced profitability while maintaining appropriate investment levels to support long-term business expansion. It also reflects ongoing efforts to optimise internal processes, improve productivity, and strengthen operational coordination across the business.

PRUDENT CREDIT RISK MANAGEMENT AND IMPROVING ASSET QUALITY

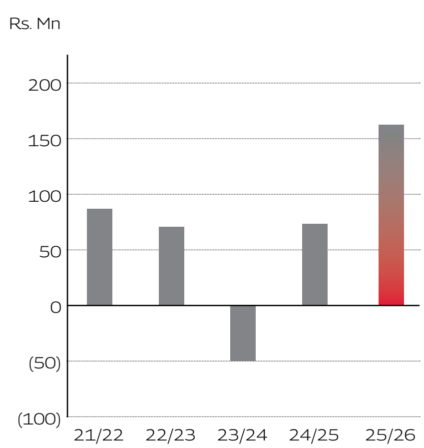
Maintaining portfolio quality and prudent risk management remained a core priority for the Company throughout the year, particularly within a transitioning macroeconomic environment.

Impairment charges increased to LKR 162.9 million during the year, primarily reflecting the expansion of the lending portfolio and the application of expected credit loss provisioning requirements under SLFRS 9.
Despite higher impairment charges, asset quality indicators continued to improve. The Gross Stage 3 ratio improved to 1.74% from 1.86% in the previous year, while the Net Stage 3 ratio improved to 1.15% from 1.21%.

These improvements reflect the effectiveness of the Company's underwriting standards, portfolio monitoring frameworks, recovery processes, and early intervention mechanisms. The Company continued to maintain a disciplined and forward-looking approach towards provisioning, incorporating macroeconomic overlays and risk-adjusted assumptions to ensure adequate coverage levels across the portfolio.

The continued improvement in asset quality despite accelerated portfolio growth highlights the resilience of the Company's credit risk management framework and reinforces management's focus on maintaining sustainable long-term portfolio performance.

Impairment Charges



ROBUST BALANCE SHEET GROWTH AND STRENGTHENED CAPITAL POSITION

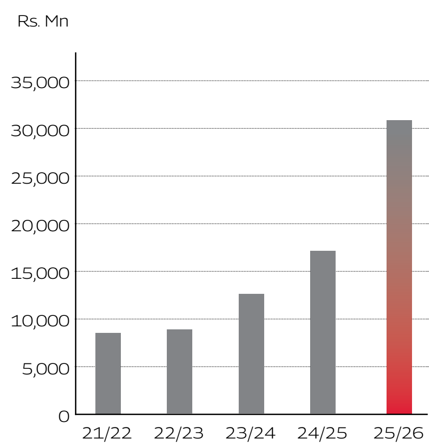
MIFL recorded strong balance sheet expansion during the year, with total assets increasing by 80.8% to LKR 30,980 million as at 31st March 2026.

Growth was primarily driven by an 82% increase in loans and advances, which increased to LKR 26,946 million, reflecting strong disbursement momentum and increased customer demand across leasing and gold loan portfolios.

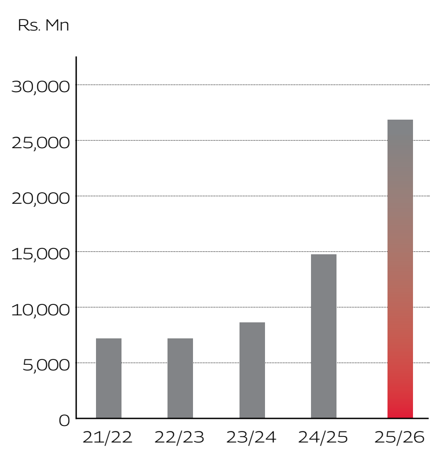
The expansion of earning assets was supported by strengthened origination capabilities, improved market penetration, and the gradual recovery of economic activity during the year.

Shareholders' equity increased to LKR 3,561 million, supported by retained earnings growth and strengthened profitability. This improvement further reinforced the Company's capital foundation and enhanced its ability to support future business expansion.

Total Assets



Loans & Advances



STRONG CAPITAL ADEQUACY, LIQUIDITY, AND FUNDING RESILIENCE

The Company maintained strong capital adequacy and liquidity buffers throughout the financial year, ensuring continued resilience and financial stability during a period of accelerated balance sheet growth. As at 31st March 2026, the Tier 1 capital ratio stood at 14.93%, while the Total Capital Adequacy Ratio stood at 15.05%, both remaining comfortably above regulatory minimum requirements.

Liquidity levels also remained strong, with the Statutory Liquidity Ratio recorded at 40.60%, significantly above the regulatory threshold. These strong liquidity reserves provide flexibility to support operational funding requirements while maintaining resilience against potential market disruptions.

Funding diversification remained a key strength of the Company's financial strategy. During the year, MIFL continued to access funding from local and international financial institutions while also strengthening its retail deposit base.

A significant milestone during the year was the successful issuance of LKR 1 billion in Tier 2 subordinated debentures, which strengthened the Company's regulatory capital position and enhanced funding diversification. The issuance also reflects growing market confidence in the Company's financial strength and long-term growth prospects.

UTILIZATION OF FUNDS RAISED THROUGH CAPITAL MARKET

Debenture Issue Proceeds Utilisation as at 31 March 2026

No.	Objective as per Prospectus	Amount Allocated as per Prospectus (LKR 1,000 Mn)	Proposed Date of Utilisation	Amount Allocated from Proceeds (LKR)	% of Total Proceeds	Amount Utilised (LKR) (B)	% Utilisation (B/A)	Clarification if not fully utilised / Where funds are invested
1	To Expand Tier 2 Capital Base	LKR 1,000 Mn	Upon receipt of the CBSL Governing Board Approval	LKR 1,000 Mn	100%	0	0%	Recognised as Tier 2 capital on receipt of CBSL Governing Board approval on 27th May 2026.
2	To Grow Lending Portfolio	LKR 1,000 Mn	Within 6 months from allotment	LKR 1,000 Mn	100%	LKR 100 Mn	0%	Funds pending utilisation are invested in cash equivalents, Treasury Bills and REPOs at prevailing market rates.

Depositor confidence remained strong during the year, supported by the Company's stable operating performance, strong liquidity profile, and AA- (Stable) credit rating.

Capital Adequacy	2025-26 %	2024-25 %
Tier 1 (Minimum Requirement 8.50%)	14.93	25.16
Total Capital Ratio (Minimum Requirement 12.50%)	15.05	25.29
Liquid Assets to External Funds	11.92	11.31
Debt Equity Ratio	7.22	4.28

CONCLUSION

FY 2025/26 marked a year of strong financial performance, disciplined execution, and resilient balance sheet expansion for Mahindra Ideal Finance PLC.

The Company successfully strengthened profitability, expanded earning assets, improved operational efficiency, maintained healthy liquidity and capital buffers, and preserved strong asset quality despite operating within a gradually recovering economic environment.

Importantly, MIFL continued to balance growth with prudence, ensuring that expansion remained aligned with funding strength, capital adequacy, and disciplined risk management practices.

With a strengthened financial foundation, diversified funding profile, and resilient operating model, the Company remains well positioned to sustain growth momentum and deliver long-term value creation for shareholders and stakeholders.

Manufactured Capital

Strengthening operational excellence through strategic investments in infrastructure, digital platforms, and service delivery capabilities.

EMPOWERING PERFORMANCE THROUGH STRATEGIC INVESTMENTS

The Company's manufactured capital comprises its branch network, operational infrastructure and technology platforms that support the delivery of financial services across its markets. Continued investments in digital systems, operational resilience and customer accessibility during the year strengthened service delivery capabilities, enhanced process efficiency and supported the Company's transition towards more digitally enabled operations. The Company also continued to integrate resource-efficient practices into its infrastructure development and operational processes.

Manufactured capital enables the Company to deliver value to customers efficiently while supporting operational continuity, scalability and long-term sustainability objectives.

IMPROVING INFRASTRUCTURE AND OPERATIONAL NETWORK

During the year, the company expanded its footprint with the establishment of two new branches in Warakapola and Gampola, further strengthening customer accessibility and regional reach.

As at 31 March 2026, the Company operated a network of 37 branches across Sri Lanka, supporting its leasing, loan, deposit and gold loan operations.

The Company's operational infrastructure is supported by two core digital platforms:

- InBank system, which supports leasing, lending and deposit operations; and
- Prime system, which supports gold loan operations.

To strengthen operational resilience and business continuity, Disaster Recovery (DR) systems were activated for all critical systems and servers during the year of review.

DIGITAL TRANSFORMATION AND CUSTOMER ENABLEMENT

During the year, the Company accelerated its digital transformation journey through the implementation of a new Customer Onboarding and Loan Origination System (LOS). The platform enables end-to-end digital processing of customer loans, enhancing operational efficiency, reducing turnaround times, and improving customer experience.

MIFL also joined the Common Electronic Fund Transfer Switch (CEFTS) network during the year. This enables customers to make repayments directly through their banking applications while supporting automated receipting and reconciliation processes internally.

Bandwidth capacity across all branches was also upgraded to improve system performance, user experience and speed of customer service delivery.

Opening of Warakapola Branch

INVESTMENTS IN OPERATIONAL CAPABILITY

The Company invested LKR 146.17 million during the year in capital expenditure and technology-related investments aimed at strengthening operational capability, digital infrastructure and service delivery.

OPERATIONAL EFFICIENCY AND ENVIRONMENTAL CONSIDERATIONS

The digitalisation of loan approval workflows through the Loan Origination System has reduced the need for branch staff to travel to the Head Office for physical document submission. This has contributed to lower travel-related fuel consumption while improving operational efficiency and process turnaround times.

In support of energy-efficient branch operations, all newly established branches are equipped with inverter systems in place of conventional diesel generators, reducing energy consumption and lowering carbon emissions.

CONCLUSION

Through continued investments in infrastructure, technology and operational resilience, the Company's manufactured capital supports efficient service delivery, customer accessibility and sustainable long-term growth.

Intellectual Capital

Empowering performance through strong governance, leadership depth, and continuous capability enhancement.

At Mahindra Ideal Finance PLC (MIFL), intellectual capital represents the collective capability of the organisation, encompassing professional expertise, institutional knowledge, governance discipline, systems strength, and ethical judgement that enable the Company to operate responsibly and sustainably in the financial services sector.

The theme "New Altitude, New Ambition" reflects a deliberate shift in how MIFL approaches capability building and organisational maturity. As the Company strengthens its market position and transitions into a more demanding operating environment, intellectual capital becomes a critical enabler in elevating performance standards, enhancing decision quality, and meeting heightened stakeholder and regulatory expectations. Reaching a new altitude requires not only growth, but also a commensurate strengthening of people, processes, and systems to sustain ambition with discipline, consistency of execution, and organisational focus.

LEADERSHIP STRENGTH AND ORGANISATIONAL CAPABILITY

MIFL places sustained emphasis on leadership depth, continuity, and effectiveness, recognising that strong leadership is fundamental to navigating regulatory complexity, managing risk prudently, and executing strategy with confidence. During the year, the Company continued to strengthen its leadership pipeline, with a focus on clarity of roles, succession planning, and accountability across key functions.

This focus reinforces the Company's ability to operate at a higher level of governance and operational resilience. By strengthening leadership capability and ownership at all levels, MIFL ensures that strategic objectives are translated into consistent execution, risk-aware decision-making, and responsible growth aligned with long-term value creation and stakeholder trust.

PROFESSIONAL DEVELOPMENT AND CONTINUOUS LEARNING

Continuous learning remains central to the development of intellectual capital at MIFL. Structured and role-based training programmes were conducted throughout the year covering regulatory compliance, risk management, credit evaluation, data protection, and ethical conduct. These initiatives ensure employees remain aligned with evolving regulatory requirements while strengthening technical competence and professional judgement across all levels of the organisation.

This sustained investment in learning reflects the Company's recognition that higher ambition must be underpinned by deeper expertise, stronger institutional knowledge, and enhanced professional capability. Building a future-ready workforce enables MIFL to respond effectively to emerging risks, technological change, and increasing regulatory scrutiny with confidence and agility.

EMBEDDING A CULTURE OF COMPLIANCE AND INTEGRITY

MIFL's intellectual capital is underpinned by a strong culture of compliance, integrity, and ethical conduct. Employees are expected to exercise sound judgement, adhere strictly to internal policies and applicable regulations, and conduct business transparently and responsibly.

This culture is reinforced through ongoing compliance awareness initiatives, a clearly defined Code of Conduct, and organisation wide engagement. As the Company advances to a higher level of accountability, this ethical foundation ensures that ambition is pursued within a disciplined and controlled framework, safeguarding stakeholder trust and organisational reputation while reinforcing long-term institutional credibility.

DIGITAL ENABLEMENT AND PEOPLE PERFORMANCE

Technology plays a complementary role in enhancing employee effectiveness, accuracy, and consistency across the organisation. During the year, MIFL further strengthened its digital infrastructure to enable frontline, credit, operations, risk, and finance teams to deliver higher standards of performance.

The implementation of a digitally enabled Customer Onboarding System has enabled frontline teams to deliver a more efficient onboarding experience while ensuring compliance through integrated identity verification and sanction screening.

The Loan Origination System (LOS) has enhanced credit assessment by standardising evaluations, improving data integrity, and enabling more informed lending decisions. Integration with external systems, including sanction screening platforms, the Credit Information Bureau (CRIB), and the Department for Registration of Persons (DRP), has further improved the reliability of information available to employees.

Under the Loan Management framework, the introduction of Vehicle Loan and Revolving Loan modules has strengthened portfolio monitoring, repayment tracking, and proactive risk management. The implementation of Common Electronic Fund Transfer (CEFT) capabilities has improved efficiency and security in transaction processing, while the deployment of a Software-Defined Wide Area Network (SD-WAN) has enhanced connectivity, system availability, and service continuity across the branch network.

Collectively, these initiatives enhance operational capability and enable employees to perform with greater accuracy, speed, and control key enablers in delivering scalable and responsible growth.

GOVERNANCE AND ACCOUNTABILITY

MIFL's intellectual capital is reinforced by a robust governance framework comprising active Board oversight, strong internal controls, and regular evaluations of systems and processes. Clear accountability structures ensure that decision making remains disciplined, transparent, and aligned with regulatory and stakeholder expectations.

As MIFL continues to evolve, governance and accountability provide the essential foundation for pursuing ambition sustainably and responsibly while maintaining institutional integrity.

CONCLUSION

MIFL's intellectual capital is a reflection of its people their expertise, ethical discipline, and ability to adapt supported by strong governance and enabling technology. By strengthening leadership capability, investing in continuous learning, embedding a culture of integrity, and enhancing digital enablement, the Company continues to build organisational resilience and confidence.

Guided by its commitment to strengthening organisational capability, MIFL is steadily elevating its capacity to support sustainable growth, prudent risk-taking, and long term value creation for all stakeholders.

Human Capital

A dynamic and future-ready workforce driving transformation, innovation, and customer-centric growth.

Key Metrics

427	**190**	**56%**	**23%**	**44%**
Total Employees	New Hires	Under 30	Internal Mobility	Female

DRIVING PERFORMANCE, RESILIENCE, AND TRANSFORMATION

Mahindra Ideal Finance PLC transformation journey is, at its core, a people story. As the Company reaches new altitudes in its growth trajectory and embraces new ambitions as it accelerates its transition into a digitally enabled, customer-centric financial institution, its people remain central to this momentum driving performance, strengthening resilience, and shaping the next phase of growth.

During the year under review, the Human Resources function played a central role in enabling this progress supporting business growth across an expanding branch network while simultaneously strengthening the capabilities required for a more digital and agile operating model. From attracting talent in critical areas such as technology, risk, and customer management, to investing in leadership development and employee engagement, MIFL continued to build a workforce equipped to navigate a rapidly evolving financial services landscape.

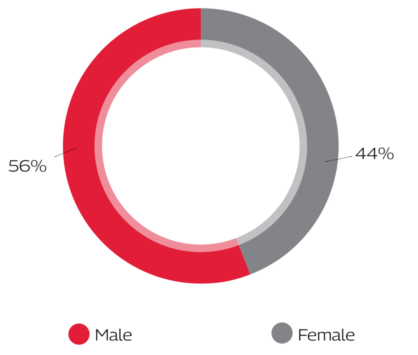
This approach is anchored in a clear and focused people strategy, built on five key pillars: talent acquisition and employer branding, learning and development, performance and career management, employee engagement and culture, and health and well being. Together, these pillars reflect MIFL's commitment to creating an environment where employees are empowered to grow, contribute meaningfully, and drive the Company's next phase of transformation.

WORKFORCE PROFILE

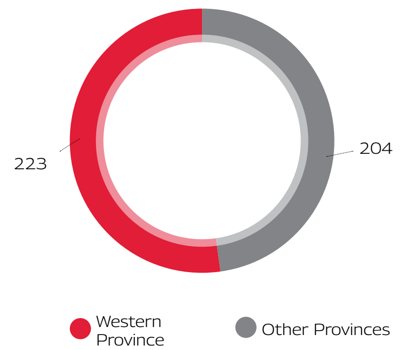
MIFL's workforce continues to evolve in line with its branch expansion and digital transformation agenda. As at 31 March 2026, the Company employed 427 individuals across its Head Office and islandwide branch network, reflecting continued organisational growth and capability development across key business areas.

Head count growth during the year was driven by both physical expansion and the scaling of the Company's digital product portfolio, requiring targeted

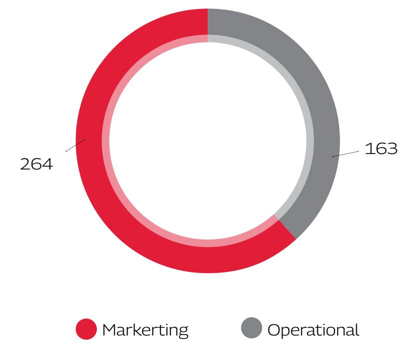
Gender Distribution



Geographic Distribution



Function wise



strengthening of skills across technology, credit assessment, compliance, risk management, and customer relationship management functions.

Talent acquisition remained focused and strategic, with recruitment aligned to critical capability gaps. In parallel, internal mobility continued to play an important role in enabling career progression while strengthening organisational depth and resilience.

Employer branding initiatives were further enhanced through engagement with universities, professional bodies, industry forums, and digital platforms, reinforcing MIFL's positioning as a progressive and people-centric employer.

Highlights

- 190 new hires onboarded across diverse functions and regions
- 23% of vacancies filled through internal mobility, reinforcing a culture of career growth
- Structured onboarding programmes continued, integrating functional and behavioural competency development
- Employer Value Proposition (EVP) further refined to reflect MIFL's digital-first, people-centric culture

Workforce Composition

MIFL's workforce profile reflects a young and increasingly diverse talent base, with a strong concentration of employees below 30 years of age. This demographic structure supports organisational agility, adaptability, and long-term capability development.

The distribution across regions, functions, and organisational levels closely aligns with the Company's operating model and service footprint.

Location

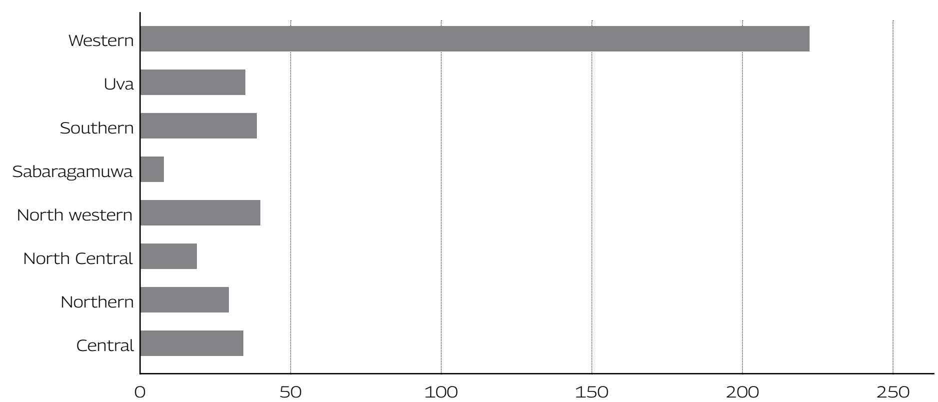
The workforce remains primarily distributed between Head Office and branch locations, with concentration in key operational hubs supporting service delivery and business growth.

	Head Office		Branches	
	2024/25	2025/26	2024/25	2025/26
	75	81	285	289
Change		6		4

Region

Employees are predominantly based in the Western Province, complemented by representation across other regions aligned with nationwide branch operations.

Region Wise



Employment type

The majority of employees are engaged on a permanent basis, with contract and probationary employees providing flexibility to support operational and growth requirements.

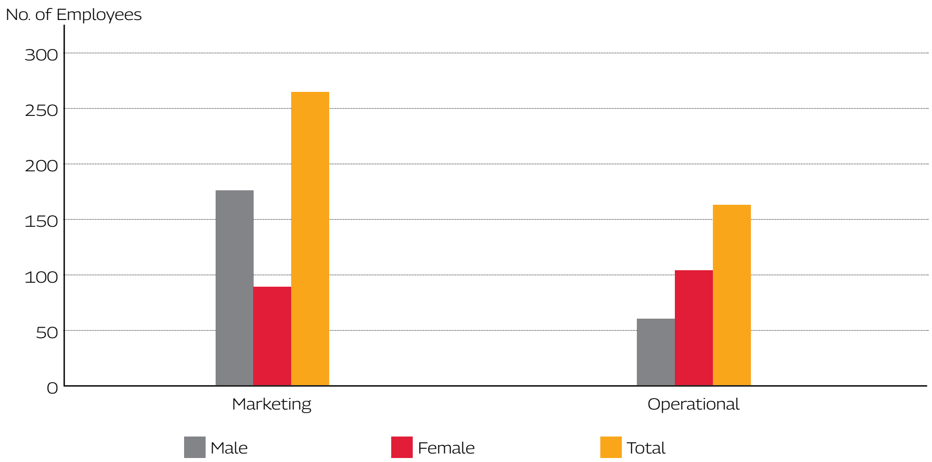
325 Permanent

102 Probation

Function

The workforce is primarily engaged in marketing and operational roles, reflecting the Company's focus on customer acquisition and service delivery.

Function wise



The structure reflects a balanced hierarchy, with a strong front-line base supported by progressively smaller cohorts across junior, middle, and senior management levels, ensuring operational depth and leadership continuity.

Organisational level	Male	Female	Total
Front Line	99	143	242
Junior Management	38	28	66
Middle Management	38	9	47
Managers	33	10	43
Senior Management	20	1	21
Top Management	7	1	8
Total	235	192	427

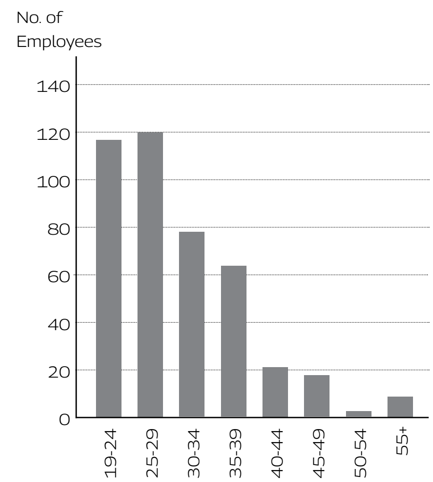
Gender Distribution

MIFL maintains a balanced gender profile, with female employees representing approximately 44% of the workforce. This reflects the Company's continued focus on inclusive hiring and equitable career development practices.

Age Profile

The workforce is predominantly young, with a high concentration of employees in the 19-29 age group, supporting future leadership pipeline development and organisational agility.

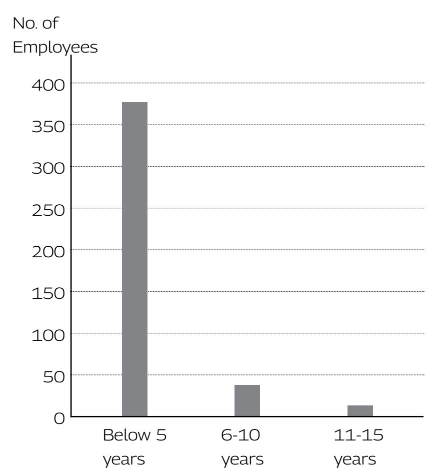
Age Group



Service Profile

The majority of employees have less than five years of service, reflecting a workforce that has grown in parallel with the Company's recent expansion trajectory.

Service Period



TALENT ACQUISITION

New Hires

During 2025/26, MIFL recruited 190 employees across multiple regions and functional areas, reflecting continued investment in strengthening organisational capability in line with business growth.

Recruitment activity was primarily concentrated at front line and junior management levels, supporting branch expansion and enhancing customer facing capacity. Selective hiring at managerial levels further contributed to strengthening leadership capability across key functions.

Consistent with the overall workforce profile, 139 of new hires were below 30 years of age, reinforcing the Company's focus on building a young, dynamic, and future ready talent base, complemented by targeted experience at supervisory and managerial levels.

Internships

MIFL continued to support early career development through its internship programme, providing structured exposure to the financial services sector for emerging talent.

This initiative plays an important role in strengthening the future talent pipeline while offering practical, real-world experience within a dynamic business environment.

PEOPLE DEVELOPMENT AND ENGAGEMENT

Promotions

MIFL continues to recognise and reward high-performing employees through structured career progression. During 2025/26, promotions were granted across all organisational levels, reflecting the Company's focus on internal talent development and leadership growth.

Highlights

32

Promotions across six organisational levels

Equal gender distribution

(50% male | 50% female)

Promotions were evenly distributed between male and female employees, reflecting MIFL's continued commitment to equitable career progression and merit-based advancement.

Learning and Development

MIFL's commitment to continuous learning remains central to its people strategy and transformation agenda. During 2025/26, the Learning and Development function was further strengthened to support capability building, regulatory compliance, and the Company's ongoing digital transformation journey.

A blended learning approach combining formal and developmental learning methods was adopted to support diverse learning needs across functions and levels.

Formal Learning	Developmental Learning
Classroom Training	Coaching
E- Learning	Mentoring

Key Focus Areas

- Leadership development programmes for middle and senior management, with emphasis on strategic thinking and people leadership capabilities
- Mandatory compliance training, including AML/CFT, credit policy, and data privacy requirements
- Targeted capability development in sales effectiveness, customer engagement, and digital tools
- Continuous regulatory alignment training in line with evolving CBSL guidelines and industry standards
- Functional and behavioural development programmes supporting overall workforce effectiveness

Performance Management and Succession Planning

The performance management framework at MIFL continued to evolve during 2025/26, with a strengthened focus on accountability, clarity, and continuous feedback. Individual performance objectives remained closely aligned with departmental KPIs and the Company's broader strategic priorities.

Regular performance reviews, including quarterly checkpoints and annual appraisals, enabled timely feedback, ongoing performance tracking, and recognition of achievements.

Succession planning was further strengthened through structured talent review processes across all business units. This enabled the identification and development of high-potential employees for critical roles, supported by tailored development interventions to enhance leadership readiness.

Highlights

- Half-yearly performance discussions between employees and line managers
- Individual development plans established for high-potential talent
- Performance-linked incentive schemes aligned with customer and business outcomes
- Manager capability-building focused on coaching, mentoring, and feedback skills

Employee Engagement, Recognition and Culture

Employee engagement remains a key driver of service excellence and sustainable performance. During 2025/26, targeted initiatives were implemented to strengthen employee connection, encourage collaboration, and recognise both individual and team achievements.

A key highlight of the year was the Annual Year-End Rewards Night, which brought together employees across the organisation to celebrate outstanding performance. The event reinforced a culture of recognition, meritocracy, and appreciation across all levels of the Company.

Key Initiatives

- Monthly branch manager meetings and leadership dialogues supported organisational alignment and communication
- Annual Year-End Rewards Night recognised high-performing employees across all levels of the organisation
- CSR-based volunteering initiatives promoted employee purpose and community engagement
- Cultural and national celebrations fostered inclusivity and a sense of belonging

Employee Engagement Survey

The annual Employee Engagement Survey was conducted during the year, providing valuable insights into employee sentiment across the organisation. Action plans were developed and implemented based on feedback, focusing on communication, career development, and work-life balance.

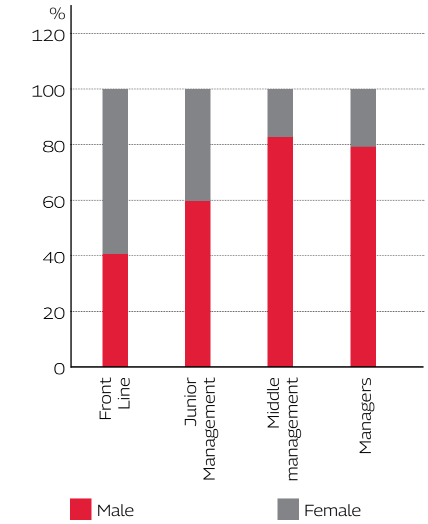
Diversity, Equity and Inclusion (DEI)

MIFL remains committed to fostering an inclusive workplace where employees feel valued, respected, and empowered to contribute fully. The DEI agenda is embedded across all aspects of people management, including recruitment, development, career progression, and policy design.

KEY DEI MEASURES

- Gender equity in hiring, with 42% of new recruits during the year being female
- Equal promotion outcomes, with 50% of promotions awarded to male and 50% to female employees, reflecting gender parity in career advancement
- Continued enhancement of maternity policy to foster an inclusive and supportive environment for working mothers

Ratio of Basic Salary and Remuneration by Employee Function



Return to Work and Retention after Parental Leave

Description	2025/26
Employees entitled to maternity leave	6
Employees who took maternity leave	6
Employees who returned to work	3
Employees currently on maternity leave	3
Return to work rate	100%

Employee Health, Safety and Well-being

MIFL's commitment to employee well-being remained a key priority during 2025/26, with a focus on supporting physical, mental, and financial health. Wellness initiatives and awareness programmes were further expanded, alongside improved access to health services and partnerships with external providers, ensuring employees are supported across all aspects of their well-being.

Annual Award Ceremony

Digital HR Transformation

The digitalisation of HR processes continued to progress during 2025/26, enhancing employee experience and operational efficiency. Key platforms and tools were further embedded to streamline workflows, improve information accessibility, and support data-driven decision-making in people management.

Key Milestones

- Self-service systems for leave, attendance, and payroll further embedded across the organisation
- Digital performance management tools enhanced to support real-time feedback and goal tracking
- HR analytics capabilities strengthened to support workforce planning and talent decisions

Zone wise Annual Sports Meet

CONCLUSION

As MIFL looks ahead, the HR function will continue to play a strategic role in enabling the Company's growth agenda, guided by three key priorities.

First, enhancing workforce digital capability to ensure employees are equipped to navigate evolving business and technological demands, supported by targeted upskilling in digital literacy, data proficiency, and technology-enabled service delivery.

Second, expanding career development opportunities in line with anticipated organisational growth, through structured progression pathways and targeted development for high-potential employees.

Third, strengthening internal talent pipelines by further embedding succession planning and broadening leadership development initiatives to build a resilient and future-ready leadership bench.

Through these priorities, MIFL will continue to cultivate a high-performing, engaged, and inclusive workforce aligned with its vision of being a leading, digitally enabled, and customer-centric financial institution.

Social and Relationship Capital

Building lasting trust through strong stakeholder relationships, service excellence, and responsible engagement.

BUILDING STAKEHOLDER CONFIDENCE THROUGH SERVICE EXCELLENCE

Social and Relationship Capital refers to the Company's excellence, and long-term stakeholder value creation.

The Company recognises that strong stakeholder relationships and responsible people practices contribute significantly to operational resilience, reputation, customer confidence, and sustainable business performance. Relationships with employees, customers, regulators, communities, and other stakeholders, together with the systems, practices, and engagements that support trust, collaboration and services.

STRENGTHENING STAKEHOLDER ENGAGEMENT

During the year, the Company strengthened stakeholder engagement, employee support, customer service delivery, and operational responsiveness across its business activities.

MOU with Indra Traders

Motor Expo 2025

Key initiatives undertaken during the year included:

- Enhancing customer service delivery and operational efficiency through ongoing digital and technology related improvements.
- Maintaining transparent communication and engagement with regulators and other institutional stakeholders.
- Strengthening internal processes and systems that contribute to stakeholder confidence and service quality.
- Continuing employee engagement, well-being, training, and workforce development initiatives.
- Supporting service reliability and operational continuity across branch operations.
- Investing in operational and digital infrastructure aimed at improving accessibility, efficiency, responsiveness, and overall stakeholder experience.

Eye Clinic

The Company also continued to support financial accessibility and inclusion across its customer segments. As at 31 March 2026, female borrowers represented 58% of the Company's gold loan customer base, reflecting continued engagement with women customers and broader access to financial services.

CONCLUSION

MIFL remains committed to fostering strong and sustainable relationships with its stakeholders while maintaining a people centric and service oriented approach to operations.

Through continued investment in employees, stakeholder engagement, service delivery, and operational capability, the Company seeks to strengthen trust, enhance customer experience, and support long-term sustainable value creation for all stakeholders while reinforcing its position as a reliable and responsible financial services provider.

Natural Capital

Promoting sustainable operations through efficient resource utilization and environmentally conscious practices.

NATURAL RESOURCE EFFICIENCY AND ENVIRONMENTAL PERFORMANCE

Natural Capital refers to the environmental resources and ecosystems that support the Company's operations, including energy, fuel, water, and other natural resources, as well as the Company's responsibility to minimise environmental impacts arising from its activities.

The Company recognises the importance of environmentally responsible operations and seeks to progressively improve resource efficiency while supporting sustainable business practices.

IMPROVING OPERATIONAL EFFICIENCY

During the year, the Company implemented measures to improve operational efficiency and reduce environmental impacts across its branch network and business activities.

Key initiatives undertaken during the year included:

- Equipping newly established branches with inverter systems in place of conventional diesel generators to improve energy efficiency and reduce fuel consumption
- Continuing investments in operational and digital infrastructure that support efficient resource utilisation and enhanced operational performance
- Promoting environmentally conscious operational practices across branch operations and support functions
- Strengthening infrastructure and systems that reduce energy dependency and lower emissions intensity
- Encouraging energy conservation practices across office locations, including maintaining air-conditioning temperatures at 26°C and increasing the use of inverter-type air-conditioning systems to improve energy efficiency
- Designing compact workstation layouts and optimising office space utilisation to reduce energy consumption associated with cooling requirements
- Increasing the use of LED lighting across office premises and branding displays to support energy-efficient operations
- Encouraging responsible paper usage by promoting double-sided printing and the reuse of paper for internal documentation purposes

The Company also evaluated opportunities to further enhance environmental performance through technology adoption and operational optimisation.

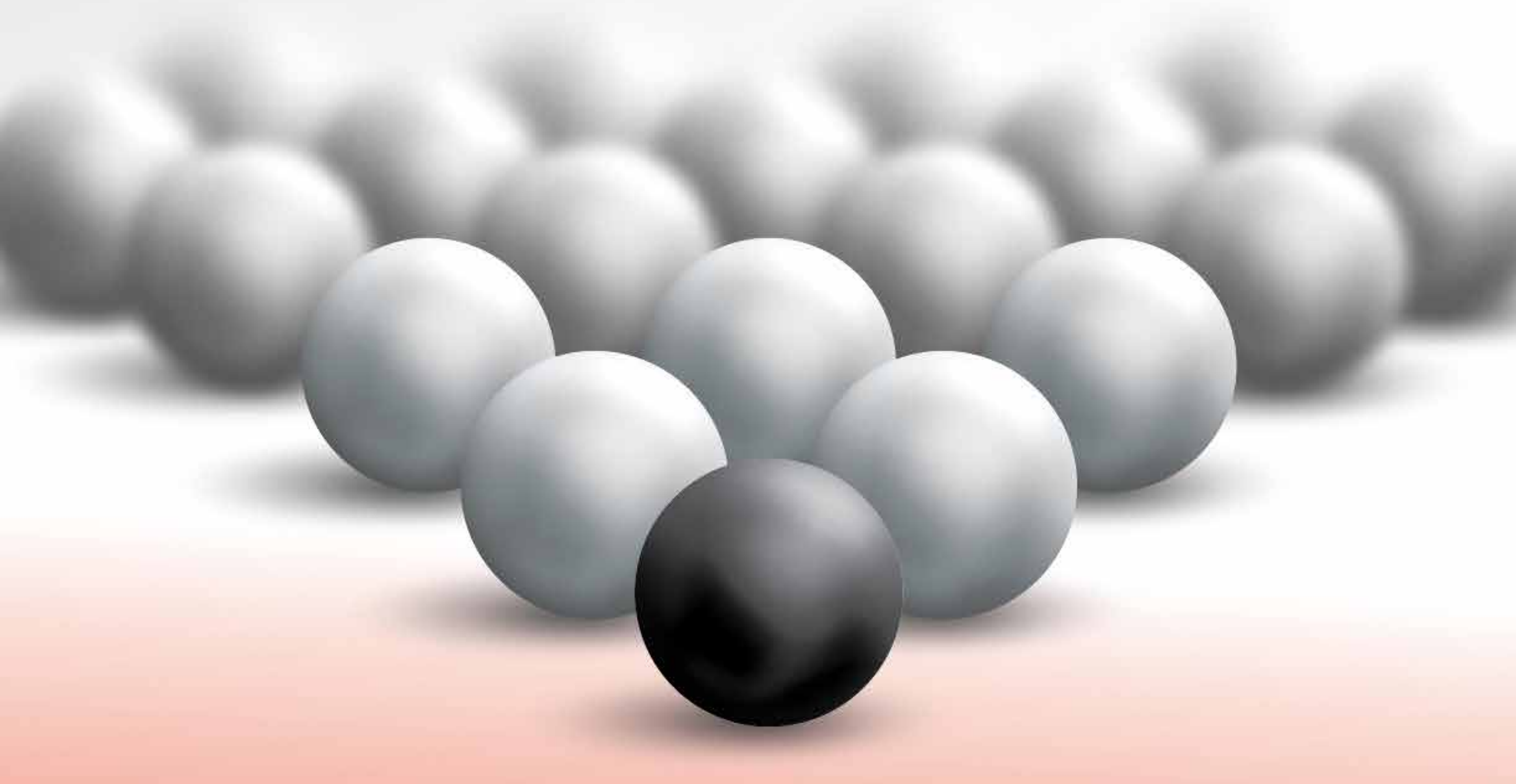
CONCLUSION

MIFL remains committed to strengthening environmentally responsible business practices and improving the efficient use of natural resources across its operations.

Continued investments in energy-efficient infrastructure, alongside operational enhancements and responsible resource management practices, will support reduced environmental impacts, improved operational sustainability, and the creation of long-term sustainable value.

The People
Behind the Perspective.

Altitude is earned through collective experience, sound judgement, and decisive leadership. Meet the Board of Directors and Senior Management guiding us forward



Board of Directors

THILAN WIJESINGHE
Chairman
Non-Executive Independent Director

MUFADDAL A. CHOONIA
Managing Director /CEO

SUJEEWA MUDALIGE
Non-Executive Independent Director

RAUL REBELLO
Non-Executive Non-Independent Director

NIMISHA WELGAMA
Non-Executive Non-Independent Director

PRIYANGI ANUSHKA WIJENAYAKE
Non-Executive Non-Independent Director

MANGALANATH WICKRAMANAYAKE KARUNARATNE
Non-Executive Independent Director

THILAN WIJESINGHE

Chairman/Non-Executive Independent Director

Thilan Wijesinghe is widely credited as the pioneer in public private partnership (PPP) transactions in Sri Lanka. Over a period of 26 years, Thilan has played a leadership role in financially closing around USD 2.2 billion in PPP transactions in Sri Lanka and has carried out PPP related assignments in Sri Lanka, Bangladesh, Maldives, Nepal and Malta. His other specializations include investment banking, privatization and real estate.

Thilan graduated with honours from the State University of New York and Cornell University, USA, with three BSc degrees in Business Administration, Industrial Engineering and Economics (the latter 2 from Cornell).

Having commenced his career as Senior Management Consultant at Price Waterhouse Coopers, Colombo, and subsequently Head of Planning at Sampath Bank, in 1992 Mr. Wijesinghe pursued entrepreneurial interests by co-founding Asia Capital PLC, which became Sri Lanka's largest investment bank in terms of market capitalization in the 1990s. Thilan was a key initiator in successfully launching the Regent Sri Lanka Fund in 1993, the first-ever country fund dedicated to Sri Lankan equities. He served on the Board of this Dublin listed fund for 3 years.

Having sold his investment in Asia Capital, in September 1995, Mr. Wijesinghe was appointed as Chairman & Director General of the Board of Investment (BOI) by the former President of Sri Lanka. He became the youngest-ever and longest-serving Chairman of the BOI. During his tenure, net FDI reached an all time record level of 2.8% of GDP in 1997 and he was responsible for many pioneering privatization and PPP transactions in large scale infrastructure covering ports, telecom, power, mini hydro, housing/townships, hospitals and software parks. He directly oversaw financial closing of USD 800 Mn in PPP transactions between 1996 and 2000.

Mr. Wijesinghe is a co-founder (in 1998) of the Sri Lanka Institute of Information Technology (SLIIT), Sri Lanka's largest IT University with 15,000 students. He serves as a Board member for life in this non-profit university.

Returning to the private sector in 2002, Thilan was Co-CEO at Asian Hotels Properties PLC, Sri Lanka's largest listed property company. Having facilitated the sale of this Group to John Keells Holdings, he accepted an invitation by MJF Group, makers of Dilmah Tea, to steer the Group's diversification into the leisure sector. Concurrently, he assumed the role of Group Managing Director of Forbes & Walker Ltd, Sri Lanka's largest commodity broker and subsidiary company of MJF Group. Mr. Wijesinghe was responsible for co-founding Ceylon Tea Trails, one of Sri Lanka's most successful small luxury hotels, which has won many international accolades including TripAdvisor awards for "Best All-inclusive Hotel (World)" category for four consecutive years from 2009-12. He continues to serve on the Boards (non-executive) of the leisure companies of MJF Group. In 2010, Thilan functioned as Group Managing Director of Overseas Realty (Ceylon) PLC, owning company of the Colombo World Trade Centre and Havelock City, thus having the distinction of having headed Sri Lanka's 2 largest real estate companies.

Thilan returned to his entrepreneurial roots in 2011 to pursue his passion for real estate and investment banking by setting up TWC Holdings and TWCorp (TWC), an investment banking and consultancy company based in Sri Lanka and Singapore that also engages in real estate development management via a subsidiary. He is also non-executive Chairman and investor in several pioneering start-up ventures and serves on boards of several other public and private companies.

From July 2017 to December 2019, Thilan served in an honorary capacity as the founding Chairman of the National Agency for Public Private Partnership (NAPPP), an institution under the Ministry of Finance he set up from ground-up. The NAPPP overlooked around 20 PPP transactions ranging from highways, power, real estate, digitization and transport valued at over US$ 3 billion. Thilan was also entrusted with several privatization transactions during this period. He resigned from this position in December 2019 to pursue entrepreneurial interests.

MUFADDAL A. CHOONIA

Managing Director /CEO

Mufaddal Choonia was appointed as the Managing Director & CEO of Mahindra Ideal Finance, Sri Lanka, in July 2024 and is responsible to run all the affairs of the company on a day to day basis. A professional with over 25 years of rich experience (of which 15 years have been spent on international assignments), Mufaddal has played various critical roles throughout his career, where he has set up from ground up and then led, businesses and functions in many geographies across India, Europe and the Middle East. Prior to this role, he held the position of Dy. Senior Vice President Emerging Markets, at Mahindra Finance in India, where he was responsible for leading Mahindra Finance's entry into India-like Asian markets.

Mufaddal joined the Mahindra Group in 1999, as part of its flagship Group Management Trainee program that nurtures future leaders for the

Mahindra Group. He has held various key responsibilities in marketing, sales and strategy across the automotive and financial services businesses, as well as the Group Strategy Office of the Mahindra Group. As the first Brand Manager of the "Scorpio", he was part of the core team that developed and launched the iconic vehicle that in many ways defined the future of the Group's automotive business. He was also the first Marketing Head of Mahindra Finance, where he was responsible for launching the company's first-ever integrated marketing campaign as well as its first corporate identity program. He was also part of the core team that in the year 2006, launched Mahindra Finance's IPO that was extremely well received at the Indian Stock Exchange.

Mufaddal has also played the role of the Chief Executive Officer of Mahindra Racing SPA, Italy, wherein he set up Mahindra Group's performance and racing motorcycle development and manufacturing company in Italy. He has also had a stint in the Group Strategy Office where he was closely involved in supporting various business leaders of the Mahindra Group in developing long-term business strategies and business performance improvement programs.

Besides the Mahindra Group, Mufaddal has worked with the Emirates Bank Group in Dubai from 2007 to 2009 as Head of Marketing for their consumer finance business called Emirates Money. He was part of the leadership team that was responsible for setting up this highly successful business in the UAE.

Mufaddal has completed his Post Graduation in Management from the prestigious Indian Institute of Management, Mumbai (formerly called NITIE). He also holds a Bachelor's Degree in Engineering from Mumbai University.

SUJEEWA MUDALIGE

Non-Executive Independent Director

Mr. Sujeewa Mudalige possess over 30 years of experience in the accounting and finance field. He recently retired as the CEO/Managing Partner of PwC (Sri Lanka & Maldives).

Sujeewa serves as an independent non-executive director in many public and private entities like National Development Bank PLC , CIC Feeds Group Link Samahan , CIC PLC, Link Natural Products (Pvt) Ltd, NSBM Green University, Cargo Boat Development PLC, Maliban Biscuits Ltd, Galadari Hotel PLC, Allianz Insurance Lanka Ltd, RIL Property PLC, The Mercantile Service Provident Society, Sherwood Capital (Pvt) Ltd, Ambeon Capital PLC, Ambeon Holdings PLC and Millennium IT ESP. He has also served on many regulatory bodies such as BOI, NMRA and SEC.

He was the president of Institute of Chartered Accountants of Sri Lanka during the period 2010- 2011.

He was recently awarded an honorary Doctorate in Business by the University of Plymouth (UK) recognizing his outstanding contribution to accounting and finance.

Academic and Professional Qualifications

- Fellow member of Institute of Chartered Accountants (SL),
- Fellow member of Chartered Institute of Management Accountants (UK),
- Fellow member of Association of Chartered Certified Accountants (UK) and
- Fellow member of Certified Public Accountants (Australia).

RAUL REBELLO

Non-Executive Non-Independent Director

Raul Rebello is a seasoned banking professional with significant expertise in Rural Banking and Financial Inclusion. He is currently the MD & CEO at Mahindra & Mahindra Financial Services Ltd and serves on the boards as Non-Executive Non Independent Directors of its subsidiaries , Mahindra Manulife Investment Management Pvt Ltd,. Mahindra Insurance Brokers Limited, Mahindra Finance USA, Mahindra Finance CSR Foundation and Mahindra Rural Housing Finance Ltd. Raul joined Mahindra Finance in 2021 as Chief Operating Officer, following a distinguished tenure at Axis Bank, where he served as Executive Vice President & Head of Rural Lending & Financial Inclusion. He brings extensive experience across various domains, including Rural Lending, Farmer Funding, Gold Loans, MSME Lending, Commodity Loans, Tractor & Farm Equipment Financing, Agri-Value Chain Deposits, Payments, and Insurance. Under his leadership, Axis Bank has won the prestigious Financial Inclusion Award at the Asian Banking and Finance Awards in 2019 and 2021.

Since his appointment at Mahindra Finance, Raul has spearheaded key initiatives aimed at enhancing financial inclusion and driving innovation. His leadership has been instrumental in advancing the company's digital transformation, which includes leveraging AI and ML technologies for predictive analytics and implementing a phygital strategy that integrates physical branch operations with digital platforms to improve service accessibility in rural and semi-urban regions. He has also focused on promoting sustainable financing solutions, such as loans for electric vehicles (EVs), while forging strategic partnerships with fintech companies to deliver customized financial products.

Raul is actively engaged in industry leadership and policy advocacy. He is a member of the Finance Industry Development Council (FIDC). Academically, he holds a Post Graduate degree in Management from the Goa Institute of Management. Under his leadership, Mahindra Finance continues to advance its vision of empowering emerging India through inclusive and innovative financial solutions.

NIMISHA WELGAMA

Non-Executive Non-Independent Director

Nimisha Welgama was appointed to the board of Mahindra Ideal Finance Limited on 19th February 2025 as a Non-Executive, Non-Independent Director. Ms. N Welgama having qualified with LLB honors from the University of Warwick in the U.K., & also completed her Bar Vocational Course attached to Lincoln's Inn, UK. Subsequently she moved to Sydney Australia & practiced as a solicitor in Australia gaining experience in many international and blue chip companies at Senior Level. Prior to returning to Sri Lanka she worked at Mills Oakley (Sydney) as Senior Associate - Toxic Torts and prior to that at DLA Piper (Sydney) as Solicitor - Litigation and Dispute Resolution.

She is also the Director Legal & Corporate Affairs, for Ideal Motors (Private) Limited, and also worked as Advisor - Corporate Strategy and New Business Development of the Ideal Group.

PRIYANGI ANUSHKA WIJENAYAKE

Non-Executive Non-Independent Director

Anushka joined the board as a non-executive director on 19th February 2025.

She currently serves as an education consultant to Gateway College and a is a member of the Australian Human Resources Institute. She holds directorships as Non-Executive director at Ideal Premier (Pvt) Ltd, Prompt Express Pvt Ltd, Ideal Drive Pvt Ltd, EMG Logistic Pvt Ltd, Arcasia Investment and Trading Pvt Ltd, Synnova Capital Ventures Pvt Ltd, Arvana Investments Pvt Ltd, Ideal Property Investments Pvt Ltd and Skynet WWE Pvt Ltd

Anushka completed her secondary education in Melbourne, Australia. She graduated from Deakin University, Victoria, with a Bachelor of Science - Extended Major in Psychology & Minor in Biological Science.
Thereafter, she completed a Post Graduate Diploma in Economics - Specialized in Human Resource Management from Latrobe University, Melbourne, Victoria.

Anushka has work experience at ANZ Bank in Australia and in a diverse range of entities in Sri Lanka.

She is passionate about community work and has provided leadership to many volunteer projects.

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MANGALANATH WICKRAMANAYAKE KARUNARATNE

Non-Executive Independent Director

Born in Sri Lanka and shaped in Silicon Valley, the consistent thread woven across Mr. Mangala Karunaratne's professional life is his devotion to taking Sri Lankan ingenuity global and transforming how Sri Lanka is viewed in the global technology arena. Mr. Mangala, possessing over 20 years of experience in the field of information technology, was appointed as a Director to the Board with effect from 27th January 2026.

After completing his bachelor's degree in Computer Science at California State University, Fresno, Mr. Mangala made his way to Silicon Valley, which at the time was just entering the dot-com boom. Mr. Mangala progressed from engineer to project manager, eventually leading engineering teams at GolfWeb (later acquired by CBS Sportsline), Bay Networks Inc, and Nortel Networks Corporation.

In 2002, he founded Calcey Technologies (Private) Limited, a Colombo based software product engineering company serving global clients. Under his leadership, the company has grown into an internationally recognized technology partner now employing over 200 talented professionals and delivering digital products to clients including PayPal, Cisco, Wikimedia Foundation, and Stanford University.

He has also been involved in the startup and venture capital ecosystem as an angel investor and mentor to emerging technology entrepreneurs. In 2024, he played a key role in the strategic merger between Calcey Technologies (Private) Limited and Surge Global (Private) Limited, forming Short Circuit Limited, a digital services company focused on building global technology capabilities from Sri Lanka.

Beyond technology, Mr. Mangala is actively involved in entrepreneurial and investment ventures through Grit HQ, including Asaya Sands, a boutique beachfront retreat in Mirissa aimed at creating spaces where global professionals can work, connect, and recharge. He is a trustee of the Karuna Trust and actively mentors emerging entrepreneurs while supporting the growth of startup ecosystems through his involvement in the regional venture capital community. With over two decades of experience building and scaling ventures, he brings expertise in strategic vision, entrepreneurship, and identifying opportunities for growth.

Corporate Management Team

Mr. Mufaddal Choonia
Managing Director/ CEO

Mr. Rohitha Bandusena
Chief Operating Officer

Mr. Rohit Agarwalla
Chief Financial Officer

Mr. Pradeep De Silva
DGM - Gold Loans

Mr. Manjula Balasuriya
AGM - Information Technology

Ms. Sameera Kaumudi
AGM - Compliance

Mr. Saminda Gammanpila
AGM - Asset Finance

Ms. Jenita Jeevakumaran
AGM - Human Resources

Mr. Yenuka Geemal
AGM - Treasury

Mr. Chamath Jayasinghe
AGM - Asset Finance

Mr. Chathura Galhena
AGM - Internal Audit

Ms. Sonali Niranjala Dunuwille
Company Secretary

Mr. Sanidu Ishan
Chief Risk Officer

Mr. Champika Munasinghe
Chief Information Security Officer

Steady at Every Level.

The higher you climb, the more discipline matters. Our approach to risk management, governance, and compliance ensures that growth is built on a strong foundation.

Corporate Governance Report

1. CHAIRMAN'S STATEMENT ON GOVERNANCE

It is an honour to present the Corporate Governance Statement of Mahindra Ideal Finance PLC for the financial year ended 31 March 2026, a year that highlighted the enduring importance of strong governance, ethical leadership, and prudent decision-making in sustaining long-term stakeholder value.

At MIFL, corporate governance extends beyond a regulatory obligation, it serves as the cornerstone of trust, organisational resilience, and sustainable value creation for all stakeholders. Our governance framework is structured to promote the highest standards of integrity, accountability, and ethical conduct, while reinforcing operational excellence across every aspect of the business.

A key priority has been reinforcing the Company's governance culture and ensuring that decision-making at Board level remains robust, well-informed, and appropriately challenging. The Board plays a central role in setting strategic direction while maintaining effective oversight of management performance and risk governance.

The governance framework is supported by a structured committee system, enabling focused oversight across key areas of responsibility. These include the Board Audit Committee (BAC), Board Integrated Risk Management Committee (BIRMC), Board Nomination Committee (BNC), Board Human Resource and Remuneration Committee (BHRRC), Board Related Party Transactions Review Committee (BRPTRC) and Board Credit Committee (BCC). Collectively, these committees ensure that governance oversight is comprehensive, specialised, and aligned with regulatory expectations.

During the year, continued emphasis was placed on strengthening risk governance, compliance discipline, and internal control effectiveness, ensuring that growth is underpinned by strong asset quality and adherence to regulatory requirements. The Board also prioritised fostering a culture of accountability, transparency, and ethical conduct across the organisation. Governance is therefore embedded not only at Board level, but also throughout the Company.

The Company remained compliant with the requirements of the Finance Companies (Corporate Governance) Direction No. 5 of 2021. Compliance was also maintained with the provisions of the Companies Act No. 07 of 2007, the Listing Rules of the Colombo Stock Exchange, and all other relevant legal and regulatory obligations. Upholding a strong culture of integrity, the Company continued to enforce a strict zero-tolerance approach to regulatory breaches, bribery, corruption, and unethical conduct.

Looking ahead, the Board remains committed to further strengthening governance practices in line with evolving regulatory expectations and industry best practices, ensuring the Company is well positioned to deliver sustainable long-term value. As part of this journey, we will continue to review and refine our governance framework, benchmark against international standards, and enhance the capabilities of both the Board and management to keep MIFL future-ready.

On behalf of the Board of Directors, I reaffirm our commitment to upholding the values that define us—values that guide our decisions, protect stakeholder interests, and support the creation of a resilient and sustainable future.

Thilan Wijesinghe
Chairman

2. GOVERNANCE PHILOSOPHY

At MIFL, Corporate Governance underpins our commitment to ethical leadership, operational integrity, and sustainable value creation. As a financial services provider, we recognize that strong governance is vital to building trust among shareholders, customers, employees, regulators, and the wider community. Guided by the principles of stewardship, transparency, accountability, and fairness, we ensure that all decisions align with our mission of promoting financial inclusion while delivering long term value. By embedding these principles across our operations, we uphold the highest standards of conduct in a trust driven industry.

3. GOVERNANCE FRAMEWORK

MIFL operates within a robust regulatory framework that governs its business and governance practices. The Company complies with applicable laws and regulations, including the companies Act No. 07 of 2007, the Finance Business Act No. 42 of 2011, the Finance Business Act Direction No. 05 of 2021 on Corporate Governance, the Listing Rules of the Colombo Stock Exchange (CSE), the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, and directives issued by the Securities and Exchange Commission of Sri Lanka. These requirements form the foundation of MIFL's governance framework and support the conduct of business in a transparent, accountable, and compliant manner.

Our internal governance framework supports ethical conduct and operational discipline through clearly defined structures and policies. The Articles of Association establish the company's governing principles, while Board-approved Terms of reference set out the roles and responsibilities of Board sub committees. This is further supported by a comprehensive policy framework covering governance, risk, compliance, and operations, including the Code of Conduct, Whistleblower Policy, and Related Party Transactions Policy, which promote accountability, transparency, and responsible business conduct.

4. BOARD COMPOSITION AND LEADERSHIP

4.1. Board Structure

The Board of MIFL consists of seven directors, reflecting a balanced mix of expertise and independence. This includes one Executive Director (the MD & CEO), three Non-Executive Directors (NEDs), and three Independent Non-Executive Directors (INEDs). The Board's composition complies with CBSL Direction No. 5 of 2021, which requires a minimum number of independent directors to ensure impartiality. The Chairman, an Independent Non-Executive Director, facilitates effective engagement with shareholders and helps maintain overall Board Balance.

4.2. Skills and Diversity

Our board brings together a diverse range of expertise in finance, banking, legal, risk management, IT and corporate leadership, enabling comprehensive oversight of operations. The Directors possess extensive industry experience, with tenures ranging from recent appointees to long serving members, providing a balanced blend of fresh perspectives and deep institutional knowledge.

4.3. Appointments

The appointment of Directors is undertaken through a structured and transparent process led by the Board Nominations and Governance Committee, which assesses prospective candidates against the Board's strategic needs, regulatory requirements, and diversity objectives. In accordance with applicable regulatory directions, each nominee is subject to a fit and proper evaluation to determine their integrity, competence, financial soundness, and suitability for appointment. During the year under review, one Independent Non-Executive Director was appointed to the Board.

4.4. Board Appraisal

The Board conducts annual self appraisals to evaluate its performance, composition, and alignment with strategic objectives. Sub committees undergo similar evaluations, with results reviewed by the Chairman and discussed at board meetings.

4.5. Board Committees and Governance Oversight

To ensure focused oversight, the Board delegates specific responsibilities to subcommittees, each governed by Board approved TORs.

Board Audit Committee (BAC)	Board Integrated Risk Management Committee (BIRMC)	Board Nomination Committee (BNC)	Board Human Resource and Remuneration Committee (BHRRC)	Board Related Party Transactions Review Committee (BRPTRC)	Board Credit Committee (BCC)
Composition • INED - 2 • NED - 1	**Composition** • INED - 2 • NED - 1	**Composition** • INED - 2 • NED - 1	**Composition** • INED - 2 • NED - 1	**Composition** • INED - 2 • NED - 1	**Composition** • INED - 1 • NED - 1 • ED - 1
Mandate • Review the adequacy and effectiveness of the Company's internal control framework. • Oversee the integrity and reliability of the Company's financial reporting and financial statements. • Ensure that internal audit activities are conducted independently, objectively, and in an unbiased manner.	**Mandate** • Develop and implement a robust risk management framework. • Ensure compliance with the relevant regulations and legislations.	**Mandate** • Support Board succession planning and review board composition to ensure an appropriate balance of skills, experience, and independence, thereby contributing to board effectiveness and continuity.	**Mandate** • Operate remuneration structures that are aligned with best market practice. • Make recommendations to the board on the remuneration paid to Executive Director and Senior Management.	**Mandate** • Review all related party transactions to ensure compliance with regulatory requirements and adherence to arm's length principles, while ensuring that conflicts of interest is appropriately managed and disclosed.	**Mandate** • Oversees and ensures that the Company's credit activities are conducted in line with approved policies, risk appetite, and regulatory requirements to maintain sound asset quality.

4.6. Delegation Mechanisms

Clear lines of delegation, supported by TORs and policy frameworks, ensure effective decision making and accountability. The Board sets strategic direction, while the MD & CEO and senior management execute operational plans. Sub committees provide specialized oversight, with regular reporting to the board.

In 2025/26, we streamlined delegation processes to enhance responsiveness to regulatory and market changes, ensuring compliance with CBSL requirements.

5. ETHICAL LEADERSHIP AND CULTURE

Our Whistleblower Policy provides a secure and confidential channel for employees to report misconduct, including fraud, unethical behavior, or breaches of the Code of Conduct. Whistleblowers are protected from retaliation, and feedback is provided on actions taken.

Our core values of integrity, transparency, innovation, and customer centricity drive a culture of ethical leadership and responsible corporate citizenship. These values guide our decision making, ensuring that we prioritize stakeholder trust and societal impact.

6. RISK MANAGEMENT

MIFL's risk management framework is anchored in the three lines of defence model, enabling effective identification, assessment, and mitigation of risks across the organisation. The first line comprises business and management controls, the second line includes risk, compliance, and control functions, while the third line provides independent assurance through internal audit. Oversight is exercised by the BIRMC and Board Audit Committee, supported by Board-approved policies that define risk appetite, exposure limits, and escalation protocols. In 2025/26, we strengthened our risk assessment framework by enhancing key tools, particularly stress testing methodologies, to enable more robust evaluation of risk exposures and to support more effective prioritization and management of key risks.

7. STAKEHOLDER ENGAGEMENT

Effective shareholder engagement remains central to MIFL's governance approach, promoting transparency and inclusive communication. The Annual General Meeting (AGM) serves as the primary platform for shareholder engagement, with board sub committee Chairpersons available to address shareholder queries. In addition, the company ensures timely disclosure of financial performance and material developments through the Colombo Stock Exchange (CSE), press releases, and the corporate website, providing shareholders with accurate, relevant, and timely information.

8. ESG GOVERNANCE

Our ESG policy framework is anchored on clear principles that guide our commitment to environmental stewardship, social responsibility, and strong governance practices. It emphasizes initiatives aimed at reducing our carbon footprint, advancing financial inclusion across underserved segments, and strengthening transparency and accountability in governance.

9. DIGITAL TRANSFORMATION AND IT GOVERNANCE

MIFL's IT strategy leverages advanced technologies, including AI and data analytics, to enhance operational efficiency and customer experience. IT governance is aligned with the three lines of defence model, supported by management controls, information security oversight, and independent internal audit. The Chief Information Security Officer, together with a dedicated team, provides regular oversight on cybersecurity matters through the IT Steering Committee and BIRMC, with significant issues escalated to the Board where necessary.

In 2025/26, information security was a recurring agenda item for the BIRMC, with no significant incidents reported. The Chief Information Security Officer, supported by a dedicated team, ensures robust oversight.

10. REMUNERATION GOVERNANCE

Our remuneration framework is designed to attract, motivate, and retain high performing talent while aligning with strategic objectives and ethical principles. It promotes market competitiveness, internal equity, and performance driven rewards, discouraging excessive risk taking. In 2025/26, we benchmarked remuneration structure against industry peers to ensure fairness and alignment with regulatory expectations.

11. STRATEGY AND PERFORMANCE MONITORING

The Board provides strategic direction and effective oversight of the Company through regular monthly meetings, special sessions convened as required, and reports submitted by Board sub committees. It is responsible for guiding the execution of the Company's strategic plan, monitoring financial and operational performance, and ensuring that key business objectives remain aligned with stakeholder expectations and long term value creation.

During the financial year 2025/26, the Board convened 12 meetings, with strong attendance reflecting the active engagement and commitment of Directors. Board deliberations were supported by insights from Executive Director on business and operational performance, while Board sub committees provided focused oversight and recommendations on key areas including audit, risk, governance, and related party transactions.

12. COMPLIANCE AND ASSURANCE

12.1. Regulatory Compliance

The Company's approach to regulatory compliance and ethical conduct is supported by a strong and independent compliance framework with direct access to senior management and the board.

During the year, the compliance framework ensured full adherence to the regulatory requirements of the Central Bank of Sri Lanka through continuous monitoring, periodic reviews, and structured reporting mechanisms.

Particular emphasis was placed on Anti Money Laundering (AML), Countering the Financing of Terrorism (CFT), and Countering the Financing of Proliferation (CFP), supported by enhanced due diligence processes, strengthened transaction monitoring systems, and ongoing employee training and awareness programmes.

12.2. Internal Audit

The Internal Audit Division plays a critical role in assessing control effectiveness. Reports are reviewed by the Audit Committee, with direct access to the Chairman to ensure independence.

12.3. External Audit

External Auditors are appointed annually by shareholders and operate independently in line with applicable regulatory requirements, including CBSL and CSE guidelines. The Board Audit Committee engages regularly with the External Auditors to review audit findings, address key matters, and ensure the integrity of the external audit process. Non-audit engagements are closely monitored to safeguard auditor independence and objectivity. During the year, the External Auditors provided independent assurance on the accuracy and reliability of the Company's financial statements and related disclosures.

13. GOVERNANCE OUTLOOK

MIFL continues to demonstrate a strong commitment to high standards of corporate governance, enabling sustainable value creation and reinforcing stakeholder confidence in an increasingly dynamic financial environment.
By adhering to CBSL regulatory requirements, international best practices, and our core ethical values, we are well positioned to achieve long term growth and deliver meaningful, positive impact.

The Finance Business Act Directions No.05 of 2021 on Corporate Governance issued by the Central Bank of Sri Lanka for Licensed Finance Companies.

BOARD ATTENDANCE 01ST APRIL 2025 TO 31ST MARCH 2026

Full Name of Director	Designation	Board Meeting	Board Audit Committee	Board Integrated Risk Management Committee	Board Remuneration Committee	Board Nomination Committee	Board Related Party Transactions Committee
Mr. D.T.S.H. Mudalige	Independent Non-Executive Director (Chairman)	12/12 (C)	5/5 (C)	4/5 (C)	3/3 (C)	(C)	1/1 (C)
Ms. Chrishanthi L.Jayawardena	Independent Non-Executive Director	08/12 (M)	3/5(M)	3/5 (M)	-	-	-
Mr. Mufaddal Abbas Choonia	Managing Director / CEO	12/12(M)	-	-	-	-	-
Mr.Wijesinghe Arachchige Thilan Manjith Wijesinghe	Independent Non-Executive Director (Chairman)	12/12 (C)	5/5 (M)	5/5 (C)	3/3(M)	(M)	1/1 (M)
Ms. Nimisha Welgama	Non Independent Non-Executive Director	11/12(M)	2/5 (M)	-	2/3(M)	(M)	-
Ms. Priyangi Anushka Wijenayake	Non Independent Non-Executive Director	10/12(M)	-	1/5 (M)	-	-	1/1 (M)
Mr. Raul Ignatius Rebello	Non-Executive Director	09/12(M)	-	-	-	-	-
Mr. Mangalanath Wickramanayake Karunaratne	Independent Non-Executive Director	02/12(M)	-	-	-	-	
Total Number of Meetings for the FY 2025/26		12	5	5	3	0	1

- Mr. D T S H Mudalige was appointed as Chairman on 19th August 2025, thereafter Mr. W A T M Wijesinghe was appointed on 17th October 2025.
- Ms. Chrishanthi L. Jayawardena retired from the Board on 13th December 2025.
- Mr. M W Karunaratne was appointed to the Board on 27th January 2026.

The Finance Business Act Directions No.05 of 2021 on Corporate Governance issued by the Central Bank of Sri Lanka for Licensed Finance Companies.

Section	Corporate Governance Principle	Compliance
1.	**BOARD'S OVERALL RESPONSIBILITIES**	
1.1	The Board shall have overall responsibility and accountability for the Finance Company (FC), including approving and overseeing management's implementation of the FC's corporate strategy, setting up the governance framework, establishing a corporate culture, and ensuring compliance with regulatory requirements.	Strategic objectives and corporate values are communicated throughout the company at Management & Staff meetings in order to enhance their understanding regarding the future goals and objectives of the company.
1.2	**Business Strategy and Governance Framework**	
1.2.a	Approving and overseeing the implementation of strategic objectives, including, the overall business strategy with measurable goals for at least the next three years, and updating annually in light of the current developments.	Board approved business plan for 2027-2029 and projected financial statements / budget for these years are in place. The Board measures corporate performance against predetermined goals.
1.2.b	Approving and implementing the Company's governance framework in light of the Company's size, complexity, business strategy, and regulatory requirements.	The Board approved governance framework is in place.
1.2.c	Assessing the effectiveness of its governance framework periodically.	The governance framework is assessed periodically by the Board of Directors.
1.2.d	Appoint the Chairman and the Chief Executive Officer and define the roles and responsibilities.	Chairman and the Chief Executive Officer have been duly appointed and their respective roles and responsibilities have been clearly defined.
1.3	**Corporate Culture and Values**	
1.3.a	Ensuring that there is a sound corporate culture within the Company, which reinforces ethical, prudent, and professional behavior.	A Board approved Code of Conduct for employees are in place. The Code of Conduct translates generic values into more specific policies and guidance, which in turn influences behavior. The Code of Conduct emphasizes that the Company sees the value in acting with integrity.
1.3.b	Playing a lead role in establishing the Company's corporate culture and values, including developing a code of conduct and managing conflicts of interest.	This Code focuses mainly on the following areas: Conflict of interest, corporate opportunities, antitrust and fair dealing, confidential information, outside directorship and other activities, insider trading, families and relatives and harassment and discrimination areas.
1.3.c	Promoting sustainable finance through appropriate environmental, social and governance considerations in the FC's business strategies.	Board approved sustainable finance policy is in place. We have already implemented the sustainable initiatives such as financing electric vehicles.
1.3.d	Approving the policy of communication with all stakeholders, including depositors, shareholders, borrowers, and other creditors, in the view of projecting a balanced view of the Company's performance, position and prospects with the public and regulators.	The Board approved Communication Policy is in place which covers all stakeholders including Depositors, Creditors, Shareholders, and Borrowers.

Section	Corporate Governance Principle	Compliance
1.4	**Risk Appetite, Risk Management, and Internal Controls**	
1.4.a	Establishing and reviewing the Risk Appetite Statement (RAS) in line with Company's business strategy and governance framework.	Board approved RAS along with the quantified risk limit, which is subject to periodic review.
1.4.b	Ensuring the implementation of appropriate systems and controls to identify, mitigate and manage risks prudently.	Risk indicators and monitoring pertaining to Credit Risk, Liquidity risk, Operational Risks, and other residual risks are discussed and appropriate mitigating actions are recommended at the BIRMC meeting.
1.4.c	Adopting and reviewing the adequacy and the effectiveness of the Company's internal control systems and management information systems periodically.	The Board Audit Committee assists the Board in assessing the adequacy and integrity of the internal controls system, management information system (MIS), and financial reporting processes of the Company. The Internal Audit team adds to the process by monitoring compliance with policies and procedures and their suitability of design and effectiveness on an ongoing basis. Further, the External Auditors were engaged in providing assurance on the Directors' Responsibility Statement on Internal Controls over financial reporting included in the annual report, and their opinion was submitted to the Board.
1.4.d	Approving and overseeing Business Continuity and Disaster Recovery Plan for the Company to ensure stability, financial strength, and preserve critical operations and services under unforeseen circumstances.	Board approved comprehensive Business Continuity and Disaster Recovery Plan is in place and company ensures stability and preserve critical operations and services under unforeseen circumstances.
1.5	**Board Commitment and Competency**	
1.5.a	All members of the Board shall devote sufficient time to dealing with the matters relating to the affairs of the Company.	The views of the board of Directors on issues under consideration are ascertained, and a record of such deliberations are reflected in the minutes. Further, the board is in complete control of the company's affairs and aware of its obligations to all shareholders and other stakeholders. Board of directors regularly attend for the board and sub Committee meetings.
1.5.b	All members of the Board shall possess the necessary qualifications, adequate skills, knowledge, and experience.	All members of the board possess vast experience, qualifications, adequate skills, and knowledge in the relevant fields.
1.5.c	The Board shall regularly review and agree on the training and development needs of all the members.	Directors have recognized the need for continuous training and take part in professional development as they consider it necessary in carrying out their duties as Directors. Any training programs relevant to the board are communicated to the board by the company secretary for the Directors' participation.
1.5.d	The board shall adopt a scheme of self-assessment to be undertaken by each director annually on individual performance, of its boards as a whole and that of its committees and maintain records of such assessments.	A process is in place for annual self-assessments to be undertaken by each Director, of its board as a whole and that of its committees. The records of such assessments are maintained by the company secretary. The summary of the assessments is submitted to the board.

Section	Corporate Governance Principle	Compliance
1.5.e	The board shall resolve to obtain external, independent, professional advice to the board to discharge duties to the FC.	Procedure manual of the company contains a section providing the procedures on seeking independent professional advice by Directors at company expense.
1.6	**Oversight of Senior Management**	
1.6.a	Identifying and designating senior management, who are in a position to significantly influence policy, direct activities, and exercise control over business operations and risk management.	In line with the Central Bank of Sri Lanka (CBSL) Finance Business Act Directions No.06 of 2021 Assessment of Fitness and propriety of Key Responsible Persons , KRPs are defines as per the mentioned direction.
1.6.b	Defining the areas of authority and key responsibilities for the senior management.	Job descriptions have been updated and reviewed by the Nomination Committee.
1.6.c	Ensuring the senior management possesses the necessary qualifications, skills, experience, and knowledge to achieve the FC's strategic objectives.	The set of skills and competencies expected by the Company is determined through the recruitment process. A candidate is evaluated and verified during the interview process. Information related to experience and qualifications is verified through their affidavit and declaration, which is submitted to the CBSL. Further, the physical documents/ confirmations are verified and obtained from the candidates during the on-boarding process.
1.6.d	Ensuring there is appropriate oversight of the affairs of the Company by senior management.	To safeguard better governance practices, the affairs of the Company are reviewed and monitored by the Board of Directors through CEO. To ensure better management, development, and effective performance of the Company, KRPs make regular presentations to the Board on matters under their purview.
1.6.e	Ensuring the FC has an appropriate succession plan for senior management.	Board approved Succession plan is in place.
1.6.f	Meeting regularly with the senior management to review policies, establish lines of communication and monitor progress towards strategic objectives.	Key Responsible Persons are invited to the Board and the Committees to explain matters relating to their areas of functions.
1.7	**Adherence to the Existing Legal Framework**	
1.7.a	Ensuring that the FC does not act in a manner that is detrimental or prejudicial to the interests of, and obligations to, depositors, shareholders and other stakeholders.	A board approved Governance Framework and Communication policies are in place. The company operates within the Governance Framework and the laws and directions issued by the regulator.
1.7.b	Adherence to the regulatory environment and ensuring compliance with relevant laws, regulations, directions and ethical standards.	The company adheres to the directions, regulations, rules, and circulars issued by the Central Bank of Sri Lanka. Further, the Company ensures that all employees adhere to the internal policies and procedures. Additionally, the board approved Code of Conduct for all employees is in place and it is signed off by each employee, and the board regularly monitors compliance with the Code of Conduct.

Section	Corporate Governance Principle	Compliance
1.7.c	Acting with due care and prudence, and with integrity and being aware of potential civil and criminal liabilities that may arise from their failure to discharge the duties diligently.	Continuous monitoring is in place to avoid criminal liabilities through implementing a governance framework, recruiting Directors of suitable caliber and obtaining fit & propriety of members annually.
2.	**GOVERNANCE FRAMEWORK**	
2.1	Board shall develop and implement a governance framework in line with the Finance Business Act Directions No.05 of 2021.	A Board approved Governance Framework is in place.
3.	**COMPOSITION OF THE BOARD**	
3.1	The Board's composition shall ensure a balance of skills and experience, as may be deemed appropriate and desirable for the requirements of the size, complexity and risk profile of the Company.	All members of the Board possess vast experience, qualifications, adequate skills, and knowledge in the relevant fields.
3.2	The number of directors on the Board shall not be less than 7 and not more than 13.	As at 31st March 2026 The Board consists of seven Directors, which is within the statutory requirement.
3.3	The total period of service of a director other than a director who holds the position of Chief Executive Officer/Executive Director shall not exceed nine years, subject to direction 3.4.	By 31st March 2026 the board does not consist any director who has exceeded nine years' service.
3.4	Non-Executive directors, who directly or indirectly hold more than 10% of the voting rights or who are appointed to represent a shareholder who directly or indirectly holds more than 10% of the voting rights by producing sufficient evidence are eligible to hold office exceeding 9 years of service with prior approval of Director, Department of Supervision of Non-Bank Financial Institutions subject to provisions contained in direction 4.2 and 4.3. Provided, however, the number of non-executive directors eligible to exceed 9 years is limited to one-fourth (¼) of the total number of directors on the Board.	None of the directors hold more than nine years of service in MIFL board.
3.5	**Executive Directors**	
3.5.a	Only an employee of a Company shall be nominated, elected, and appointed, as an Executive Director of the company, provided that the number of Executive Directors shall not exceed one-third (1/3) of the total number of directors of the board.	CEO is serving as the Managing Director.

Section	Corporate Governance Principle	Compliance
3.5.b	A shareholder, who directly or indirectly holds more than 10% of the voting rights of the FC, shall not be appointed as an executive director or as senior management. Provided however, existing executive directors with a contract of employment and functional reporting line and existing senior management are allowed to continue as an executive director/senior management until the retirement age of the FC and may be reappointed as a non-executive director subject to provisions contained in directions 4.2 and 4.3. existing executive directors without a contract of employment and functional reporting line need to step down from the position of executive director from the effective date of this direction and may be reappointed as non-executive directors subject to provisions contained in directions 4.2 and 4.3.	No such circumstance transpired.
3.5.c	In the event of the presence of the Executive Directors, CEO shall be one of the Executive Directors and may be designated as the Managing Director of the Company.	Only the CEO has been appointed as the Managing Director and no any other director is appointed as Executive director.
3.5.d	All Executive Directors shall have a functional reporting line in the organization structure of the Company.	
3.5.e	The Executive Directors are required to report to the board through the CEO.	
3.5.f	Executive directors shall refrain from holding executive directorships or senior management positions in any other entity.	No Executive directors hold positions in any other entities.
3.6	**Non-Executive Directors**	
3.6.a	Non-Executive directors (NED) shall possess credible track records and have the necessary skills, competency, and experience to bring independent judgement on the issues of strategy, performance, resources, and standards of business conduct.	The Non-Executive Directors of the Company possess vast experience and skills in the relevant fields.
3.6.b	A Non-Executive Director cannot be appointed or function as the CEO/Executive Director of the Company.	On 19th July 2024, one of the Non-Executive Directors was appointed as the Executive director with the approval of the CBSL.
3.7	**Independent Directors**	
3.7.a	The number of Independent Directors of the Board shall be at least three or one third of the total number of directors, whichever is higher.	By 31st March 2026 the board comprised of 3 Independent directors.
3.7.b	Independent Directors appointed shall be of the highest caliber, with professional qualifications, proven track records, and sufficient experience.	All Independent Non-Executive Directors of the Company are of the highest caliber with professional qualifications, a proven track records, and sufficient experience in the given fields.
3.7.c	A Non-Executive Director shall not be considered independent if such:	

Section	Corporate Governance Principle	Compliance
3.7.c.i	Director has a direct or indirect shareholding exceeding 5% of the voting rights of the Company or exceeding 10% of the voting rights of any other Company.	In 2025/26, no such circumstance transpired.
3.7.c.ii	Director or a relative has or had during the period of one year immediately preceding the appointment as director, material business transaction with the FC, as described in direction 12.1(c) hereof, aggregate value outstanding of which at any particular time exceeds 10% of the stated capital of the FC as shown in its last audited statement of financial position.	In 2025/26, no such circumstance transpired.
3.7.c.iii	Director has been employed by the Company or its affiliates or is or has been a director of any of its affiliates during the one year, immediately preceding the appointment as director.	In 2025/26, no such circumstance transpired.
3.7.c.iv	Director has been an advisor or consultant or principal consultant/advisor in the case of a firm providing consultancy to the Company or its affiliates during the one year preceding the appointment as director.	In 2025/26, no such circumstance transpired.
3.7.c.v.	Director has a relative, who is a director or senior management of the company or has been a director or senior management of the company during the one year, immediately preceding the appointment as director or holds shares exceeding 10% of the voting rights of the company or exceeding 20% of the voting rights of another company.	In 2025/26, no such circumstance transpired.
3.7.c.vi	Director represents a shareholder, debtor, or such other similar stakeholder of the FC;	Three directors out of seven represent the shareholders of MIFL
3.7.c.vii	Director is an employee or a director or has a direct or indirect shareholding of 10% or more of the stated capital in a company or business organization, in which any of the other directors of the FC is employed or a director;	In 2025/26, no such circumstance transpired.
3.7.c.viii	Director is an employee or a director or has a direct or indirect shareholding of 10% or more of the voting rights in a company, which has a transaction with the company as defined in direction 12.1(c), or in which any of the other directors of the company has a transaction as defined in direction 12.1(c), aggregate value outstanding of which at any particular time exceeds 10% of the stated capital as shown in its last audited statement of financial position of the FC.	In 2025/26, no such circumstance transpired.

Section	Corporate Governance Principle	Compliance
3.7.d.	The nomination committee and Board should determine whether there is any circumstance or relationship, which is not listed in direction 3.7, which might impact a director's independence or the perception of the independence.	In 2025/26, no such circumstance transpired.
3.7.e.	An Independent Director shall immediately disclose to the board any change in circumstances that may affect the status as an Independent Director. In such a case, the board shall review such director's designation as an Independent Director and notify the Director/DSNBFI in writing of its decision to affirm or change the designation.	In 2025/26, no such circumstance transpired.
3.8	Alternate Directors	There were no Alternate Director appointments.
3.9	Cooling off Periods	On 29th October 2024, one of the Independent directors was appointed after six months of cooling off period.
3.10	**Common Directorships**	
3.10	Director or senior management of a company shall not be nominated, elected, or appointed as a director of another company except where such company is a parent company, subsidiary company, or an associate company or has a joint arrangement with the first mentioned FC subject to conditions stipulated in Direction 3.5(f).	No Directors or Senior Managers held positions in other Finance companies during the year.
3.11	The board shall determine the appropriate limits for directorships that can be held by directors. However, a director of a Finance company shall not hold office as a director or any other equivalent position (shall include alternate directors) in more than 20 companies/societies/bodies, including subsidiaries and associates of the FC.	None of the directors holds office as a director of more than 20 companies.
4.	**ASSESSMENT OF FIT AND PROPER CRITERIA**	
4.1	No person shall be nominated, elected, or appointed as a director of the company or continue as a director of such company unless that person is a fit and proper person to hold office as a director of such company in accordance with the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Direction or as amended.	The board appoints directors subject to the policy is in line with the Finance Business Act Direction No.06 of 2021 on Assessment of Fitness and Propriety of Key Responsible Persons.
4.2	A person over the age of 70 years shall not serve as a director of an FC.	None of the Directors of the Company are above the age of 70 years.

Section	Corporate Governance Principle	Compliance
4.3	Notwithstanding provisions contained in 4.2 above, a director who is already holding office at the effective date of this direction and who attains the age of 70 years on or before 31st March 2025, is permitted to continue in office as a director, exceeding 70 years of age up to a maximum of 75 years of age subject to the following;	No such appointments occurred.
4.3.a	Assessment by the Director/Department of Supervision of Non-Bank Financial Institutions on the fitness and propriety based on the criteria specified in the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Direction.	In 2025/26 , no such appointments occurred.
4.3.b	Prior approval of the Monetary Board based on the assessment of the Director/Department of Supervision of Non-Bank Financial Institutions in 4.3(a).	In 2025/26, no such appointments occurred.
4.3.c	The maximum number of directors exceeding 70 years of age is limited to one fifth (1/5) of the total number of directors.	No such appointments occurred.
4.3.d	The director concerned shall have completed a minimum period of 3 continuous years in office, as at the date of the first approval.	No such appointments occurred.
5.	**APPOINTMENT AND RESIGNATION OF DIRECTORS AND SENIOR MANAGEMENT**	
5.1	The appointments, resignations, or removals shall be made in accordance with the provisions of the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Direction.	The Company conforms to the provisions of Finance Business Act Direction No.6 of 2021 on Assessment of Fitness and Propriety of Key Responsible Persons for appointments, resignations, or removals.
6.	**THE CHAIR AND THE CHIEF EXECUTIVE OFFICER**	
6.1	There shall be a clear division of responsibilities between the Chairperson and CEO and the responsibilities of each person shall be set out in writing.	The roles of the Chairman and the Chief Executive officer are separated and not performed by the same individual.
6.2	The Chairperson shall be an Independent Director, subject to 6.3 below.	The Company is in compliance with these clauses, as the Chairman of the board is an Independent Director.
6.3	In the case where the Chairperson is not independent, the board shall appoint one of the Independent Directors as a Senior Director, with suitably documented Terms of Reference to ensure a greater independent element. The Senior Director will serve as the intermediary for other directors and shareholders. Non-Executive Directors including Senior Directors shall assess the Chairperson's performance at least annually.	
6.4	**Responsibilities of the Chairperson**	

Section	Corporate Governance Principle	Compliance
6.4.a	Provide leadership to the board;	Chairman's key responsibilities and duties have been approved by the board. The self evaluation process ensures that the said requirements are fulfilled. Company secretary compiles the agenda in consultation with the Chairman, as this function has been delegated to the company Secretary by the Chairman. The board approved communication policy is in place for communication with all stakeholders including depositors, creditors, shareholders, and borrowers. Annual assessment of the directors have been done in the 2024/25 and a summary of it was tabled by the company secretary . Annual assessment of the directors for 2025/26 is being carried out at present.
6.4.b	Maintain and ensure a balance of power between the Executive and Non-Executive Directors;	
6.4.c	Secure effective participation of both Executive and Non-Executive Directors.	
6.4.d	Ensure the Board works effectively and discharges its responsibilities	
6.4.e	Ensure all key issues are discussed by the board in a timely manner	
6.4.f	Implement decisions/directions of the regulator.	
6.4.g	Prepare the agenda for each board meeting and may delegate the function of preparing the agenda and to maintaining minutes in an orderly manner to the company secretary.	
6.4.h	Not engage in activities involving direct supervision of senior management or any other day to day operational activities.	
6.4.i	Ensure appropriate steps are taken to maintain effective communication with shareholders and that the views of shareholders are communicated to the board.	
6.4.j	Annual assessment of the performance and the contribution during the past 12 months of the board and the CEO.	
6.5	**Responsibilities of the CEO**	
	The CEO shall function as the apex executive in charge of the day to day management of the FC's operations and business. The responsibilities of the CEO shall include	The board approved functions and responsibilities of the Chief Executive Officer are in place. The Chief Executive Officer functions as the apex executive in charge of the day to day operations of the company and he acts as a direct liaison between the board and management of the company.
6.5.a	Implementing business and risk strategies in order to achieve the FCs strategic objectives;	
6.5.b	Establishing a management structure that promotes accountability, and transparency throughout the FC's operations, and preserves the effectiveness and independence of control functions;	
6.5.c	Promoting, together with the Board, a sound corporate culture within the FC which reinforces ethical, prudent, and professional behavior.	
6.5.d	Ensuring the implementation of a proper compliance culture and being accountable for accurate submission of information to the regulator.	
6.5.e	Strengthening the regulatory and supervisory compliance framework.	
6.5.f	Addressing the supervisory concerns and non-compliance with regulatory requirements or internal policies in a timely and appropriate manner.	

Section	Corporate Governance Principle	Compliance
6.5.g	CEO must devote the whole of the professional time to the service of the FC and shall not carry on any other business, except as a non-executive director of another Company, subject to Direction 3.10.	
7.	**MEETINGS OF THE BOARD**	
7.1	The Board shall meet at least twelve times a financial year at approximately monthly intervals. Obtaining the Board's consent through the circulation of papers to be avoided as much as possible.	Board has met 12 times during the year 2025/26. There were instances where the Board's consent has been obtained through the circulation of written resolutions/papers during the year 2025/26.
7.2	The Board shall ensure that arrangements are in place to enable matters and proposals by all directors of the Board are to be represented in the agenda for scheduled Board meetings.	Agenda is circulated , among the Board members by electronic mail prior to the meeting, which enables Directors to communicate any matters which they wish to be discussed at the meeting, to be included in the agenda. Procedure manual of the Company includes the procedure on enabling all Directors to include matters and proposals in the agenda.
7.3	A notice of at least 3 days shall be given for a scheduled Board meeting. For all other Board meetings, reasonable notice shall be given.	As a practice, Directors are given a notice of at least seven days for regular Board meetings and also the next Board meeting is finalized at the end of the previous meeting.
7.4	A director shall devote sufficient time to prepare and attend Board meetings and actively contribute by providing views and suggestions.	The views of the Board of directors on issues under consideration are ascertained and a record of such deliberations is reflected in the minutes.
7.5	A meeting of the Board shall not be duly constituted, although the number of directors required to constitute the quorum at such meeting is present unless at least one-fourth of the number of directors that constitute the quorum at such meeting are independent directors.	In 2025/26, no such incidents occurred.
7.6	The Chairperson shall hold meetings with the Non-Executive Directors only, without the Executive Directors being present, as necessary, and at least twice a year.	There has been two meetings during the 2025/26 financial year with the presence of the Senior Independent director and with the Non-Executive directors.
7.7	A director shall abstain from voting on any Board resolution in relation to a matter in which he/she or any of his relatives or a concern, in which he has a substantial interest, is interested, and he/she shall not be counted in the quorum for the relevant agenda item in the Board meeting.	Articles of Association give evidence on the procedure for "Restrictions on Voting" by Board of Directors when they have a substantial interest on any matter and not to be counted in the quorum. No such transaction has taken place during the year.
7.8	A director, who has not attended at least two-thirds of the meetings in the period of 12 months, immediately preceding or has not attended three consecutive meetings held, shall cease to be a director. Provided that participation at the directors' meetings through an alternate director shall be acceptable as attendance.	The Board of Directors has fully complied with the requirement and each Director of the Board is well informed and acquainted with their attendance. Further, the Company secretary monitors attendance. During the year 2024/25, none of the directors has been absent for three consecutive meetings. Details of the Director's attendance are set out on page 61 of the Annual Report.

Section	Corporate Governance Principle	Compliance
7.9	Scheduled Board meetings and Adhoc Board meetings	
	For the scheduled meetings, participation in person is encouraged and for adhoc meetings where the director cannot attend on short notice, participation through electronic means is acceptable.	Please refer 'Directors' attendance and committee attendance in the sub committee reports on the Annual Report. Further, participation in person or through electronic media is clearly recorded in the minutes.
8.	**COMPANY SECRETARY**	
8.1.a.	The Board shall appoint a Company secretary considered to be senior management whose primary responsibilities shall be to handle the secretarial services to the Board and of shareholder meetings and to carry out other functions specified in the statutes and other regulations.	The Company is in compliance with this requirement, as a suitably qualified Company secretary has been appointed to senior manager grade to provide secretarial services to the Board and shareholder meetings and to perform all functions required under applicable statutes and regulations.
8.1.b.	The Board shall appoint its Company secretary, subject to the transitional provision stated in 19.2 below, a person who possesses such qualifications as may be prescribed for a secretary of a Company under section 222 of the companies Act, No. 07 of 2007, on being appointed the Company secretary, such person shall become an employee of the Company and shall not become an employee of any other institution.	The Company has appointed a Company secretary who is an employee at MIFL.
8.2	All directors shall have access to the advice and services of the Company secretary with a view to ensuring the Board procedures laws, directions, rules, and regulations are followed.	A Board approved procedure is in place to enable all Directors to have access to the advice and services of the Company secretary, and to ensure all Board procedures, applicable laws, rules, directions, and regulations are followed.
8.3	The Company secretary shall be responsible for preparing the agenda in the event the Chairperson has delegated carrying out such function.	Agenda and previous month's Board minutes are prepared by the Company secretary.
8.4	The Company secretary shall maintain minutes of the Board meetings with all submissions to the Board and/or voice recordings/video recordings for a minimum period of 6 years.	Company Secretary maintains the minutes of Board Meetings with sufficient details. Upon a reasonable request, any Director can inspect the minutes. Minutes of the Board meetings with all submissions to the Board are maintained from the inception.
8.5	The Company secretary is responsible for maintaining minutes in an orderly manner and shall follow the proper procedure laid down in the Articles of Association of the FC.	

Section	Corporate Governance Principle	Compliance
8.6	Minutes of the Board meetings shall be recorded in sufficient detail so that it is possible to ascertain whether the Board acted with due care and prudence in performing its duties. The minutes of a Board meeting shall clearly include the following:	Minutes of the Board meetings are recorded in sufficient detail.
	(a) a summary of data and information used by the Board in its deliberations;	
	(b) the matters considered by the Board;	
	(c) fact finding discussions and the issues of contention or dissent including contribution of each individual director.	
	(d) the explanations and confirmations of relevant parties which indicate compliance with the Board's strategies and policies and adherence to relevant laws and regulations; directions.	
	(e) the Board's knowledge and understanding of the risks to which the Company is exposed and an overview of the risk management measures adopted;	
	(f) the decisions and Board resolutions.	
8.7	The minutes shall be open for inspection at any reasonable time, on reasonable notice by any director.	Board meeting Minutes are open for inspection at any reasonable time or notice by any director.
9.	**DELEGATION OF FUNCTIONS BY THE BOARD**	
9.1	The Board shall approve a DA and give clear directions to the senior management, as to the matters that shall be approved by the Board before decisions are made by senior management, on behalf of the FC.	Board approved DA procedure is in place.
9.2	In the absence of any of the sub committees mentioned in Direction 10 below, the Board shall ensure the functions stipulated under such committees shall be carried out by the Board itself.	Board sub committees are in operation.
9.3	The Board may establish appropriate senior management level sub committees with appropriate DA to assist in Board decisions.	Asset and Liability Committee and Credit Committee are in operation.
9.4	The Board shall not delegate any matters to a Board Sub committee, Executive Directors, or Senior Management, to an extent that such delegation would significantly hinder or reduce the ability of the Board as a whole to discharge its functions.	The Board is empowered by the Articles of Association to delegate its powers to a committee of Directors or to a director or employee upon such terms and conditions and with such restrictions as the Board may think fit.
9.5	The Board shall review the delegation processes in place on a periodic basis to ensure that they remain relevant to the needs of the Company.	The delegation process is periodically reviewed to ensure it fulfills the demands of the Company.

Section	Corporate Governance Principle	Compliance
10.	**BOARD SUB-COMMITTEES**	
	Board Sub Committees	
	FCs with asset base of less than Rs. 20 bn	
	Shall establish a Board Audit Committee (BAC), Board Integrated Risk Management Committee (BIRMC), and Related Party Transactions Review Committee.	In terms of the FBAD No.05 of 2021, the Company has in operation a Board Audit Committee (BAC), Board Integrated Risk Management Committee (BIRMC), Board Nomination Committee (BNC), Board Human Resource and Remuneration Committee (BHRRC), and Board Related Party Transactions Review Committee (BRPTRC).
	Meetings Until 31 August 2025: Meetings shall be held at least quarterly for BAC and BIRMC. Other committees shall meet at least annually. After 1 September 2025: Meetings shall be held at least once in two months for BAC and BIRMC. Other committees shall meet at least annually.	There were 5 BAC meetings and 5 BIRMC meetings held during the year 2025/26, which comply with the requirements. Please refer Board sub committee reports given on pages 113-122 of the Annual Report.
10.1.b	Each Board sub committee shall have a written term of reference specifying clearly its authority and duties.	Written Terms of References clearly specifying the authority and duties are in place for each Sub Committee.
10.1.c	The Board shall present a report on the performance of duties and functions of each Board Sub Committee, at the Annual General Meeting of the Company.	Performance, duties, and functions of all sub committees are disclosed on pages 113-122 of the Annual Report.
10.1.d	Each sub committee shall appoint a Secretary to arrange its meetings, maintain minutes, voice or video recordings, maintenance of records, and carry out such other such secretarial functions under the supervision of the Chairperson of the committee.	The Company secretary is the Secretary to the Board Nomination Committee and Board Remuneration Committee , The AGM -Interal Audit is the secretary to the BAC and The CRO is the secretary to the IRMC.
10.1.e	Each Board sub committee shall consist of at least three Board members, and shall only consist of members of the Board, who have the skills, knowledge, and experience relevant to the responsibilities of the committees.	Members of all Board sub committees consist of Board members and the performance, duties, and functions of all sub committees are disclosed on pages 113-122 of the Annual Report.
10.1.f	The Board may consider the occasional rotation of members and of the Chairperson of Board sub committees to avoid undue concentration of power and promote new perspectives.	Latest rotation was happened on 28.11.2025.
10.2	Board Audit Committee (BAC)	
	The following shall apply in relation to the Board Audit Committee.	
10.2.a	The Chairperson of the committee shall be an independent director who possesses qualifications and experience in accountancy and/or audit.	Chairman of the Audit Committee is an Independent Non-Executive Director and possesses qualifications and related experience.

Section	Corporate Governance Principle	Compliance
10.2.b	The Board members appointed to the BAC shall be Non-Executive Directors and the majority shall be Independent Directors with the necessary qualifications and experience relevant to the scope of the BAC.	All members of the Board Audit Committee are Non- Executive Directors. All of them have expertise and knowledge in the fields of banking, finance, leasing, information technology, etc.
10.2.c	The secretary to the Board Audit Committee shall preferably be the Chief Internal Auditor (CIA).	AGM Internal Audit is the secretary to the BAC.
10.2.d	External Audit Function	
	i. The BAC shall make recommendations on matters in connection with the appointment of the External Auditor for audit services to be provided in compliance with the relevant statutes, the service period, the audit fee, and any resignation or dismissal of the auditor.	The Auditor's appointments, service periods, and fees are determined and recommended by the BAC at the end of each financial year.
	ii. Engagement of an audit partner shall not exceed five years, and the particular audit partner is not re engaged for the audit before the expiry of three years from the date of the completion of the previous term. Further, FC shall not use the service of the same external audit firm for not more than ten years consecutively.	Company appointed BOD Partners as Auditors from 2024/25, after completing the 10 years' service from Ernst and Young.
	iii. The audit partner of an FC shall not be a substantial shareholder, director, senior management or employee of any FC.	Audit Partner was not a substantial shareholder, director, senior management or employee of any FC. .
	iv. The Committee shall review and monitor the External Auditor's independence and objectivity and the effectiveness of the audit processes in accordance with applicable standards and best practices.	External Auditor is independent since they directly report to the Board Audit Committee, and their report on the Financial Statements of the Company for the year 2025/26 indicates that the audit is carried out in accordance with SLAS. Further, the auditors have declared that their independence has not been impaired.
	v. Audit partner shall not be assigned to any non audit services with the FC during the same financial year in which the audit is being carried out. The BAC shall develop and implement a policy with the approval of the Board on the engagement of an external audit firm to provide non audit services that are permitted under the relevant regulatory framework. In doing so, the BAC shall ensure that the provision of service by an external audit firm of non audit services does not impair the external auditor's independence or objectivity.	Board approved the procedure on engagement of an External Auditor to provide non audit services.

Section	Corporate Governance Principle	Compliance
	vi. The BAC shall, before the Audit commences, discuss and finalise with the External Auditors the nature and scope of the audit, including (i) an assessment of the Company's compliance with Directions issued under the Act and the management's internal controls over financial reporting; (ii) the preparation of financial statements in accordance with relevant accounting principles and reporting obligations; and (iii) the coordination between auditors where more than one auditor is involved.	Committee has developed a mechanism to meet the auditors before commencing the audit to inquire about the nature and scope of the audit, with the External Auditors in accordance with SLAS.
	vii. The BAC shall review the financial information of the Company's, in order to monitor the integrity of the Financial Statements of the Company in its Annual Report, Accounts and Periodical Reports prepared for disclosure, and the significant financial reporting judgements contained therein. In reviewing the Company's Annual Report and Accounts and Periodical Reports before submission to the Board, the committee shall focus particularly on: (i) major judgemental areas; (ii) any changes in accounting policies and practices; (iii) significant adjustments arising from the audit; (iv) the going concern assumption; and (v) the compliance with relevant accounting standards and other legal requirements.	Committee has a process to review the financial information of the Company.
	viii. The BAC shall discuss issues, problems and reservations arising from the interim and final audits, and any matters the auditor may wish to discuss including those matters that may need to be discussed in the absence of senior management, if necessary.	The Board Audit Committee discusses issues, problems, and reservations arising from the interim and final audits with the External Auditors. The Committee has held two meetings with the External Auditors, without the Executive Management being present, to discuss any matters the auditor may wish to discuss related to 2025/26.
	ix. The BAC shall review the External Auditor's Management Letter and the Management's response thereto within 3 months of submission of such, and report to the Board.	The Committee has reviewed the External Auditor's Management letter and management responses thereto, relating to the audit for the year ended 2025/26.
10.2.e	The BAC shall at least annually conduct a review of the effectiveness of the system of internal controls.	Presently the effectiveness of the Company's internal control mechanism has been certified by the Directors on pages 139-140 of the Annual Report under the heading "Directors' Statement on Internal Controls over Financial Reporting" where Company will adhere to the said criteria with effective from the next financial year.

Section	Corporate Governance Principle	Compliance
10.2.f	The BAC shall ensure that the Senior Management are taking necessary corrective actions in a timely manner to address internal control weaknesses, non compliance with policies, laws and regulations, and other problems identified by auditors and supervisory bodies with respect to the Internal Audit function of the Company.	BAC monitors this through regular reporting from the Internal Auditors.
10.2.g	Internal Audit function:	
	i. The Committee shall establish an Independent Internal Audit function, either in house or outsourced as stipulated in the Finance Business Act (Outsourcing of Business Operations) Direction or as amended that provides an objective assurance to the committee on the quality and effectiveness of the Company's internal control, risk management, governance systems and processes	The Company established an Inhouse Internal Audit Department with effective from December 2023.
	ii. The Internal Audit Function shall have a clear mandate, be accountable to the BAC, and be independent of the audited activities. It shall have sufficient expertise and authority within the Company to carry out their assignments effectively and objectively.	There is a Board approved Internal Audit Charter that defines the purpose, authority and responsibility of the Internal Auditor. The said mandate establishes the independence of the department too. The Board Audit Committee has reviewed and approved the Annual Internal Audit Program. Internal Audit Reports, with the management comments, have been discussed at length, and action is taken to rectify the same.
	iii. The BAC shall take the following steps with regard to the Internal Audit Function of the Company:	
	(i) Review the adequacy of the scope, functions and skills and resources of the Internal Audit Department, and satisfy itself that the department has the necessary authority to carry out its work;	The scope of the audit has been included in their audit reports. Internal Audit Reports have been submitted to the Audit Committee for their review.
	(ii) Review the internal audit program and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit ;	The Board Audit Committee has reviewed and approved the Annual Internal Audit Program. Internal Audit Reports, with the management comments, have been discussed at length, and action is taken to rectify the same.
	(iii) Assess the performance of the head and senior staff members of the Internal Audit Department;	The Board Audit Committee is in compliance with this requirement, as it has assessed the performance of the AGM Internal Audit.
	(iv) Ensure that the Internal Audit Function is independent and activities are performed with impartiality, proficiency, and due professional care;	CIA is independent and he directly reports to Board Audit Committee.

Section	Corporate Governance Principle	Compliance
	(v) Ensure the Internal Audit Function carries out a periodic review of the Compliance Function and regulatory reporting to regulatory bodies.	Compliance Audit is included in the Internal Audit Plan.
	(vi) Examine the major findings of internal investigations and management's responses thereto. ;	There is regular reporting to the BAC on the status of investigations.
10.2.h	Committee shall review the statutory examination reports of the Central Bank of Sri Lanka (CBSL) and ensure necessary corrective actions are taken in a timely manner and monitor the progress of implementing the time-bound action plan quarterly.	BOD reviews the status of the pending action points of the statutory examination report of the CBSL on every quarter and to the Board every month to ensure necessary actions are taken.
10.2.i	Meetings of the Committee	
	i. The committee shall meet as specified in direction 10.1 above, with due notice of issues to be discussed and shall record its conclusions in discharging its duties and responsibilities.	BAC has met five times for the financial year and meeting minutes are in place.
	ii. Other Board members, senior management, or any other employee may attend meetings upon the invitation of the committee when discussing matters under their purview.	Members of the Board Audit Committee , CEO, CFO, COO, CIA attend the meetings by invitation.
	iii. BAC shall meet at least twice a year with the external auditors without any other directors / senior management / employees being present.	Two meetings were held with the External Auditors without any other directors / senior management being present.
10.3	Board Integrated Risk Management Committee (BIRMC)	
	The following shall apply in relation to the BIRMC	
10.3.a.	The Committee shall be chaired by an Independent Director. The Board members appointed to BIRMC shall be Non-Executive Directors with knowledge and experience in banking, finance, risk management issues and practices. The CEO and Chief Risk Officer (CRO) may attend the meetings upon invitation. The BIRMC shall work with Senior Management closely and make decisions on behalf of the Board within the framework of the authority and responsibility assigned to the committee.	The Committee consisted of three Non-Executive Directors and the committee is chaired by an independent director. The Chief Executive Officer may attend the meetings upon invitation. The Committee closely works with Key Responsible Personnel and makes decisions on behalf of the Board within the framework of the authority and responsibility assigned to the Committee.
10.3.b	The secretary to the committee may preferably be the CRO.	The CRO acts as the secretary of the IRMC.

Section	Corporate Governance Principle	Compliance
10.3.c	The committee shall assess the impact of risks, including credit, market, liquidity, operational and strategic, compliance and technology to the Company at least once in two monthly basis through appropriate risk indicators and management information and make recommendations on the risk strategies and the risk appetite to the Board;	The Committee has an appropriate process to assess the impact of all risks quarterly through identified risk indicators and management information.
10.3.d	Developing the Company's risk appetite through a Risk Appetite Statement (RAS), which articulates the individual and aggregate level and types of risk that a FC will accept, or avoid, in order to achieve its strategic business objectives. The RAS should include quantitative measures expressed relative to earnings, capital, liquidity, etc., and qualitative measures to address reputation and compliance risks as well as money laundering and unethical practices. The RAS should also define the boundaries and business considerations in accordance with which the FC is expected to operate when pursuing business strategy and communicate the risk appetite linking it to daily operational decision making and establishing the means to raise risk issues and strategic concerns throughout the FC.;	Board approved, Risk Appetite is in place along with the quantified risk limits .
10.3.e.	The BIRMC shall review the Company's risk policies including RAS, at least annually.	All policies including the Risk policies are reviewed by BIRMC on an annual basis.
10.3.f	The BIRMC shall review the adequacy and effectiveness of senior management level committees (such as credit, market, liquidity investment, technology and operational) to address specific risks and to manage those risks within quantitative and qualitative risk limits as specified by the committee.	In fulfilling its responsibilities, the Committee reviewed the adequacy and effectiveness of Management Committees to manage risks. BIRMC assessed the adequacy and effectiveness of the Assets & Liabilities Committee (ALCO) to address specific risks.
10.3.g	The committee shall assess all aspects of risk management including updated business continuity and disaster recovery plans.	Any event which impacts the business continuity is discussed in the meeting. Disaster recovery is an important part of Company's IT Policy.
10.3.h	BIRMC shall annually assess the performance of the compliance officer and the CRO.	BIRMC assessed the performance of the Compliance Officer in 2025/26. The Risk Manager's performance was assessed in 2025/26 and promoted to the Senior Manager Grade.
10.3.i	Compliance function	
10.3.i.i	BIRMC shall establish an independent compliance function to assess the Company's compliance with laws, regulations, directions, rules, regulatory guidelines and approved policies on the business' operations.	The BIRMC has established an independent Compliance Function.

Section	Corporate Governance Principle	Compliance
10.3.i.ii	For a Company with an asset base of more than Rs. 20 bn, a dedicated Compliance Officer considered to be Senior Management with sufficient seniority, who is independent from day to day management, shall carry out the compliance function and report to the BIRMC directly. The compliance officer shall not have management or financial responsibility related to any operational business lines or income generating functions, and there shall not be 'dual hatting', i.e. the chief operating officer, chief financial officer, chief internal auditor, chief risk officer or any other senior management shall not serve as the compliance officer.	Independent compliance function is in place. AGM Compliance serves as the compliance officer. As per the Job Description, Compliance Officer does not involve in any of these activities mentioned in the Direction.
10.3.i.iii	For FCs with an asset base of less than Rs. 20bn, an officer with adequate seniority considered to be senior management shall be appointed as compliance officer, avoiding any conflict of interest.	BIRMC had appointed a dedicated Compliance Officer.
10.3.i.iv	The responsibilities of a compliance officer would broadly encompass the following:	
	i) Develop and implement policies and procedures designed to eliminate or minimize the risk of breach of regulatory requirements;	Board approved policies and procedures are in place and available on the intranet which is accessible by all employees of the Company.
	ii) Ensure compliance policies and procedures are clearly communicated to all levels of the FC to enhance the compliance culture;	IRMC approved Compliance policy is in place and those have been communicated and given specific trainings for the employees such as AML/CFT/CFP Policy etc.
	(iii) Ensures, that reviews are undertaken at appropriate frequencies to assess compliance with regulatory rules and internal compliance standards;	Periodic reviews are conducted to assess the level of compliance with regulatory rules and internal compliance standards.
	(iv) Understand and apply all new legal and regulatory developments relevant to the business of FC;	The Company implements all new legal and regulatory developments that are applicable to its business.
	v) Secure early involvement in the design and structuring of new products and systems, to ensure that they conform to regulatory requirements, internal compliance, and ethical standards.	All regulatory compliances are ensured before launch of any new product.
	vi) Highlight serious or persistent compliance problems and where appropriate, work with the management to ensure that they are rectified within an acceptable time frame, and	Compliance testing is carried out periodically and action is taken to rectify if deviations are noted. Currently this is tested by the Compliance and reported periodically. To enhance this process, we have developed a compliance testing plan where we have given responsibility for the relevant departments to comply, and to confirm the testing in each quarter.
	vii) Maintain regular contact and a good working relationship with regulators based upon clear and timely communication and a mutual understanding of the regulators' objectives with the highest integrity.	With the regulators, a positive working relationship is upheld. There is maintenance of timely reporting and communications.

Section	Corporate Governance Principle	Compliance
10.3.j	Risk management function	
10.3.j.i	BIRMC shall establish an independent risk management function responsible for managing risk taking activities across the FC.	Senior Manager -Risk Management was designated as CRO (with the approval from CBSL) on 24th February 2026.
10.3.j.ii	For FCs with an asset base of more than Rs.20 bn, it is expected to have a separate risk management department and a dedicated CRO, considered to be senior management, shall carry out the risk management function and report to the BIRMC periodically.	Senior Manager -Risk Management was designated as CRO (with the approval from CBSL) on 24th February 2026.
10.3.j.iii	The CRO has the primary responsibility for implementing the Board approved risk management policies and processes including RAS in order to ensure the FC's risk management function is robust and effective to support its strategic objectives and to fulfill broader responsibilities to various stakeholders.	Board approved RAS is in place.
10.3.j.iv	The BIRMC shall ensure that the CRO is responsible for developing and implementing a Board approved integrated risk management framework that covers: various potential risks and frauds; possible sources of such risks and frauds; mechanism of identifying, assessing, monitoring and reporting of such risks and frauds; includes quantitative and qualitative analysis covering stress testing; effective measures to control and mitigate risks at prudent levels; and relevant officers and committees responsible for such control and mitigation. The framework shall be reviewed and updated at least annually.	The Company has established Risk Management policy covering various types of risks their identifications and mitigation plan. The policy is reviewed in periodical basis.
10.3.j.v	The chief risk officer shall also participate in key decision making processes such as capital and liquidity planning, new product or service development, etc, and make recommendations on risk management.	The Company is in compliance with this requirement, as the Chief Risk Officer actively participates in key decision making processes.
10.3.j.vi	The CRO shall maintain an updated risk register, which shall be submitted to the BIRMC on a quarterly basis.	The Risk Manager is maintaining a risk register and he submits to BIRCM on a quarterly basis.
10.3.j.vii	The BIRMC shall submit a risk assessment report for the upcoming Board meeting seeking the Board's views, concurrence and/or specific directions.	This has been adopted for 2025/26 financial year.
10.4	Nomination Committee	
	The following shall apply in relation to the Nomination Committee:	

Section	Corporate Governance Principle	Compliance
10.4.a.	The committee shall be constituted of Non-Executive Directors and preferably the majority may be Independent Directors. An Independent Director shall chair the committee. The CEO may be present at meetings by invitation of the committee.	The Company is in compliance with this requirement.
10.4.b	Secretary to the nomination committee may preferably be the Company secretary.	Secretary to the committee is the Company secretary.
10.4.c	The committee shall implement a formal and transparent procedure to select/appoint new directors and senior management. Senior management is to be appointed with the recommendation of CEO, excluding CIA, CRO and Compliance officer.	KRP appointments are subject to the respective committee approvals.
10.4.d	The committee shall ensure that directors and senior management are fit and proper persons to perform their functions as per the FBA (Assessment of Fitness and Propriety of Key Responsible Persons).	The Committee ensures that this has complied with the terms of FBA (Assessment of Fitness and Propriety of Key Responsible Persons) and with the committee recommendation for the Board approval.
10.4.e	The selection process shall include reviewing whether the proposed directors (i) possess the knowledge, skills, experience, independence and objectivity to fulfil their responsibilities on the Board; (ii) have a record of integrity and good repute; and (iii) have sufficient time to fully carry out their responsibilities.	The selection process is carried out to confirm with the stated section.
10.4.f	The committee shall strive to ensure that the Board composition is not dominated by any individual or a small group of individuals in a manner that is detrimental to the interests of the stakeholders and the FC as a whole.	The composition of the Board is not in any manner dominated by an individual or a small group of individuals.
10.4.g	The committee shall set the criteria, such as qualifications, experience, and key attributes required for eligibility, to be considered for the appointment to the posts of CEO and senior management.	The Committee considers and recommends to the Board the criteria, such as qualifications, experience, and key attributes required for eligibility, to be considered for the appointment to the posts of CEO and Senior Management.
10.4.h	Upon the appointment of a new director to the Board, the committee shall assign the responsibility to the Company secretary to disclose to shareholders: (i) a brief resume of the director; (ii) the nature of the expertise in relevant functional areas; (iii) the names of companies in which the director holds directorships or memberships in Board committees; and (iv) whether such director can be considered as independent.	The Company secretary disclosed the appointment of new directors with the said information to the shareholders.

Section	Corporate Governance Principle	Compliance
10.4.i	The committee shall consider and recommend (or not recommend) the re election of current directors, taking into account the combined knowledge, performance towards strategic demands faced by the FC and contribution made by the director concerned towards the discharge of the Board's overall responsibilities.	Company Secretary follows said criteria.
10.4.j	The committee shall consider and recommend from time to time, the requirements of additional/ new expertise and the succession arrangements for retiring directors and senior management.	Board approved Succession Plan is in place.
10.4.k	A member of the Nomination Committee shall not participate in decision making relating to their own appointment/re-appointment and the Chairperson of the Board should not chair the Committee when it is dealing with the appointment of the successor.	Members of the Board Nomination Committee is not involved in the decision making process for their own appointment or re-appointment.
10.5	Human Resources and Remuneration Committee	
	The following shall apply in relation to the Human Resources and Remuneration Committee:	
10.5.a	The committee shall be chaired by a Non-Executive Director and the majority of the members shall consist of Non-Executive Directors.	The Committee is comprised of three Directors and two of the directors are Non-Executive directors.
10.5.b	The secretary to the Human Resource and Remuneration Committee may preferably be the Company secretary.	The Company secretary functions as the secretary to the committee.
10.5.c	The committee shall determine the remuneration policy (salaries, allowances, and other financial payments) relating to Executive Directors and senior management of the FC and fees and allowances structure for Non-Executive Directors.	Presently the Remuneration and Benefits of the senior management are decided by the BRC.
10.5.d	There shall be a formal and transparent procedure in developing the remuneration policy.	The existing Remuneration mechanism focus on achieve transparent, fair and equitable benefits.
10.5.e	The committee shall recommend the remuneration policy for approval of the Board on paying salaries, allowances, and other financial incentives for all employees of the FC. The policy shall be subject to periodic review by the Board, including when material changes are made.	The remuneration and benefits are reviewed annually and recommended by the committee and approved by the Board.
10.5.f	The remuneration structure shall be in line with the business strategy, objectives, values, long term interests, and cost structure of the FC. It shall also incorporate measures to prevent conflicts of interest. In particular, incentives embedded within remuneration structures shall not incentivize employees to take an excessive risk or to act in self-interest.	The remuneration structure is in line with the business strategy, objectives, values, long term interests, and cost structure of the Company. It also includes measures to prevent conflicts of interest.

Section	Corporate Governance Principle	Compliance
10.5.g	The committee shall review the performance of the senior management (excluding Chief Internal Auditor, Compliance Officer, Chief Risk Officer) against the set targets and goals, which have been approved by the Board at least annually, and determine the basis for revising remuneration, benefits, and other payments of performance based incentives.	The performance of the senior management has been reviewed by the BRC. Financial benefits have been decided based on their Performances. The Compliance officer's and Chief Internal Auditor's performance are directed to the relevant sub committees.
10.5.h	The committee shall ensure that the senior management shall abstain from attending committee meetings when matters relating to them are being discussed.	The committee adheres to the stated section.
11	**INTERNAL CONTROLS**	
11.1	FCs shall adopt well established internal control systems, which include the organizational structure, segregation of duties, clear management reporting lines, and adequate operating procedures in order to mitigate operational risks.	This is ensured through: • Board approved policies and procedures • TORs for sub committees • Approved organizational structure • Job descriptions • Regular reviews of internal controls by the IAD
11.2	A proper internal control system shall: promote effective and efficient operations; provide reliable financial information; safeguard assets; minimize the operating risk of losses from irregularities, fraud, and errors; ensure effective risk management systems; and ensure compliance with relevant laws, regulations, directions, and internal policies.	
11.3	All employees shall be given the responsibility for internal controls as part of their accountability for achieving objectives.	
12.	**RELATED PARTY TRANSACTIONS**	
12.1	Board shall establish a policy and procedures for related party transactions, which covers the following.	A Board approved, RPT policy is in place.
12.1.a	All FCs shall establish a Related Party Transactions Review Committee (RPTRC) and the Chairperson shall be an Independent Director and the members shall consist of Non-Executive Directors.	The Board has established a Board Related Party Transactions Review Committee, in conformity with the Direction.
12.1.b	All related party transactions shall be prior reviewed and recommended by the RPTRC.	Related party transactions are subject to prior approval.

Section	Corporate Governance Principle	Compliance
12.1.c	The business transactions with a related party that is covered in this Direction shall be the following: Granting accommodation; Creating liabilities to the FC in the form of deposits, borrowings and any other payable; Providing financial or non financial services to the FC or obtaining those services from the FC. Creating or maintaining reporting lines and information flows between the FC and any related party which may lead to sharing proprietary, confidential or information not available in the public domain or otherwise sensitive information that may give benefits to such related party.	The policy which speaks on types of related party transactions for the Company to avoid any conflicts of interest that may arise from any transaction with the related parties is in place. All related party transactions have been disclosed in the Financial Statements.
12.2	The committee shall take the necessary steps to avoid any conflicts of interest that may arise from any transaction of the FC with any person, and particularly with the following categories of persons who shall be considered as "related parties" for the purposes of this Direction. In this regard, there shall be a named list of natural persons/institutions identified as related parties, which is subject to periodic review as and when the need arises. Directors and senior management; Shareholders who directly or indirectly hold more than 10% of the voting rights of the FC; Subsidiaries, associates, affiliates, holding Company, ultimate parent Company and any party (including their subsidiaries, associates and affiliates) that the FC exert control over or vice versa; Directors and senior management of legal persons in paragraph (b) or (c); Relatives of a natural person described in paragraph (a), (b) or (d); Any concern in which any of the FC's directors, senior management or a relative of any of the FC's director or senior management or any of its shareholders who has a shareholding directly or indirectly more than 10% of the voting rights has a substantial interest.	The Board is well aware of the requirement of identification of related party transactions and a Board approved, Related Party Transaction Guide is in place which discusses categories of related parties, and aids the Company to avoid any conflicts of interest that may arise from any transaction of the Company.

Section	Corporate Governance Principle	Compliance
12.3	The Committee shall ensure that the FC does not engage in business transactions with a related party in a manner that would grant such party "more favorable treatment" than that is accorded to other similar constituents of the FC. For the purpose of this paragraph, "more favorable treatment" shall mean: Granting of "total accommodation" to a related party, exceeding a prudent percentage of the FC's regulatory capital, as determined by the committee; Charging of a lower rate of interest or paying a rate of interest exceeding the rate paid for a comparable transaction with an unrelated comparable counter-party; Providing preferential treatment, such as favourable terms, that extends beyond the terms granted in the normal course of business with unrelated parties; Providing or obtaining services to or from a related party without a proper evaluation procedure; Maintaining reporting lines and information flows between the FCs and any related party which may lead to share proprietary, confidential or otherwise sensitive information that may give benefits to such related party, except as required for the performance of legitimate duties and functions.	There is a documented process approved by the Board which clearly defines related party transactions and ensures that the Company does not engage in such transactions in a manner that would grant such related parties "more favorable treatment" than what is accorded to other constituents of the Company carrying out similar transactions with the Company.
13.	**GROUP GOVERNANCE**	
13.1	Responsibilities of the FC as a Holding Company.	The Company is a fully owned subsidiary of Mahindra and Mahindra Financial Services Limited India. The Company does not have subsidiaries or associates.
13.2	Responsibilities as a Subsidiary	
	If the FC is a subsidiary of another financial institution subject to prudential regulation, FC shall discharge its own legal and governance responsibilities.	The Company is a fully owned subsidiary of Mahindra and Mahindra Financial Services Limited. The Company fulfills its own legal and governing obligations.
14.	**CORPORATE CULTURE**	
	A FC shall adopt a Code of Conduct which includes the guidelines on appropriate conduct and addresses issues of confidentiality, conflicts of interest, the integrity of reporting, protection and proper use of Company assets and fair treatment of customers.	The Company has an internally developed Code of Conduct for all employees including Corporate and Senior Management. This Code focuses mainly on the following areas: Fair dealing, protection and proper use of the Company assets, record keeping and reporting, accounting and financial reporting concerns, reporting illegal or unethical behaviour, discrimination and harassment, health and safety, discipline, etc.

Section	Corporate Governance Principle	Compliance
14.2	The FC shall maintain records of breaches of the code of conduct and address such breaches in a manner that upholds high standards of integrity.	The Company maintains records of breaches of the Code of Conduct. If any breach of the Code of Conduct is reported, the disciplinary procedure is implemented and subsequent actions are taken as per the gravity of such incidents.
14.3	A FC shall establish a Whistle-Blowing policy that sets out avenues for legitimate concerns to be objectively investigated and addressed. Employees shall be able to raise concerns about illegal, unethical or questionable practices in a confident manner and without the risk of reprisal. The BAC shall review the policy periodically.	A Board approved Whistle-Blowing Policy is in place. All employees are encouraged to raise any matter which they genuinely believe, constitutes a potential or existing wrongdoing, such as a breach of the Code of Ethics of the Company.
15.	**CONFLICTS OF INTEREST**	
15.1.a	Relationships between the directors shall not exercise undue influence or coercion. A director shall abstain from voting on any Board resolution in relation to a matter in which such director or any of the relatives or a concern in which such director has a substantial interest, is interested, and such director shall not be counted in the quorum for the relevant agenda item in the Board meeting.	The Board is well aware of the requirement of identification of related party transactions and a Board approved, Related Party Transaction policy is in place which speaks on categories of related parties, and aids the Company to avoid any conflicts of interest that may arise from any transaction of the Company.
15.1.b	The Board shall have a formal written policy and an objective compliance process for implementing the policy to address potential conflicts of interest with related parties. The policy for managing conflicts of interest shall; Identify circumstances that constitute or may give rise to conflicts of interests; Express the responsibility of directors and senior management to avoid, to the extent possible, activities that could create conflicts of interest; Define the process for directors and senior management to keep the Board informed on any change in circumstances that may give rise to a conflict of interest; Implement a rigorous review and approval process for directors and senior management to follow before they engage in certain activities that could create conflicts of interest; Identify those responsible for maintaining updated records on conflicts of interest with related parties, and Articulate how any non compliance with the policy is to be addressed;	A Board approved Policy on Related party transaction is in place. Board approved Conflict of Interest Policy is in place which lines with the said criteria.

Section	Corporate Governance Principle	Compliance
16.	**DISCLOSURES**	
16.1	The Board shall ensure that: (a) annual audited financial statements and periodical financial statements are prepared and published in accordance with the formats prescribed by the regulatory and supervisory authorities and applicable accounting standards, and that (b) such statements are published in the newspapers in Sinhala, Tamil and English. The Board shall ensure that at least the following disclosures are made in the Annual Report of the FC:	Annual audited financial statements and periodical financial statements are prepared and published in accordance with the formats prescribed by the regulatory and supervisory authorities and applicable accounting standards. Further, such statements are published in the newspapers in Sinhala, Tamil and English.
	i. Financial Statements In addition to the set of financial statements as per LKAS 1 or applicable standard annual report shall include, A statement to the effect that the annual audited financial statements have been prepared in line with applicable accounting standards and regulatory requirements, inclusive of specific disclosures. A statement of responsibility of the Board in preparation and presentation of financial statements.	This is being disclosed in the "Annual Report of the Board of Directors on the state of affairs of the Company" appearing on pages 136-138 of the Annual Report.
	ii. Chairperson, CEO and Board Related Disclosures Name, qualification and a brief profile.Whether executive, non-executive and/or independent director; Details of the director who is serving as the senior director, if any; The nature of expertise in relevant functional areas; Relatives and/or any business transaction relationships with other directors of the Company; Names of other companies in which the director/ CEO concerned serves as a director and whether in an executive or non-executive capacity; Number/percentage of Board meetings of the FC attended during the year; and Names of Board committees in which the director serves as the Chairperson or a member;	Details of the Directors including names and transactions with the Finance Company are given on pages 190-191 of the Annual Report.

Section	Corporate Governance Principle	Compliance
	iii. Appraisal of Board Performance An overview of how the performance evaluations of the Board and its committees have been conducted.	A process is in place for the annual self assessments of Directors to be undertaken by each Director and the records of such assessments are maintained by the Company secretary. The summary of the self assessment is submitted to the Board enabling Directors to discuss relevant matters, if any.
	iv. Remuneration A statement on the remuneration policy, which includes Board fee structure and breakdown of remuneration of senior management level and mix of remuneration (financial and non-financial, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation) The aggregate values of remuneration paid by the FC to its directors and senior management.	Performance driven remuneration and increments to the remuneration package shall depend on achievement of agreed performance standards or financial benchmarks which have been set as per the Annual Strategic Plan and the Budget. All employee's annual promotions, increments, bonuses are directly in relation with the employee's performance, contribution, commitment, professional conduct and behavior. The remuneration structure of the staff and Senior Management shall be in line with the business strategy, objectives, values, long term interest, cost structure of the Company, incorporating prevention of conflict of interest, in particular incentives embedded within the remuneration structures that do not incentivize employees to take excessive risk or act in self-interest.

Aggregate remuneration paid to Directors	
Form of remuneration	Amount '000
Board and Sub-committee sitting fees	3,300
Fixed Allowances	21,659
Total remuneration paid to directors	24,959

Aggregate remuneration paid to Senior Management	
Form of remuneration	Amount '000
Basic Salary	60,060
Fixed Allowances	22,436
Bonuses	16,015
Reimbursed Expenses	12822
Total remuneration paid to senior management	111,333

Section	Corporate Governance Principle	Compliance
	v. Related Party Transactions The nature of any relationship [including financial, business, family or other material/ relevant relationship(s)], if any, between the Chairperson and the CEO and the relationships among members of the Board; Total net accommodation granted in respect of each category of related parties and the net accommodation outstanding in respect of each category of related parties as a percentage of the FC's core capital; The aggregate values of the transactions of the FC with its senior management during the financial year, set out by broad categories such as accommodation granted, and deposits or investments made in the FC;	Total of net accommodation granted in respect of each category of related parties. Net accommodation for Directors – Nil. Net accommodation for Senior Management – Rs Nil. The aggregate values of the deposits outstanding as at 31st March 2026 with Senior Management is LKR 1.69 Mn.
	vi. Board Appointed Committees The details of the chairperson and members of the Board committees and attendance at such meetings.	Please refer 'Directors' attendance and Committee Memberships' on the relevant subcommittee reports of the Annual report.
	vii. Group Structure The group structure of the FC within which it operates the group governance framework.	The Company is a fully owned subsidiary of Mahindra and Mahindra Financial Services Limited , India . The Company fulfills its own legal and governing obligations.
	viii. Director's Report - A report, which shall contain the following declarations by the Board; The FC has not engaged in any activity, which contravenes laws and regulations; The directors have declared all related party transactions with the FC and abstained from voting on matters in which they were materially interested; The FC has made all endeavors to ensure the fair treatment for all stakeholders, in particular the depositors; The business is a going concern with supporting assumptions; and The Board has conducted a review of internal controls covering material risks to the FC and have obtained reasonable assurance of their effectiveness.	Given on pages 136-140 of the Annual Report.

Section	Corporate Governance Principle	Compliance
	ix. Statement of Internal Control A report by the Board on the FC's internal control mechanism that confirms that the financial reporting system has been designed to provide a reasonable assurance regarding the reliability of financial reporting, and that the preparation of financial statements for external purposes has been done in accordance with relevant accounting principles and regulatory requirements; The external auditor's assurance statement on the effectiveness of the internal control mechanism referred above, in respect of any statement prepared or published; A report setting out details of the compliance with prudential requirements, regulations, laws and internal controls and measures taken to rectify any non compliances; A statement of the regulatory and supervisory concerns on lapses in the FC's risk management, or non compliance with the Act, and rules and directions.	Given on pages 139-140 of the Annual Report.
	x. Corporate Governance Report Shall disclose the manner and extent to which the Company has complied with Corporate Governance Direction and the external auditor's assurance statement of the compliance with the Corporate Governance Direction.	The Corporate Governance Report is set out on pages 57-112 of the Annual Report of the Company. The Company has obtained an independent assurance report from the External Auditors over compliance with Finance Business Act Direction No. 05 of 2021 on Corporate Governance.
	xi. Code of Conduct FC's code of business conduct and ethics for directors, senior management and employees. The Chairperson shall certify that the Company has no violations of any of the provisions of this code.	A Board approved Code of Conduct is in place. Please refer the Chairperson's message on pages 14-15 that the Company has no violations of any of the provisions of this code.

Section	Corporate Governance Principle	Compliance
	xii. Management Report Industry structure and developments; Opportunities and threats; Risks and concerns; Sustainable finance activities carried out by the Company; Prospects for the future.	Please refer CEO's message on pages 16-18.
	xiii. Communication with Shareholders The policy and methodology for communication with shareholders; The contact person for such communication.	The Board approved Communication Policy is in place which covers all stakeholders including Depositors, Creditors, Shareholders, and Borrowers. The Board of directors, officers, and employees comply with the policy in order to ensure effective communication in the best interests of all stakeholders. The Company secretary shall communicate with the shareholders through the Annual report and by notices issued to the shareholders.

COMPLIANCE WITH SECTION 9 OF THE LISTING RULES ISSUED BY THE COLOMBO STOCK EXCHANGE ON CORPORATE GOVERNANCE

Section Reference	Requirement of the Direction	Extent of Adoption
9.2	**Policies**	
9.2.1	The Company shall establish and maintain the following policies and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the Entity on its website; (a) Policy on the matters relating to the Board of directors. (b) Policy on Board Committees - To mention regarding the TOR. (c) Policy on Corporate Governance, Nominations and Re- election. (d) Policy on Remuneration (e) Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities (f) Policy on Risk management and Internal controls (g) Policy on Relations with Shareholders and Investors (h) Policy on Environmental, Social and Governance Sustainability (i) Policy on Control and Management of Company Assets and Shareholder Investments (j) Policy on Corporate Disclosures (k) Policy on Whistle-blowing (l) Policy on Anti-Bribery and Corruption	All these policies have been established by the Company in accordance with this requirement, and their existence and the implementation have been duly disclosed on the corporate website :- https://www.mahindraifl.lk/finance-information-kpi/published-information/
9.2.2	Any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted by the Listed Entity shall be fully disclosed in the Annual Report.	No such situation has transpired since listing in CSE dated 07.04.2026.
9.2.3	Listed Entities shall disclose in its Annual Report: i) the list of policies that are in place in conformity to Rule 9.2.1 above, with reference to its website. ii) details pertaining to any changes to policies adopted by the Listed Entities in compliance with Rule 9.2 above	Refer section 9.2.1 above.
9.2.4	Listed Entities shall make available all such policies to shareholders upon a written request being made for any such Policy.	Any of the above policies can be furnished to shareholders upon written request submitted to the Company secretary.

Section Reference	Requirement of the Direction	Extent of Adoption
9.3	**Board Committees**	
9.3.1	Listed Entities shall ensure that the following Board committees are established and maintained at a minimum and are functioning effectively. The said Board committees at minimum shall include; a. Nominations and Governance Committee b. Remuneration Committee c. Audit Committee d. Related Party Transactions Review Committee.	Company has established the Nominations and Governance Committee, Human Resources and Remuneration Committee, Board Audit Committee, Board Integrated Risk Management Committee, Related Party Transactions Review Committee, and Board Information and Communication Technology and Information Security Steering Committee.
9.3.2	Listed Entities shall comply with the composition, responsibilities and disclosures required in respect of the above Board committees as set out in these Rules.	The Company complies with the requirements stated under section 9.3.2.
9.3.3	The Chairperson of the Board of Directors of the Listed Entity shall not be the Chairperson of the Board Committees referred to in Rule 9.3.1 above.	Board Chairman does not hold the position of Chairperson in any of the Committees specified under this rule.
9.4	**Adherence to principles of democracy in the adoption of meeting procedures and the conduct of all General Meetings with shareholders**	
9.4.1	Listed Entities shall maintain records of all resolutions and the following information upon a resolution being considered at any General Meeting of the Entity. The Entity shall provide copies of the same at the request of the Exchange and/or the SEC. a. The number of shares in respect of which proxy appointments have been validly made; b. The number of votes in favour of the resolution; c. The number of votes against the resolution; and d. The number of shares in respect of which the vote was directed to be abstained.	The Company secretary maintains records of all resolutions and information.
9.4.2	Communication and relation with Shareholders and Investors	The Company has implemented a Communication Policy, approved by the Board, which meets the requirements outlined in this rule.

Section Reference	Requirement of the Direction	Extent of Adoption
9.5	**Policy on matters relating to the Board of Directors**	
9.5.1	Listed Entities shall establish and maintain a formal policy governing matters relating to the Board of Directors and such policy shall: a. recognize the need for a balance of representation between Executive and Non-Executive Directors and cover at minimum Board composition, the roles and functions of the Chairperson and Chief Executive Officer or equivalent position (hereinafter commonly referred to as the CEO), Board balance and procedures for the appraisal of Board performance and the appraisal of the CEO. b. where a Listed Entity decides to combine the role of the Chairperson and CEO, i. set out the rational for combining such positions; and, ii. require the Board Charter of the Listed Entity to contain terms of reference/functions of the Senior Independent Director (SID) and the powers of the SID, which should be equivalent to that of the Chairperson in the instance of a conflict of interest; iii. set out the measures implemented to safeguard the interests of the SID. c. require diversity in Board composition for Board effectiveness in terms of a range of experience, skills, competencies, age, gender, industry requirements and importance of objective selection of directors; d. stipulate the maximum number of Directors with the rationale for the same; e. specify the frequency of Board meetings, having regard to the requirements under the Listing Rules; f. provide mechanisms for ensuring that Directors are kept abreast of the Listing Rules and ongoing compliance and/or non-compliance by the Listed Entity with obligations arising under such Rules; g. specify the minimum number of meetings, in numbers and percentage, that a Director must attend, in order to ensure consistent attendance at Board Meetings and to avoid being deemed to vacate such position; h. provide requirements relating to trading in securities of the Listed Entity and its listed group companies and disclosure of such requirements; i. specify the maximum number of directorships in Listed Entities that may be held by Directors; j. recognize the right to participate at meetings of the Board and Board Committees by audio visual means and for such participation to be taken into account when deciding on the quorum.	These requirements are addressed through established policies and procedures, including the Corporate Governance Framework.

Section Reference	Requirement of the Direction	Extent of Adoption
9.5.2	Listed Entities shall confirm compliance with the requirements of the policy referred to in Rule 9.5.1 above in the Annual Report and provide explanations for any non-compliance with any of the requirements with reasons for such non-compliance and the proposed remedial action.	The Company complies with the requirements stated in section 9.5.1.
9.6	**Chairperson and CEO**	
9.6.1	The Chairperson of every Listed Entity shall be a Non-Executive Director. Consequently, the position of Chairperson and CEO shall not be held by the same individual.	The Board Chairman is an Independent Non-Executive Director. The roles of Chairman and Chief Executive Officer are held by separate individuals.
9.6.2	Disclosure of Non-Compliances the rule 9.6.1	Not applicable
9.6.3	Appointment of Senior Independent Director (SID)	Not applicable
9.6.4	Disclosure of Non-Compliances in the Annual Report with regard to Senior Independent Director (SID)	Not applicable
9.7	**Fitness of Directors and CEOs**	
9.7.1	The Listed Entities shall take necessary steps to ensure that their Directors and the CEO are, at all times, fit and proper persons as required in terms of these Rules: In evaluating fitness and propriety of the persons referred in these Rules, Listed Entities shall utilize the 'Fit and Proper Assessment Criteria' set out in Rule 9.7.3 below.	The Company complies with the requirements stated under section 9.7.1.
9.7.2	Listed Entities shall ensure that persons recommended by the Nominations and Governance Committee as Directors are fit and proper, as required in terms of these Rules, before such nominations are placed before the shareholders' meeting or appointments are made.	The Company complies with the requirements stated under section 9.7.2.
9.7.3	Fit and Proper Assessment Criteria; a) Honesty, Integrity and Reputation A Director or the CEO of a Listed Entity shall not be considered 'fit and proper' if she or he; i. has been convicted by a competent court of law in respect of a market offence for which he/she has been charged under the SEC Act or Securities Laws outside of Sri Lanka; ii. in his/her individual capacity or as a part of any business that he/she has been involved in, who/which has had a license or registration that has been cancelled by the SEC or any other regulatory authority; iii. has been convicted, within or outside Sri Lanka of an offence under any law involving fraud, misappropriation or dishonesty or the conviction of which involved a finding that he/she acted fraudulently or dishonestly; iv. has been convicted for contravening any provision of any law within or outside Sri Lanka for protecting members of the public against financial loss due to dishonesty, incompetence or malpractice by persons concerned in the provision of financial services or the management of companies;	

Section Reference	Requirement of the Direction	Extent of Adoption
9.7.3	v. has been disqualified from acting as a Director or CEO of a Company or has been dismissed or requested to resign from any position or office by the SEC in terms of the SEC Act or rules and regulations issued thereunder or any other statutory regulatory body due to mismanagement of funds or an offence which involves the commission of financial fraud; vi. has been disqualified from acting as a CEO/Key Management Person/ Director of a Company regulated by the CBSL and/or the Insurance Regulatory Commission of Sri Lanka (IRCSL) as applicable for failure to satisfy the fit and proper assessment criteria issued by the CBSL and/or IRCSL, respectively; vii. has been a Director or the CEO of any Listed Entity which has been delisted by the Exchange in the circumstances specified in Rule 11.3 of these Rules. b) Competence and Capability A Director or the CEO of an Entity shall not be considered as 'fit and proper' if she or he; (i) does not possess suitable academic or professional qualifications or necessary skills, competencies and experience which are determined by the Nominations and Governance Committee of the Listed Entity in terms of Rule 9.11.5 of these Rules which are required to efficiently contribute to the business operations of the Entity in his/her capacity as a Director/CEO (as applicable); (ii) has been declared by a court of competent jurisdiction in Sri Lanka or outside Sri Lanka, to be of unsound mind. c) Financial Soundness A Director or the CEO of an Entity shall not be considered as a 'fit and proper person' by the Exchange, if she or he; (i) is an undischarged bankrupt or a person on whose behalf a receiver or manager or liquidator or an equivalent person has been appointed within or outside Sri Lanka; (ii) has been the subject of a judgment debt which is unsatisfied, either in whole or in part, whether in Sri Lanka or outside Sri Lanka; (iii) has been in a position capable of exercising significant influence in a Company that has: (a) been declared bankrupt within or outside of Sri Lanka; or (b) its assets sequestrated for the non-satisfaction of a judgement debt.	The Company complies with the requirements stated under section 9.7.3.
9.7.4	Listed Entities shall obtain declarations from their Directors and CEO on an annual basis confirming that each of them have continuously satisfied the Fit and Proper Assessment Criteria set out in these Rules during the financial year concerned and satisfies the said criteria as at the date of such confirmation.	The Company assess the Fitness and Propriety of the Directors annually on Assessment of Fitness and Propriety of Key Responsible Persons.

Section Reference	Requirement of the Direction	Extent of Adoption
9.7.5	Disclosures in the Annual Report of Listed Entities Listed Entities shall include the following disclosures/reports in the Annual Report; (a) A statement that the Directors and CEO of the Listed Entity satisfy the Fit and Proper Assessment Criteria stipulated in the Listing Rules of the Colombo Stock Exchange; (b) Any non-compliance/s by a Director and/or the CEO of the Listed Entity with the Fit and Proper Assessment Criteria set out in these Rules during the financial year and the remedial action taken by the Listed Entity to rectify such non- compliance/s.	Disclosures are made in the Annual Report of the Board of Directors given on pages 136-142.
9.8	**Board Composition**	
9.8.1	The Board of Directors of a Listed Entity shall, at a minimum, consist of five (05) Directors.	The Board of Directors of the Company consisted of seven (7) Directors as at 31 March 2026.
9.8.2	Minimum Number of Independent Directors: (a) The Board of Directors of Listed Entities shall include at least two (2) Independent Directors or such number equivalent to one third (1/3) of the total number of Directors of the Listed Entity at any given time, whichever is higher; (b) Any change occurring to this ratio shall be rectified within ninety (90) days from the date of the change.	The Company complies with the requirement on the minimum number of Independent Directors. As at the end of the financial year under review, the Board comprised three (3) Independent Directors.
	Criteria for determining Independence; A Director shall not be considered independent if he/she: (i) has been employed by the Listed Entity during the period of three (3) years immediately preceding appointment as Director; (ii) currently has/had during the period of three (3) years immediately preceding appointment as a Director, a Material Business Relationship with the Listed Entity, whether directly or indirectly; iii) currently has/had during the preceding financial year a Close Family Member who is a Director and/or CEO in the Listed Entity; (iv) has a Significant Shareholding in the Listed Entity; (v) has served an aggregate period of nine (9) years on the Board of the Listed Entity from the date of the first appointment.	

Section Reference	Requirement of the Direction	Extent of Adoption
9.8.3	(vi) is employed in another Company or business; a. in which a majority of the other directors of the Listed Entity are employed or are directors; or b. in which a majority of the other directors of the Listed Entity have a Significant Shareholding or Material Business Relationship; or c. that has a Significant Shareholding in the Listed Entity or with which the Listed Entity has a Business Connection. (vii) is a director of another Company; a. in which a majority of the other directors of the Listed Entity are employed or are directors; or b. that has a Business Connection in the Listed Entity or a Significant Shareholding. (viii) has a Material Business Relationship or a Significant Shareholding in another Company or business; a. in which a majority of the other directors of the Listed Entity are employed or are directors; and/or b. which has a Business Connection with the Listed Entity or Significant Shareholding in the same; and/or c. where the core line of business of such Company is in direct conflict with the line of business of the Listed Entity. (ix) is above the age of seventy (70) years.	All the Independent Directors of the Company fulfilled the criteria defining independence under Section 9.8.3 of this rule.
9.8.5	The Board of Directors of Listed Entities shall require: (a) Each Independent Director to submit a signed and dated declaration annually of his or her "independence" or "non-independence" against the criteria specified herein (and in the format in Appendix 9A), containing at a minimum the content prescribed therein; (b) Make an annual determination as to the "independence" or "non- independence" of each Independent Director based on the Directors` declaration and other information available to it and shall set out the names of Directors determined to be 'independent' in the Annual Report; (c) If the Board of Directors determines that the independence of an Independent Director has been impaired against any of the criteria set out in Rule 9.8.3, it shall make an immediate Market Announcement thereof.	The Company complies with the requirements stated under section 9.8.5. A self-declaration in relation to the independence status has been obtained as a part of each Director's performance assessment for the financial year under review.
9.9	**Alternate Directors**	
9.9	Appointment of Alternate Directors	No Alternate Directors were appointed during the year under review.

Section Reference	Requirement of the Direction	Extent of Adoption
9.10	**Disclosures relating to Directors**	
9.10.1	Listed Entities shall disclose its policy on the maximum number of directorships its Board members shall be permitted to hold in the manner specified in Rule 9.5.1. In the event such number is exceeded by a Director(s), the Entity shall provide an explanation for such non-compliance in the manner specified in Rule 9.5.2 above.	In accordance with Section 3.11 of the Finance Business Act Direction, No. 5 of 2021, a Director of the Company shall not hold office as a Director or in any equivalent position (including Alternate Directorships) in more than twenty (20) companies, societies, or bodies, including subsidiaries and associates of the Company and none of the directors hold more than 20 directorships during the year under review.
9.10.2	Listed Entities shall, upon the appointment of a new Director to its Board, make an immediate Market Announcement setting out the following; i. a brief resume of such Director; ii. his/her capacity of directorship; and iii. Statement by the Entity indicating whether such appointment has been reviewed by the Nominations and Governance Committee of the Entity.	There was no new director appointments were made since CSE listing date (07.04.2026).
9.10.3	Listed Entities shall make an immediate Market Announcement regarding any changes to the composition of the Board Committees referred to in Rule 9.3 above containing, at minimum, the details of changes including the capacity of directorship with the effective date thereof.	Any changes to the composition of Board Committees are communicated to the Colombo Stock Exchange (CSE) as required. There were no changes to the Board Sub Committeess since CSE listing date (07.04.2026).
9.10.4	Disclosures in relation to the Directors in the Annual Report; (a) name, qualifications and brief profile; (b) the nature of his/her expertise in relevant functional areas; (c) whether either the Director or Close Family Members has any material business relationships with other Directors of the Listed Entity; (d) whether Executive, Non-Executive and/or independent Director; (e) the total number and names of companies in Sri Lanka in which the Director concerned serves as a Director and/ or Key Management Personnel indicating whether such companies are listed or unlisted Companies and whether such Director functions in an executive or non-executive capacity, provided that where he/she holds directorships in companies within a Group of which the Listed Entity is a part, their names (if not listed) need not be disclosed; it is sufficient to state that he/she holds other directorships in such companies;	

Section Reference	Requirement of the Direction	Extent of Adoption
	(f) number of Board meetings of the Listed Entity attended during the year; (g) names of Board Committees in which the Director serves as Chairperson or a member; (h) Details of attendance of Committee Meetings of the Audit, Related Party Transactions Review, Nominations and Governance and Remuneration Committees. Such details shall include the number of meetings held and the number attended by each member.; and, (i) The terms of reference and powers of the SID (where applicable).	Refer pages 50-53 for the profiles of Directors. Refer page 61 for the Board meeting attendance and page 59 for Board committee meeting composition and attendance.
9.11	**Board Nomination and Governance Committee**	
9.11.1	Listed Entities shall have a Nominations and Governance Committee that conforms to the requirements set out in Rule 9.11 of these Rules.	The Company has established a Nomination and Governance Committee as per the requirement of this section.
9.11.2	Listed Entities shall establish and maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board through the Nominations and Governance Committee.	All appointments to the Board are subject to the recommendation of the Company's Nomination and Governance Committee. For further details, please refer to the Nomination and Governance Committee Report on pages 118-119.
9.11.3	The Nominations and Governance Committee shall have a written term of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings	The Company complies with the requirements stated under section 9.11.3.
9.11.4	Composition (1) The members of the Nominations and Governance Committee shall; (a) comprise a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors of the Listed Entity. (b) not comprise Executive Directors of the Listed Entity. (2) An Independent Director shall be appointed as the Chairperson of the Nominations and Governance Committee by the Board of Directors. (3) The Chairperson and the members of the Nominations and Governance Committee shall be identified in the Annual Report of the Listed Entity.	The Company complies with the requirements stated under section 9.11.4. Refer Report of the Board Nomination and Governance Committee on pages 118-119.

Section Reference	Requirement of the Direction	Extent of Adoption
9.11.5	The functions of the Nomination and Governance Committee: (i) Evaluate the appointment of Directors to the Board of Directors and Board Committees of the Listed Entity. However, a member of the Nominations and Governance Committee shall not participate in decisions relating to his/ her own appointment; (ii) Consider and recommend (or not recommend) the re-appointment/ reelection of current Directors taking into account; • the combined knowledge, experience, performance and contribution made by the Director to meet the strategic demands of the Listed Entity and the discharge of the Board's overall responsibilities; and, • the number of directorships held by the Director in other listed and unlisted companies and other principal commitments. (iii) Establish and Maintain a formal and transparent procedure to evaluate, select and appoint/re-appoint Directors of the Listed Entity; (iv) Establish and maintain a set of criteria for selection of Directors such as the academic/professional qualifications, skills, experience and key attributes required for eligibility, taking into consideration the nature of the business of the Entity and industry specific requirements; (v) Establish and maintain a suitable process for the periodic evaluation of the performance of Board of Directors and the CEO of the Entity to ensure that their responsibilities are satisfactorily discharged; (vi) Develop succession plan for Board of Directors and Key Management Personnel of the Listed Entity; (vii) Review the structure, size and composition of the Board and Board Committees with regard to effective discharge of duties and responsibilities; (viii)Review and recommend the overall corporate governance framework of the Listed Entity, taking into account the Listing Rules of the Exchange, other applicable regulatory requirements and industry/international best practices; (ix) Periodically review and update the corporate Governance Policies / Framework of the Entity in line with the regulatory and legal developments relating to same, as a best practice; (x) Receive reports from the Management on compliance with the corporate governance framework of the Entity including the Entity's compliance with provisions of the SEC Act, Listing Rules of the Exchange and other applicable laws, together with any deviations/non-compliances and the rational for same.	The Company complies with the requirements stated under section 9.11.5. Refer Report of the Board Nomination and Governance Committee on pages 118-119.

Section Reference	Requirement of the Direction	Extent of Adoption
9.11.6	Disclosures in Annual Report The Annual Report of Listed Entities shall contain a report of the Nominations and Governance Committee signed by its Chairperson. The said report shall include the following: (a) the names of the Chairperson and members of the Committee and the nature of directorships held by such members); (b) the date of appointment to the Committee; (c) whether a documented policy and processes are in place when nominating Directors; (d) whether all directors should be required to submit themselves for reelection at regular intervals and at least once in every three (3) years; (e) a disclosure on Board diversity in the range of experience, skills, age, and gender as an essential factor for effective Board performance; (f) Details to demonstrate effective implementation of policies and processes relating to appointment and reappointment of Directors; (g) The following information regarding directors who are re-elected or being proposed for re-election during the year: · Board Committees served on (as a member or Chairperson), · Date of first appointment as a Director, · Date of last re-appointment as a Director, · Directorships or Chairpersonships and other principal commitments both present and those held over the preceding three years in other Listed Entities; and, Any relationships including close family relationships between the candidate and the directors, the Listed Entity or its shareholders holding more than ten per-centum (10%) of the shares of the Listed Entity. (h) Whether periodic evaluations have been conducted on the performance of the Board of Directors and the CEO of the Entity as specified in Rule 9.11.5 above; (i) Processes adopted by the Listed Entity to inform the Independent Directors of major issues relating to the Entity; (j) Induction programs/orientation programs conducted for newly appointed Directors on corporate governance, Listing Rules, securities market regulations and other applicable laws and regulations, or an appropriate negative statement; (k) Annual update given to existing Directors on Corporate Governance, Listing Rules, securities market regulation and other applicable laws and regulations, or an appropriate negative statement.	Refer Report of the Board Nomination and Governance Committee on pages 118-119.

Section Reference	Requirement of the Direction	Extent of Adoption
	(l) A statement that the Directors of the Listed Entity meet the criteria for determining independence. (m) A statement that the Corporate Governance requirements stipulated under the Listing Rules of the CSE have been met and where the Listed Entity's fail to comply with any provisions of such Rules, a statement explaining the reason for such noncompliance and the proposed remedial action taken for the rectification of such noncompliance.	
9.12	**Remuneration Committee**	
9.12.2	Listed Entities shall have a Remuneration Committee that conforms to the requirements set out in Rule 9.12 of these Rules.	Human Resources (HR) and Remuneration committee is in place.
9.12.3	The Remuneration Committee shall establish and maintain a formal and transparent procedure for developing policy on Executive Directors' remuneration and for fixing the remuneration packages of individual Directors. No Director shall be involved in fixing his/her own remuneration.	A Board-approved remuneration policy is in place.
9.12.4	Remuneration for Non-Executive Directors should be based on a policy which adopts the principle of non-discriminatory pay practices among them to ensure that their independence is not impaired.	The Company complies with the requirements stated under section 9.12.4.
9.12.5	Remuneration Committee shall have a written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings.	The Company complies with the requirements stated under section 9.12.5. Refer Report of the Board HR and Remuneration Committee on pages 116-117.
9.12.6	Composition i. The members of the Remuneration Committee shall; a. comprise a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors of the Listed Entity; b. not comprise Executive Directors of the Listed Entity. ii. An Independent Director shall be appointed as the Chairperson of the Remuneration Committee by the Board of Directors.	The Company complies with the requirements stated under section 9.12.6. Refer Report of the Board HR and Remuneration Committee on pages 116-117.
9.12.7	The functions of the Remuneration Committee: The Remuneration Committee shall recommend the remuneration payable to the Executive Directors and CEO of the Listed Entity. and/or equivalent position thereof, to the Board of the Listed Entity which will make the final determination upon consideration of such recommendations. The Remuneration Committee may engage any external consultant or expertise that may be considered necessary to ascertain or assess the relevance of the remuneration levels applicable to Directors and CEO.	The Company complies with the requirements stated under section 9.12.7 Refer Report of the Board HR and Remuneration Committee on pages 116-117.

Section Reference	Requirement of the Direction	Extent of Adoption
9.12.8	Disclosure in Annual Report The Annual Report should set out the following: (a) Names of the Chairperson and members of the Remuneration Committee and the nature of directorships held by such members (or persons in the parent Company's Remuneration Committee in the case of a group Company); (b) A statement regarding the remuneration policy; and, (c) The aggregate remuneration of the Executive and Non-Executive Directors.	The Company complies with the requirements stated under section 9.12.8. Refer Report of the Board HR and Remuneration Committee on pages 116-117. Details of Director remuneration in aggregate is disclosed on page 89.
9.13	**Board Audit Committee (BAC)**	
9.13.1	Where Listed Entities do not maintain separate Committees to perform the Audit and Risk Functions, the Audit Committee of such Listed Entities shall additionally perform the Risk Functions set out in Rule 9.13 of these Rules.	The Audit functions of the Section 9.13.4 are performed by the BAC while a separate Committee, Board Integrated Risk Management Committee (BIRMC) has been formed to perform the Risk functions.
9.13.2	The Audit Committee shall have a written terms of reference clearly defining its scope, authority and duties.	The Company complies with the requirements stated under section 9.13.2.
9.13.3	Composition (1) The members of the Audit Committee shall; (a) comprise a minimum of three (03) directors of the Listed Entity, out of which a minimum of two (02) or a majority of the members, whichever is higher, shall be Independent Directors. (b) not comprise Executive Directors of the Listed Entity. (2) The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be independent directors. (3) The Audit Committee may meet as often as required, provided that the Audit Committee compulsorily meets on a quarterly basis prior to recommending the financials to be released to the market. (5) An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors. (6) Unless otherwise determined by the Audit Committee, the CEO and the Chief Financial Officer (CFO) of the Listed Entity shall attend the Audit Committee meetings by invitation. Provided, however, where the Listed Entity maintains a separate Risk Committee, the CEO shall attend the Risk Committee meetings by invitation. (7) The Chairperson of the Audit Committee shall be a Member of a recognized professional accounting body. Where Listed Entities maintain two (02) separate Committees to carry out the Audit and Risk functions, the terms of reference of such Committees shall, at a minimum, include the respective functions stipulated in Rule 9.13.4 (1) above	The Company complies with the requirements stated under section 9.13.3. Refer Report of the Board Audit Committee on pages 113-115.

Section Reference	Requirement of the Direction	Extent of Adoption
9.13.4	The functions of the Audit Committee shall include the following: (i) Oversee the Entity's compliance with financial reporting requirements, information requirements under these Rules, the Companies Act and the SEC Act and other relevant financial reporting-related regulations and requirements. (ii) Review the quarterly results and year-end financial statements of the Entity prior to tabling for the approval of the Board of Directors of the Entity with special reference to: a. changes in or implementation of major accounting policy changes; b. significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed; c. compliance with accounting standards and other legal requirements; d. any related party transaction and conflict of interest situation that may arise within the Listed Entity or group including e. any transaction, procedure or course of conduct that raises questions of management integrity; f. any letter of resignation from the external auditors of the Listed Entity; and, g. whether there is reason (supported by grounds) to believe that the Listed Entity's external auditor is not suitable for re-appointment. (iii) To make recommendations to the Board pertaining to appointment, reappointment and removal of external auditors and to approve the remuneration and terms of engagement of the external auditors. (iv) Obtain and review assurance received from: (a) the CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Entity's operations and finances; and (b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Entity's risk management and internal control systems. (v) Review the internal controls in place to prevent the leakage of material information to unauthorized persons.	The Company complies with the requirements stated under section 9.13.4. Refer Report of the Board Audit Committee on pages 113-115.

Section Reference	Requirement of the Direction	Extent of Adoption
	(vi) Oversee the processes to ensure that the Entity's internal controls and risk management are adequate to meet the requirements of the Sri Lanka Auditing Standards. (vii) Review and assess the Company's risk management process, including the adequacy of the overall control environment and controls in areas of significant risks and updated business continuity plans. (viii) Review the risk policies adopted by the Entity on an annual basis. (ix) Take prompt corrective action to mitigate the effects of specific risks, in the case such risks are at levels beyond the prudent levels decided by the committee on the basis of the Listed Entity's policies and regulatory requirements. (x) Review the scope and results of the internal and external audit and its effectiveness, and the independence, performance and objectivity of the auditors. (xi) To develop and implement policy on the engagement of the external auditor to supply non-audit services, at minimum taking into account relevant ethical guidance regarding the provision of non-audit services by an external audit firm; and to report to the Board identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps ought to be taken. (xii) If a change of auditor is recommended by the Audit Committee in circumstances where the audit opinion of the immediately disclosed financial period or any period where subsequent disclosure of audit opinion is pending and such opinion carries a modification or an emphasis of matter of going concern, then the Audit Committee report shall include the rationale of the Audit Committee for recommending the removal of the auditor. (xiii) Where the Audit Committee is of the view that a matter reported by it to the Board of Directors of a Listed Entity has not been satisfactorily resolved resulting in a breach of these Requirements, the Audit Committee shall promptly report such matter to the Exchange. (xiv) Where Listed Entities maintain two (02) separate Committees to carry out the Audit and Risk functions, the terms of reference of such Committees shall, at a minimum, include the respective functions stipulated in Rule 9.13.4 (1) above.	

Section Reference	Requirement of the Direction	Extent of Adoption
9.13.5	Disclosures in Annual Report; (1) The Audit Committee shall also prepare an Audit Committee Report which shall be included in the Annual Report of the Listed Entity. The Audit Committee Report shall set out the manner in which the Entity has complied with the requirements applicable to the Audit Committee during the period for which the Annual Report relates. (2) The Audit Committee Report shall contain the following disclosures: (a) the names of the Chairperson and the members of the Audit Committee, and the nature of directorships held by such members (or persons in the parent Company's committee in the case of a group Company); (b) The status of risk management and internal control of the Listed Entity and as a Group (where applicable); (c) A statement that it has received assurance from the CEO and the CFO of the Entity's operations and finances; (d) An opinion on the compliance with financial reporting requirements, information requirements under these Rules, the Companies Act and the SEC Act and other relevant financial reporting related regulations and requirements;	
	(e) Whether the listed entity has a formal Audit Charter; (f) the manner in which internal audit assurance is achieved and a summary of the work of the internal audit function; (g) Details demonstrating the effective discharge of its functions and duties for that financial year of the Listed Entity; (h) a statement confirming that written assurance was obtained from the external auditors approved by the SEC, confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements; and (i) a statement confirming that the Audit Committee has made a determination of the independence of auditors and the basis of such determination. It shall also contain details on the number of years that the external auditor and the audit partner were engaged. If the external auditor provides non audit services, explanations must be made of how auditor objectivity and independence are safeguarded, taking into consideration fees paid for non-audit services provided by the external auditor and affiliated parties.	Refer Report of the Board Audit Committee on pages 113-115.

Section Reference	Requirement of the Direction	Extent of Adoption
9.14	**Board Related Party Transactions Review Committee (BRPTRC)**	
9.14.1	The Company shall have a Related Party Transactions Review Committee.	Related Party Transactions Review Committee (RPTRC) has been established.
9.14.2	Composition The Related Party Transactions Review Committee shall comprise a minimum of three (03) Directors of the Listed Entity, out of which two (02) members shall be Independent Directors of the Listed Entity. It may also include executive directors, at the option of the Listed Entity. An Independent Director shall be appointed as the Chairperson of the Committee.	The Company complies with the requirements stated under section 9.14.2.
9.14.3	Functions (i) Listed Entities shall have a Related Party Transactions Review Committee which shall be responsible for reviewing the Related Party Transactions, as set out herein. (ii) The objective of these Rules on Related Party Transactions is to ensure that the interests of shareholders, as a whole, are taken into account by a Listed Entity when entering into Related Party Transactions. These Rules further provide specific measures to prevent Directors, CEOs or Substantial Shareholders taking advantage of their positions. (iii) When applying these Rules on Related Party Transactions, the objective and the economic and commercial substance of the Related Party Transactions should take precedence over the legal form and technicality (iv) The Related Party Transactions Review Committee shall establish and maintain a clear policy, procedure and process in place for the identification, clarification and reporting the Related Party Transactions on an end-to-end basis across the Entity's operations.	The Company complies with the requirements stated under section 9.14.3. Refer the Report of the BRPTRC on page 121.
9.14.4	General Requirements (1) The Related Party Transactions Review Committee shall meet at least once a calendar quarter. It shall ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors. (2) The members of the Related Party Transactions Review Committee should ensure that they have, or have access to, enough knowledge or expertise to assess all aspects of proposed Related Party Transactions, and where necessary, should obtain appropriate professional and expert advice from an appropriately qualified person. (3) Where necessary, the Committee shall request the Board of Directors to approve the Related Party Transactions which are under review by the Committee. In such instances, the approval of the Board of Directors should be obtained prior to entering into the relevant Related Party Transaction.	Refer the Report of the BRPTRC on page 121.

Section Reference	Requirement of the Direction	Extent of Adoption
	(4) If a Director of the Listed Entity has a material personal interest in a matter being considered at a Board Meeting to approve a Related Party Transaction as required in Rule 9.14.4(3), such Director shall not: (a) be present while the matter is being considered at the meeting; and, (b) vote on the matter.	
9.14.5	Review of Related Party Transactions by the Related Party Transactions Review Committee	All related party transactions are reviewed by the BRPTRC prior to execution.
9.14.6	**Shareholder approval** The Company shall obtain shareholder approval by way of a Special Resolution for the Related Party Transactions as set out in Section 9.14.6.	No such situation has transpired since listing in CSE dated 07.04.2026.
9.14.7	**Immediate Disclosures** A Listed Entity shall make an immediate Market Announcement to the Exchange: (a) of any non-recurrent Related Party Transaction with a value exceeding 10% of the Equity or 5% of the Total Assets; whichever is lower, of the Entity as per the latest Audited Financial Statements; or (b) of the latest transaction, if the aggregate value of all non-recurrent Related Party Transactions entered into with the same Related Party during the same financial year amounts to 10% of the Equity or 5% of the Total Assets, whichever is lower, of the Entity as per the latest Audited Financial Statements. Listed Entities shall disclose subsequent non-recurrent transactions which exceed 5% of the Equity of the Entity, entered into with the same Related Party during the financial year. The Market Announcement to the Exchange shall include: (i) the date of the transaction or the period, where applicable; (ii) the name of the relevant Related Party; (iii) the relationship between the Listed Entity and the Related Party; (iv) details of the transaction including the amount, relevant terms of the transaction and the basis on which the terms were arrived at;	No such situation has transpired since listing in CSE dated 07.04.2026.

Section Reference	Requirement of the Direction	Extent of Adoption
	(v) the rationale for entering into the transaction; (vi) the following statement: "The Related Party Transactions Review Committee of the Entity is of the view that the transaction/s is/are on normal commercial terms, and is/are not prejudicial to the interests of the Entity and its minority shareholders and the Related Party Transaction Review Committee is/is not (delete as applicable) obtaining an opinion from an independent expert prior to forming its view on the transaction."	
9.14.8 (1)	Disclosures in the Annual Report	
	Non-recurrent Related Party Transactions exceeding 10% of the Equity or 5% of the Total Assets, whichever is lower (in the specified format).	No such situation has transpired since listing in CSE dated 07.04.2026.
9.14.8 (2)	Disclosures in the Annual Report	
	Recurrent Related Party Transactions exceeding 10% of the gross revenue/income (in the specified format).	Refer Note 39 on Pages 190-191 to the Financial Statements on "Related Party Disclosure".
9.14.8 (3)	Disclosures in Related Party Transactions Review Committee Report	
	• Names of the Directors comprising the Committee;	
	• Statement that Committee has reviewed Related Party Transactions and communicated comments/observations to the Board;	Refer the Report of the BRPTRC on Page 121.
	• Policies and procedures adopted by the Committee.	
9.14.8 (4)	Affirmative declaration by the Board of Directors on compliance with Related Party Transaction Rules or negative statement to that effect.	Refer the Annual Report of the Board of Directors on pages 136-140.
9.14.9	Acquisition and disposal of assets from/ to Related Parties	
	Except for transactions set out in Section 9.14.10, the Company shall ensure that neither the Company nor any of its subsidiaries, acquires a substantial asset from, or disposes of a substantial asset to, any Related Party of the Company without obtaining the approval of the shareholders of the Entity by way of a Special Resolution.	No such situation has transpired since listing on CSE dated 07.04.2026.

Section Reference	Requirement of the Direction		Extent of Adoption
9.16	**Additional disclosures**		
9.17	The following declarations by the Board of Directors to be included in the Annual Report;		Refer the Annual Report of the Board of Directors on pages 136-140.
	i)	All material interests in contracts involving in the Entity and whether they have refrained from voting on matters in which they were materially interested;	
	ii)	Review of the internal controls covering financial, operational and compliance controls and risk management and obtained reasonable assurance of their effectiveness and successful adherence, and, if unable to make any of these declarations an explanation on why it is unable to do so;	
	iii)	They made arrangements to make themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions;	
	iv)	Disclosure of relevant areas of any material non-compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Entity has operations.	

Board Audit Committee Report

The Board Audit Committee (the Committee) is appointed by the Board of Directors of Mahindra Ideal Finance PLC (the Company). The Committee comprises three Independent, Non-Executive Directors who conducted Committee proceedings in accordance with the Terms of Reference of the Committee approved by the Board of Directors of the Company.

COMPOSITION

The Committee's composition during the period ended 31st March 2026 is as follows:

Mr. Sujeewa Mudalige
(Chairman)
(Independent Non-Executive Director)

Mr. Thilan Wijesinghe
(Independent Non-Executive Director)

Ms. Nimisha Welgama
(Non-Independent Non-Executive Director)

Mr. Sujeewa Mudalige is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka, CIMA (UK), ACCA (UK) and CPA (Australia). Also, Mr. Mudalige is a past President of ICASL and has been a member of the Council of ICASL and of the governing board of CIMA UK- Sri Lanka Division, a Commission member of the Securities and Exchange Commission of Sri Lanka and held several such other positions locally and globally during the span of his career. He was an independent non-executive director of Hatton National Bank PLC from 2012 to 2018.

Brief profiles of the members are given on pages 50-53 of the Annual Report.

MEETINGS

During the year 2025/26, the Committee convened four (04) meetings and two (02) meetings were held with the External Auditors during the year, without any other Directors, Senior Management and employees being present. The details of attendance of the Committee members at these meetings are given in the table on page 61 of the Annual Report. The other members of the Board, MD/CEO, the management members and representative from the External Audit may also attend meetings upon the invitation of the Committee.

Proceedings of the Committee meetings, with adequate details of matters discussed, were reported regularly to the Board to assist the Board in its general oversight of financial reporting, internal controls and functions relating to internal and external audits.

THE TERMS OF REFERENCE

The Terms of Reference of the Committee are clearly stated in the Charter of the Board Audit Committee, which is approved by the Board of Directors. These terms are being reviewed annually and approved by the Board of Directors, after incorporating best practices relating to the functions of the Committee.

FUNCTIONS OF THE COMMITTEE

The Committee assists the Board of Directors to effectively carry out its supervisory responsibilities by reviewing the accounting and financial information of the Company, in order to monitor the integrity of its annual and quarterly Financial Statements, Annual Report, Management Accounts and other periodical reports prepared for publication, including the critical accounting estimates and judgments contained therein.

The Committee is empowered to examine the adequacy and effectiveness of internal control systems, assess risk management processes and compliance with regulatory requirements, review the adequacy of the scope and functions of the Internal Audit Department, and assess the internal audit program and results of the internal audit process. The Committee also evaluates the performance of External Auditors and recommends their appointment and remuneration.

REGULATORY COMPLIANCE

The Committee assessed the Company's compliance with financial reporting requirements and information requirements under the Companies Act no. 7 of 2007, Finance Business Act no. 42 of 2011, and other relevant financial reporting regulations/ frameworks, such as LKASs/ SLFRSs.

ROLES AND RESPONSIBILITIES

The Committee is responsible for

a) Reviewing the integrity of Interim Financial Statements and the Annual Financial Statements prepared for disclosure, prior to submission to the Board of Directors.
b) Ensuring adherence to applicable accounting standards, statutory and regulatory compliance requirements and best practices.
c) Overseeing the appointment of the External Auditor for audit services is in compliance with the relevant statutes; approval of the audit fee, service period and any matters relating to the resignation or dismissal of Auditors.
d) Ensuring that the internal audit function is independent of the activities it audits and it is performed with impartiality, proficiency and due professional care.
e) Reviewing the internal audit program, commenting on the audit findings, recommending appropriate action, ensuring coordination between the internal and External Auditors and ensuring that the internal audit function is adequately resourced and has appropriate standing within the Company.

f) Ensuring that the Committee is apprised of the resignation of senior staff members of the Internal Audit Department, including the Head of Internal Audit and any outsourced service providers, and providing an opportunity for the resigning senior staff members and outsourced service providers to submit reasons for resigning.

g) Reviewing the Company's statement on internal control systems before endorsement by the Board, and to ensuring the adequacy and effectiveness of the internal control systems in the Company.

SUMMARY OF ACTIVITIES

Financial Reporting

The Committee reviewed the integrity of Interim Financial Statements and the Annual Financial Statements on behalf of the Board of Directors. The review included the adequacy and effectiveness of the internal control systems over financial reporting, the clarity of the disclosures, extent of compliance with financial reporting standards and Finance Business Act No. 42 of 2011 the Companies Act No. 7 of 2007, Sri Lanka Accounting & Auditing Standards Monitoring Board Act No. 15 of 1995, rules and regulations of the Colombo Stock Exchange and the Securities and Exchange Commission of Sri Lanka and Directions of Central Bank of Sri Lanka, and the reasonableness of significant estimates and judgmental areas.

External Audit

The Committee ensured the independence and objectivity and effectiveness of the audit processes in accordance with applicable standards, regulations, corporate governance principles and/or best practices.

The auditors were also given the opportunity to meet the Committee separately without the presence of any other Directors, Senior Management and employees being present, to discuss any concerns and express their opinion on any matter. The Committee was informed by the External Auditor that there are no specific concerns for them to report to or discuss with the Committee and the Management has provided all information and explanation requested by the Auditors.

The Committee conducted a review of the non-audit services provided by the auditor, aiming to ensure that such services do not compromise the External Auditor's independence or objectivity. The Committee is content that no conflicts of interest exist between the Company and the Auditor, which might undermine the Auditor's independence and objectivity. The Committee regularly reviews the Policy for Engagement of External Auditors to Provide Non-Audit Services, to ensure it is appropriately updated to reflect recent developments and regulatory changes.

The Committee discussed the audit plan, approach and scope of the audit before commencing the audit. The Committee reviewed the audited Financial Statements with the External Auditor, who is responsible for expressing an opinion on whether the Company's financial statements give a true and fair view of the financial position, financial performance and cash flows of the Company. The Committee also reviewed the Management Letter issued by the External Auditor with the Management responses to ensure that the recommendations outlined in the Management Letters were effectively implemented by the Management.

Internal Audit

During the year, the Committee reviewed the adequacy of the scope, functions, resources, and independence of the Internal Audit Department. The Committee ensured the department has the necessary authority and resources to carry out its work independently. The rights, duties, responsibilities, and authority of the Head of Internal Audit and the Internal Audit Department are delineated in the Internal Audit Charter. This charter undergoes annual review by the Board Audit Committee and is approved by the Board

The Committee also reviewed and approved the revised audit score card and ensured that other required policies and procedures are in place.

The risk-based audit plan was reviewed and approved by the Committee at the beginning of the year. The Committee monitored the implementation of the audit plan throughout the period, to ensure the effectiveness of the entire processes of the Company.

The Committee reviewed the internal audit program, significant audit findings, and management action plans for the audit recommendations. They also evaluated the effectiveness of the management action plan in terms of timely implementation and addressing repetitive audit issues. The Committee also reviewed the resource requirement of the Internal Audit Department and evaluated the performance of the Head of Internal Audit.

WHISTLEBLOWING

The Company's whistleblowing Policy serves as a mechanism to manage risks pertaining to corporate fraud. There is a provision under this policy for any staff member, who has a legitimate concern on an existing or potential "wrongdoing", such as improprieties in financial reporting, internal control or other matters committed by any person within the Company, to bring such concerns in confidence to the notice of the Chairman of the Board Audit Committee. The Board assigned a separate email address for 'whistleblowing' to be directed to the Chairman of the Board Audit Committee, who in turn would keep a record of it and address it to the Board Audit Committee. A process is also in place for such concerns to be investigated, while maintaining the confidentiality of the identity of the whistleblower. The Committee is empowered under the Terms of Reference to monitor this process. The whistleblowing policy has been reviewed by the Committee during the year 2026.

EVALUATION OF THE COMMITTEE

The annual self-evaluation of the effectiveness of the Committee was carried out by the members of the Committee and concluded that the Committee had carried out its responsibilities in an effective and satisfactory manner. Further, the Board undertakes an annual performance evaluation of the Committee as required by the Finance Business Act Direction 5 of 2021.

REPORTING TO THE BOARD

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

PROFESSIONAL ADVICE

The Committee has the authority to seek external professional advice on matters within its purview.

DECLARATION

The Committee has complied with the applicable provisions of the Finance Business Act Direction No. 05 of 2021 on Corporate Governance

On behalf of the Board Audit Committee

Sujeewa Mudalige
Chairman
Board Audit Committee

17th April 2026.

Board Human Resources and Remuneration Committee Report

The Board Human Resources and Remuneration Committee (the Committee) was established by the Board of Directors of Mahindra Ideal Finance PLC (the Company) to oversee the development and implementation of a fair and transparent remuneration policy. This policy aligns with the Company's Human Capital Management Strategy, ensuring the ability to attract new talent, nurture and retain skilled employees, and promote their overall well being.

The composition of the Remuneration & Human Resources Committee is appropriate, with the right mix of knowledge and skills to maximize performance in the light of the Committee's responsibilities, wherein the following is the composition of the Directors.

Mr. Sujeewa Mudalige
(Chairman)
(Independent Non-Executive Director)

Mr. Thilan Wijesinghe
(Independent Non-Executive Director)

Ms. Nimisha Welgama
(Non-Independent Non-Executive Director)

MEETINGS TO DETERMINE INCREMENTS AND BONUS FOR THE YEAR

During the meetings in order to make recommendations to pay performance-based bonus for December 2025 and April 2026, the gradings used were Expectation Surpassed, Superior, Superior, Good, and Must Improve. This change is aimed at fostering a more performance driven culture, encouraging employees to push themselves and strive towards realizing the full potential as an organization in the upcoming months.

The highlighted fact was that the strategy adopted by the Company was to offer defined increments over high bonuses to ensure stability and motivation towards the staff. The Managing Director / CEO emphasized the importance of linking performance to increments and the one time salary corrections made for market competitiveness, which would balance off the turnover of attendance and attrition rates.

THE TERMS OF REFERENCE

The Committee operates within the Board approved Terms of Reference which contains the role and functions of the Committee under relevant regulated statutes.

DUTIES AND RESPONSIBILITIES

- Determine the remuneration policy (salaries, allowances and other financial payments) relating to executive directors, CEO and other Key Responsible Officers by adopting a formal and transparent procedure. This policy needs to be recommended by the Committee to the BOD for the approval. This policy shall be subject to periodic review of the BOD, including when material changes are made.
- Provide recommendations and decisions (as relevant) on remuneration and all incentive awards, including any equity incentive awards and terminal benefits for executive directors, CEO and other Key Responsible Officers. Committee shall ensure that the remuneration structure shall be in line with the business strategy, objectives, values, long-term interests and cost structure of MIFL. It shall also incorporate measures to prevent conflicts of interest.
- Evaluate the performance of the CEO, management development plans and succession planning at least annually.
- Evaluate the performance of the Key Responsible Officers (excluding chief internal auditor, compliance officer and chief risk officer), management development plans and succession planning at least annually.
- Evaluate strategic human resources policies.
- Effective communication with the shareholders on the remuneration policy and committee's work on behalf of the Board through a remuneration committee report.

THE PRIMARY FUNCTIONS OF THE COMMITTEE

The Committee shall determine the remuneration policy (salaries, allowances and other financial payments) relating to executive directors and senior management of the Company and fees and allowances structure for non-executive directors. Adopting a formal and transparent procedure in developing the remuneration policy. The remuneration structure to be in line with the business strategy, objectives, values, long term interests and cost structure of the Company. Also incorporate measures to prevent conflicts of interest. In particular, incentives embedded with remuneration structures and not incentivize employees to take excessive risk to act in self interest. The Committee to review the performance of the senior management against the set targets and goals, which have been approved by the Board at least annually and determine the basis of revising remuneration, benefits and other payments of performance based incentives.

REPORTING TO THE BOARD

The minutes of the Committee meetings are regularly presented to the Board of Directors, ensuring that Board members are informed of the Committee's deliberations.

Professional Advice

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

Declaration

The Committee has complied with the applicable provisions of the Finance Business Act Direction No. 05 of 2021 on Corporate Governance.

Appreciation

I would like to express my sincere appreciation to all Committee members and the Management team for their consistent support, dedication, and collaborative efforts throughout the year.

On behalf of the Board Human Resources and Remuneration Committee

Sujeewa Mudalige
Chairman

Board Human Resources and Remuneration Committee

17th April 2026

Board Nomination and Governance Committee Report

The Board Nomination and Governance Committee (the Committee) is established by the Board of Directors of Mahindra Ideal Finance PLC ('the Company') to assist in the process of identifying, assessing and recommending qualified candidates for the Board and Senior Management positions. Since its formation, the Committee has operated in accordance with its Terms of Reference. The Committee ensures that the Company upholds the highest standards of good governance and a structured transparent process for the selection, and appointment of Key Responsible Persons, including their succession.

The Board Nomination & Governance Committee is appointed by the Board of Directors of the Company and the Committee strives to operate within the framework of the Charter adopted. The composition of the Committee is determined as follows:

Mr. Sujeewa Mudalige
(Chairman)
(Independent Non-Executive Director)

Mr. Thilan Wijesinghe
(Independent Non-Executive Director)

Ms. Nimisha Welgama
(Non-Independent Non-Executive Director)

DUTIES AND RESPONSIBILITIES

Director and Senior Management Appointments:

Establish a formal and transparent process for appointing directors and senior management. CEO recommends senior management appointments, except for Chief Internal Auditor (CIA), Chief Risk Officer (CRO), and Compliance Officer (CO), who are recommended by respective Board Committees.

Assessment of Fitness and Propriety:

Ensure directors and senior management meet the "fit and proper" criteria under Finance Business Act Direction No. 6 of 2021.

Selection Criteria for Directors:

Directors should have the required knowledge, skills, experience, integrity, and time commitment. Avoid board dominance by any individual or small group. Establish eligibility criteria for CEO and senior management positions.

Disclosure Requirements for New Appointments:

Upon appointment of a new director, disclose their resume, expertise, other directorships, and independence status to shareholders.

Re-election and Succession:

Review and recommend the re-election of existing directors based on performance and contribution. Identify new expertise requirements and succession plans for directors and senior management.

Committee Participation and Leadership:

Committee members should not participate in decisions on their own appointment or reappointment. The Board Chairperson should not chair the committee when selecting their successor.

Board Structure and Composition Review:

Regularly assess and recommend changes to board structure, size, composition (including gender diversity), and competencies.

Director and Key Management Insurance:

Recommend insurance cover for directors and key management personnel.

THE TERMS OF REFERENCE

The Committee is governed by the Board- approved Terms of Reference, which contain the role and functions of the Committee, under relevant regulated statutes.

Duties and responsibilities

- Implement a formal and transparent procedure to select/appoint new directors and senior management. Senior Management should be appointed with the recommendation of CEO, excluding Chief internal Auditor, Chief Risk Officer and the Compliance Officer (as the recommendation for the CIA should be made by the Board Audit Committee, whereas the CRO and the CO should be recommended by the Board Integrated Risk Management Committee).
- Ensure that directors and senior management are fit and proper persons to perform their functions based on the terms stated in the Finance Business Act Direction No. 6 of 2021 (Assessment of fitness and propriety of key responsible persons).
- The selection process shall include reviewing whether the proposed directors:
    - Possess the knowledge, skills, experience, independence and objectivity to fulfill their responsibilities on the board.
    - Have a record of integrity and good repute.
    - Have sufficient time to fully carry out their responsibilities.

- Strive to ensure that the Board composition is not dominated by any individual or a small group of individuals in a manner that is detrimental to the interests of the stakeholders and the Company as a whole.
- Set the criteria, such as qualifications, experience and key attributes required for eligibility, to be considered for appointment to the post of CEO and senior management.
- Upon the appointment of a new director to the Board, the committee shall assign the responsibility to the Company Secretary to disclose same to the Shareholders.

A brief resume of the director, the nature of the expertise in relevant functional area, the names of companies in which the director holds directorships or memberships in Board committees Whether such director can be considered as independent

- The Committee shall consider and recommend (or not recommend) the re-election of current directors, taking into account the combined knowledge, performance towards strategic demands faced by the company, and contribution made by the director concerned towards the discharge of the Board's overall responsibilities.
- The committee shall consider and recommend, from time to time, the requirements of additional/ new expertise and the succession arrangements for retiring directors and senior management.
- A member of the Nomination Committee shall not participate in decision-making relating to own appointment/re-appointment and the Chairperson of the Board should not chair the committee when it is dealing with the appointment of the successor.
- Regularly review the structure, size, composition, including gender representation and competencies (including the skills, knowledge and experience) of the Board and make recommendations to the Board with regard to any changes.
- Recommended insurance cover to be taken in respect of all directors and other Key Management Personnel indemnity and insurance cover.

APPRECIATION

I would like to express my sincere appreciation to all Committee members and the Management team for their consistent support, dedication, and collaborative efforts throughout the year.

On behalf of the Board Nomination and Governance Committee

Sujeewa Mudalige
Chairman

Board Nomination and Governance Committee

17th April 2026

Board Integrated Risk Management Committee Report

COMPOSITION

The Board Integrated Risk Management Committee for the financial year ended 31 March 2026 consisted of the following members;

- **Mr. Sujeewa Mudalige**
  (Chairman)
  (Independent Non-Executive Director)

- **Mr. Thilan Wijesinghe**
  (Independent Non-Executive Director/ Former Chairman of the Committee)

- **Ms. Priyangi Anushka Wijenayake**
  (Non-Executive Non-Independent Director)

ROLE OF THE COMMITTEE

According to the Board-approved charter of the committee, following remains the key responsibilities of the BIRMC:

- Assess all risks, i.e. credit, market, liquidity, operational, strategic, compliance and technology risks to the company through appropriate risk indicators and management information.
- Review the company's risk policies including Risk Appetite Statement (RAS) at least annually.
- Assess the adequacy and effectiveness of all management-level committees—such as the Credit Committee and the Asset and Liability Management Committee—in addressing specific risks and managing them within the quantitative and qualitative risk limits set by the Committee.
- Take prompt corrective action to mitigate the effects of specific risks, in the case such risks are at levels beyond the prudent levels decided by the committee based on the finance company's polices and regulatory and supervisory requirements.
- Initiate appropriate action against officers who fail to identify specific risks, or to implement timely corrective measures as recommended by the Committee, and/or as directed by the Director of the Department of Supervision of Non-Bank Financial Institutions of the Central Bank of Sri Lanka.
- Establish a dedicated compliance function to assess the finance company's compliance with laws, regulations, directions, rules, regulatory guidelines, internal controls and approved policies on all areas of business operations.
- Set up an independent risk management function with a designated officer in charge.

KEY ACTIONS

The BIRMC supported the Board in strengthening the Company's risk management framework through several key initiatives. During the period, the Committee facilitated the establishment of an Operational Risk Management Policy Framework, initiated fraud risk assessments, and introduced independent loan review processes to enhance credit oversight.

The risk assessment approach was further refined to incorporate broader stress testing scenarios, enabling a more comprehensive evaluation of vulnerabilities relating to capital adequacy, liquidity, and earnings resilience under adverse conditions.

With the endorsement of the BIRMC, regular Risk Assessment Reports were submitted to the Board to support informed decision-making. In addition, the Committee reviewed the minutes of key management-level committees to ensure effective escalation, coordination, and alignment of risk management actions across the organization.

WAY FORWARD

The Committee will continue to enhance the risk management framework in line with evolving and widely accepted best practices across all risk categories, including, but not limited to, operational risk, capital risk, and liquidity risk management, aligned with a clearly defined risk appetite framework. Particular focus will be placed on emerging risks, including technology, information security-related risks and geopolitical risks.

CONCLUSION

The Board Integrated Risk Management Committee is satisfied that MIFL has robust risk management strategies and procedures in place to effectively mitigate its risk exposures.

Sujeewa Mudalige
Chairman

Board Integrated Risk Management Committee

17th April 2026

Board Related Party Transactions Review Committee Report

INTRODUCTION

The Board Related Party Transactions Review Committee (RPTRC) ensures that all related party transactions (RPTs) are conducted on an arm's length basis, without preferential treatment, and in full compliance with applicable laws and regulations, including the Finance Business Act Direction No. 5 of 2021 on Corporate Governance.

COMPOSITION OF THE COMMITTEE

The Committee comprises the following members who bring independent judgment and oversight:

- **Mr. Sujeewa Mudalige**
  (Chairman)
  (Independent Non-Executive Director)
- **Mr. Thilan Wijesinghe**
  (Independent Non-Executive Director)
- **Ms. Priyangi Anushka Wijenayake**
  (Non-Executive Non-Independent Director)

TERMS OF REFERENCE

The Committee operates within Board-approved Terms of Reference and established procedures governing the review, approval, monitoring, and reporting of RPTs, with due consideration to permitted exemptions.

ROLES AND RESPONSIBILITIES

All RPTs are reviewed and recommended by the RPTRC prior to approval, including granting credit facilities, creation of liabilities, provision or receipt of services, and information sharing. Each transaction is assessed to ensure alignment with market terms, fairness, and the best interests of the Company.

EQUAL TREATMENT

Related parties shall not receive favourable treatment compared to non-related parties. This includes avoidance of preferential pricing, excessive exposures, relaxed terms, or inadequately evaluated service arrangements.

APPROVAL PROCESS

Material transactions or significant changes to existing RPTs are escalated to the Board for approval prior to execution. The review considers the nature of the relationship, transaction value and terms, business rationale, alternative options, and overall fairness.

DIRECTOR INVOLVEMENT

Directors with conflicts of interest abstain from discussions and decision-making on relevant RPTs. Where necessary, the Committee may recommend the establishment of special or independent committees to review complex or sensitive transactions.

ONGOING (RECURRENT) TRANSACTIONS

The Committee establishes guidelines for recurrent RPTs and reviews such transactions periodically, at least annually, to ensure continued compliance, appropriateness, and alignment with approved parameters.

GOVERNANCE REFERENCE

All activities of the Committee are aligned with the Finance Business Act Direction No. 5 of 2021, ensuring that RPTs are undertaken with transparency, accountability, and adherence to regulatory expectations.

FUNCTIONS OF THE COMMITTEE

The Committee reviews all relevant RPTs prior to execution and communicates observations and recommendations to the Board where necessary. A structured system is maintained to identify and monitor RPTs, updated quarterly based on declarations by Key Responsible Persons and inputs from relevant departments.

POLICIES AND PROCEDURES

The Company has adopted an RPT Guide outlining procedures for review, approval or ratification, reporting, and disclosure of RPTs. The Committee ensures that these processes promote transparency, protect stakeholder interests, and ensure full compliance with regulatory requirements.

EVALUATION OF THE COMMITTEE

An annual self-evaluation of the Committee's effectiveness is conducted by its members, and a summary of the assessment is submitted to the Board for review and consideration.

REPORTING TO THE BOARD

Approved minutes of Committee meetings and key deliberations are regularly submitted to the Board of Directors to provide visibility, seek guidance, and ensure alignment with governance expectations.

DECLARATION

The Committee ensures that all transactions with related parties are in the best interests of all stakeholders, adequate transparency in processes is maintained, and the reviewed transactions are communicated to the Board of Directors for their comments and observations. A declaration by the Board of Directors as an affirmative statement of compliance with the relevant Directions issued by the Central Bank of Sri Lanka as applicable to Licensed Finance Companies.

APPRECIATION

The Chairman wishes to place on record his appreciation to the Committee members and the Management team for their commitment, cooperation, and continued support throughout the year.

On behalf of the Board Related Party Transactions Review Committee

Sujeewa Mudalige
Chairman

Board Related Party Transactions Review Committee

17th April 2026

Board Information and Communication Technology & Information Security Steering Committee (ICTISSC) Report

COMPOSITION

The Board Information and Communication Technology & Information Security Steering Committee for the financial year ended 31 March 2026 comprised the following members.

- **Mr. Mangalanath W. Karunaratne** (Independent Non-Executive Director/Chairman of the Committee
- **Ms. Nimisha Welgama** (Non-Independent Non-Executive Director)
- **Mr. Mufaddal A. Choonia** (Managing Director & CEO)

The Company Secretary served as the Secretary to the Committee.

MEETINGS

During the financial year, the Board Information and Communication Technology & Information Security Steering Committee convened four (04) meetings on a quarterly basis, in line with its scheduled meeting plan.

ROLE OF THE COMMITTEE

The key responsibilities of the Committee include the following.

- Assess the ICT and information security capability to support current and future business needs.
- Provide input on how ICT could be used to build sustainable competitive advantage.
- Ensure a coordinated approach to the development, deployment and support of ICT services.
- Develop and review risk mitigation procedures to minimize impact of ICT failure on business objectives.
- Review and recommend Information Security Policies and related procedures
- Guide ICT and cybersecurity strategies and roadmaps to support business objectives and oversee the formulation and implementation of cybersecurity strategies to enhance the protection of information assets and critical systems.
- Assess and prioritize investments in ICT, information security and related infrastructure.
- Oversee the information security management programme and ensure its alignment with organizational goals and compliance requirements
- Oversee information security risk management process and implementation of risk mitigation measures.
- Ensure adherence to internal and external security compliance requirements in line with applicable regulations, standards and company policies.
- Review audit findings and ensure corrective actions are implemented to maintain compliance.
- Review and approve the implementation of security technologies, systems, and standards to strengthen the security posture of network.
- Oversee the design, implementation, and testing of Disaster Recovery for critical network services and assets.
- Report progress, risks, and key initiatives to the Board of Directors.

KEY ACTIONS

During the year under review, the Board Information and Communication Technology & Information Security Steering Committee continued to strengthen the Company's information security governance and oversight framework in line with evolving regulatory and cybersecurity requirements. The Committee monitored the Company's compliance with the Technology Risk Management and Resilience Direction No. 01 of 2022 issued by the Central Bank of Sri Lanka and reviewed the Company's alignment with the requirements of the Central Bank of Sri Lanka Act No. 01 of 2022 to enhance technology risk management and operational resilience.

The Committee reviewed the findings of independent security assessments, including Vulnerability Assessments and Penetration Testing exercises, and monitored the progress of remediation actions to address identified vulnerabilities and control gaps.. The Committee also reviewed observations arising from regulatory and internal audits relating to information technology and cybersecurity functions, while overseeing the progress of corrective actions and internal control improvements.

In addition, the Committee oversaw the implementation of key cybersecurity and data protection initiatives, including data classification and information protection related projects. Information security risks were reviewed with the objective of ensuring that emerging threats and vulnerabilities were appropriately identified, assessed, and managed within the Company's risk management framework. The Committee also reviewed and approved Information Security policies and procedures to ensure alignment with regulatory requirements and industry best practices.

The Committee's oversight activities were carried out based on reports, assessments, and updates provided by management, internal stakeholders, and independent third-party assessments.

WAY FORWARD

The Committee remains committed to continuously strengthening the Company's cybersecurity posture, information security risk management practices, and operational resilience in response to the evolving threat landscape. The Company will continue to enhance its information technology capabilities, security controls, processes, monitoring capabilities, and awareness initiatives while continuing efforts to maintain compliance with applicable regulatory requirements and industry best practices to safeguard the Company's information assets and maintain stakeholder confidence.

On behalf of the Board Information and Communication Technology & Information Security Steering Committee

Sgd.
Mr. Mangalanath W. Karunaratne
(Chairman)

Board Information and Communication Technology & Information Security Steering Committee

30th May 2026

Risk Management Report

1. OUR RISK LANDSCAPE

The operating environment in Sri Lanka remained broadly stable during FY 2025/26, supported by continued progress under the Extended Fund Facility of the International Monetary Fund, stronger fiscal performance, and greater political continuity following the 2025 local government elections.

Improved tax revenue, easing vehicle import restrictions and continued reform momentum supported economic activity and created renewed opportunities in vehicle-backed lending. Inflation remained low for most of the year, while the financial system benefited from improving confidence and a more stable macroeconomic backdrop.

However, the risk landscape remained shaped by several emerging challenges. The depreciation of the Sri Lankan rupee, higher U.S. tariffs on key exports, and the rise in global oil prices following tensions in the Middle East have increased the risk of renewed inflationary and external sector pressures. In addition, Cyclone Ditwah highlighted the economy's vulnerability to climate-related shocks, with significant disruption to infrastructure, transport, agriculture and household incomes.

Against this backdrop, we continued to strengthen our risk management framework by enhancing stress testing, tightening portfolio monitoring, and maintaining prudent underwriting standards, particularly in sectors vulnerable to external shocks and climate -related disruptions. We also preserved strong capital and liquidity buffers to ensure the Company remains resilient, agile and well positioned to create sustainable long-term value.

This approach ensures that risk considerations remain integral to strategic decision-making and long-term value creation.

2. OUR KEY RISK MANAGEMENT INITIATIVES IN FY 2025/26

2.1. Operational Risk Management Policy Framework

Established in compliance with Finance Business Act Direction No. 04 of 2024 on Operational Risk Management issued by CBSL. It provides a structured approach to identify, assess, monitor, control, and mitigate operational risk, while ensuring uninterrupted service delivery to customers.

2.2. Fraud Risk Assessment

In line with the Company's Fraud Risk Management Policy, fraud risk assessments were initiated across key business verticals, commencing with the Gold Loan vertical as the first phase.

2.3. Stress Testing

Refined to incorporate broader scenarios assessing vulnerabilities in capital, liquidity, and earnings.

2.4. Loan Reviews

An independent loan review process was initiated, and the resulting report, together with recommendations for improvement, was submitted to the Credit Committee and the BIRMC.

3. OUR APPROACH TO RISK GOVERNANCE

The Board oversees MIFL's risk management, supported by sub-committees. Business units implement strategies, with senior management committees reinforcing oversight.

Board Committee	Roles & Responsibilities
Board Audit Committee (BAC)	Refer BAC report on pages 113-115
Board Integrated Risk Management Committee (BIRMC)	Refer BIRMC report on page 120

Management Committee	Roles & Responsibilities
Credit Committee	Approve credit proposals within authority, monitor portfolio quality, and ensure decisions align with policies and risk appetite.
Assets & Liabilities Management Committee (ALCO)	Manage liquidity, interest rate, and funding risks to maintain optimal balance sheet structure and regulatory compliance.
Information Security Committee	Ensure that information assets, customer data, systems, and digital channels are adequately protected against cyber threats, fraud, data breaches, and operational disruptions.

3.1. Three Lines of Defence model

The company follows the 'Three Lines of Defence' model to ensure its risk management approach aligns with leading industry practices.

1st Line of Defense – Business Units / Functions

- This line requires to identify, manage, mitigate and report different risks on day to day basis.

2nd Line of Defense – Risk Management and Compliance

- This line represents risk overseeing bodies.

3rd Line of Defense – Internal Audit

- 3rd Line of Defense provides assurance about design and effectiveness of first and second lines.

3.2. Risk Policy Framework

Our risk policy framework includes the Overall Risk Management Policy, specific policies and procedures for Credit, Liquidity, Market, and Operational Risks, along with the Risk Appetite Statement and Stress Testing Framework, ensuring comprehensive and aligned risk management.

3.3. Risk Culture

The Company promotes a strong risk- aware culture across all three lines of defence, by embedding risk ownership into day to day operations. This is reinforced through targeted training programmes, internal audits, incident-based learning, and clearly defined standard operating procedures, supporting sound judgment, accountability, and ethical conduct.

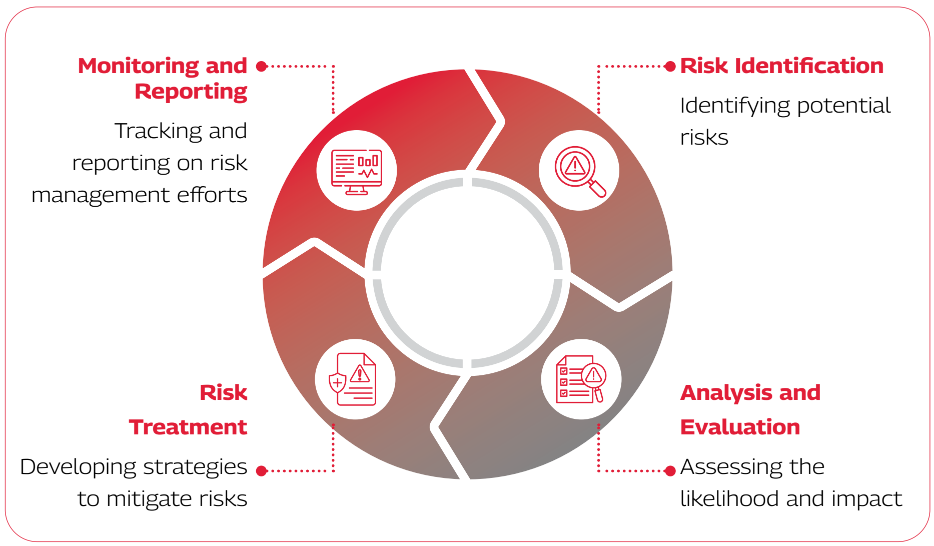
This framework ensures consistency in risk management practices across the organisation and supports effective decision-making at all levels.

3.4. Risk Infrastructure

The framework is supported by structured risk monitoring tools, including risk registers, Key Risk Indicators (KRIs), and reporting systems, which enable timely identification, assessment, and escalation of risks.

4. OUR RISK MANAGEMENT PROCESS

The Company follows a structured risk management process to ensure timely identification, assessment, and mitigation of risks.



4.1. Risk Identification

Risks are identified through both top-down and bottom-up approaches, incorporating strategic, operational, and external risk factors.

4.2. Risk Analysis and Evaluation

Risks are assessed using qualitative and quantitative methods, including risk matrices and stress testing.

4.3. Risk Treatment

Appropriate risk responses are implemented, including mitigation, transfer, acceptance, or avoidance strategies.

4.4. Risk Monitoring and Reporting

Risks are continuously monitored against defined thresholds, with regular reporting to management, BIRMC, and the Board.

5. RISK APPETITE FRAMEWORK

The Company operates within a clearlydefined Risk Appetite Statement (RAS), approved by the Board, which outlines the level and type of risk the Company is willing to accept in pursuit of its strategic objectives.

The risk appetite framework serves as a foundation for decision-making, ensuring that business growth, capital allocation, and operational activities are conducted within acceptable risk parameters.

5.1 Embedding Risk Appetite

Risk appetite is embedded across the organisation through:

- Quantitative limits and thresholds defined through Key Risk Indicators (KRIs);
- Qualitative statements guiding governance, conduct, and risk culture;
- Integration into strategic planning, budgeting, and performance management;
- Regular monitoring and reporting to Management, BIRMC, and the Board.

5.2 Monitoring and Governance

Risk exposures are continuously monitored against defined appetite thresholds using structured reporting mechanisms and risk registers.

Any breaches or emerging risks are escalated in a timely manner, with corrective actions implemented as required.

The Board, supported by the BIRMC, retains ultimate responsibility for overseeing adherence to the Risk Appetite Statement.

6. PRINCIPAL RISKS AND UNCERTAINTIES

The Board has identified the following principal risks that may impact the Company's ability to achieve its strategic objectives. These risks are actively monitored and managed within the framework of the approved Risk Appetite Statement.

The key risk categories include:

- Credit Risk
- Liquidity and Funding Risk
- Market Risk
- Operational Risk (including Cyber Risk)
- Strategic Risk
- Reputational Risk
- Sustainability (ESG) Risk

These risks are interrelated and are managed through an integrated risk management framework, supported by strong governance and oversight structures.

7. RISKS IN DETAIL

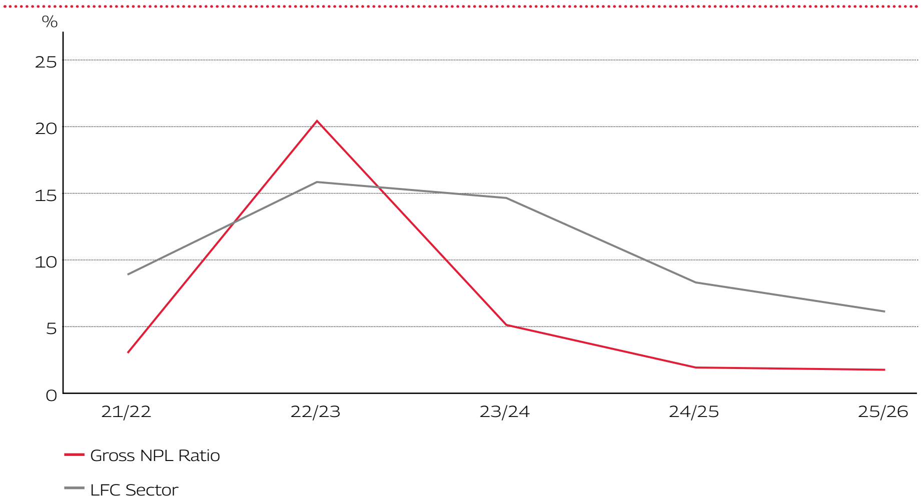
7.1 Credit Risk

Credit risk is managed through a comprehensive Credit Policy and Credit Risk Management Framework, aligned with the Risk Appetite Statement and responsive to evolving external conditions.

7.1.1 Performance of Key Credit Risk Metrics

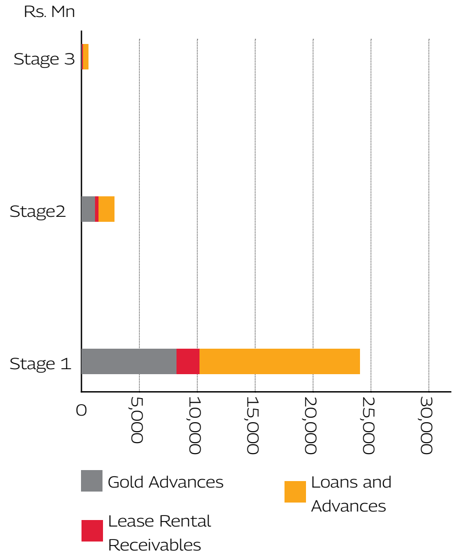
Key Risk Indicators (KRIs)	Risk Appetite	31.03.2026	31.03.2025
Gross Non-Performing Advances to Total Advances	< 5%	1.73%	1.86%
Stage 3 Impairment Coverage Ratio	> 30%	33.76%	35.09%

Gross NPL Ratio



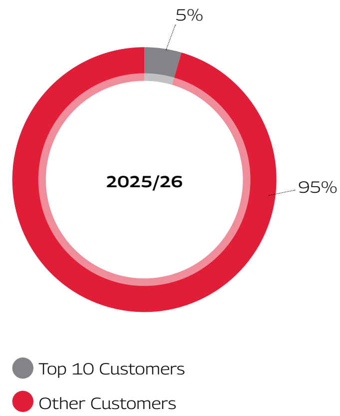
During the year under review, the Company maintained its Gross NPL ratio well below the industry average, reflecting its continued commitment to prudent credit risk management and portfolio quality.

Stage wise Exposure



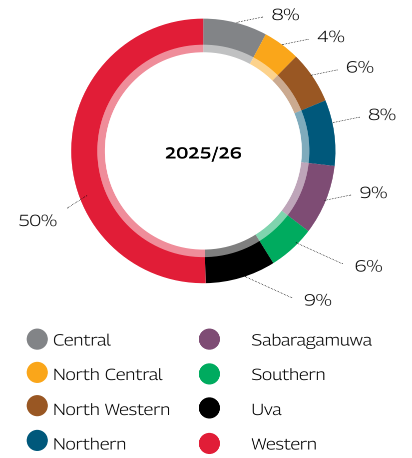
Stage 1 facilities accounted for 88% of the total loan exposure, indicating a healthy asset quality profile.

Borrower Concerntration



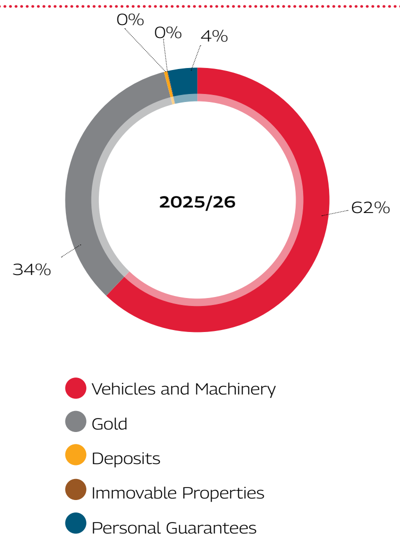
The limited 5% exposure to the top 10 customers reflects a well-distributed credit portfolio and reduced concentration risk.

Geographical Concentration



Although the portfolio is concentrated in the Western Province due to its vibrant economic activity and high population density, MIFL maintains a strong presence across most parts of the country.

Collateral Distribution



With almost 97% of the portfolio backed by physical assets, the company demonstrates a robust collateral framework and effective credit risk mitigation.

7.1.2 Credit Risk Management at MIFL

Credit Risk Components	Review FY 2025/26	Future Focus
▪ Default Risk ▪ Concentration Risk	During the year, a notable recovery in the operating environment spurred private sector credit growth, to which MIFL responded with resilience, expanding its loan portfolio by 82%. Asset quality improved, with the gross stage 3 ratio dropping to 1.73% from 1.86%, driven by a strong credit risk management framework ensuring prudent onboarding and portfolio oversight in line with the company's risk appetite. Credit concentration risk was actively managed through strategic diversification across sectors, products, counterparties, and regions, guided by RAS defined limits and monitored by the Management Credit Committee, BIRMC, and the Board.	MIFL will further strengthen its loan review and borrower assessment processes while maintaining prudent impairment provisions and disciplined portfolio oversight. The Company will also closely monitor global geopolitical developments and their potential impact on fuel availability and economic stability in Sri Lanka to ensure timely risk mitigation.

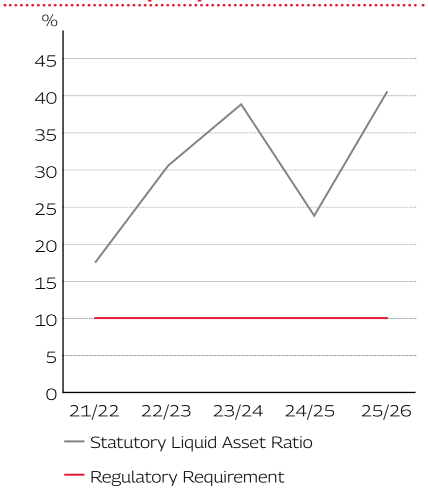
7.2 Liquidity Risk

MIFL adopts an integrated approach to liquidity risk management, encompassing policies, measurement tools, mitigation strategies, stress testing, and contingency planning, ensuring adequate liquidity buffers are maintained at all times..

7.2.1 Performance of Key Liquidity Risk Metrics

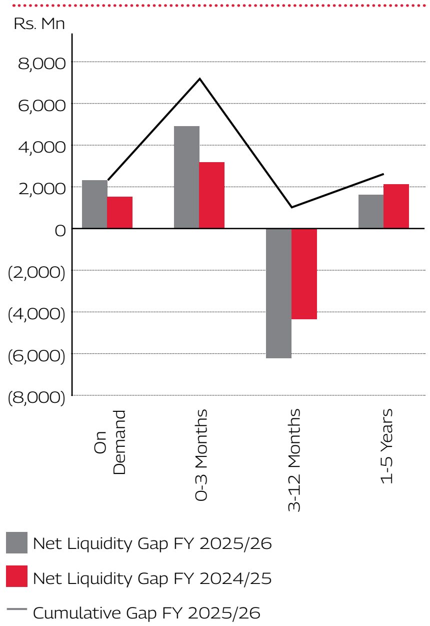
Key Risk Indicators (KRIs)	Risk Appetite	31.03.2026	31.03.2025
Statutory Liquid Assets Ratio	> 10%	40.7%	23.9%
Deposit Renewal Ratio	> 70%	83%	67%

Statutory Liquid Asset Ratio



MIFL maintained strong liquidity levels, exceeding regulatory requirements, while effectively optimizing returns.

Liquidity Gap Analysis on Contractual Maturities



Although the 3-12 month maturity bracket reflects a negative liquidity gap on a contractual basis, healthy fixed deposit renewals and consistent gold loan rollovers result in a positive gap from a behavioral perspective.

7.2.2 Liquidity Risk Management at MIFL

Liquidity Risk Component	Review FY 2025/26	Future Focus
• Funding Risk • Liquidity Risk	During the financial year, MIFL's ALCO and Treasury Division closely monitored the Company's liquidity position, ensuring compliance with regulatory liquid asset requirements and maintaining an appropriate asset-liability structure to support a strong liquidity profile. Funding at competitive rates became increasingly challenging during the year, driven by strong credit demand within the banking sector and the removal of the Central Bank-imposed ceiling on two-year fixed deposit rates. Despite these pressures, the Company leveraged its strong market reputation as one of the highest rated NBFIs in Sri Lanka, together with the financial strength of its parent company, to secure funding on favourable terms. In addition, the successful issuance of LKR 1 billion in debentures, which was oversubscribed, further underscored investor confidence and supported the diversification and stability of the Company's funding base. As a result, MIFL was able to continue supporting its growth objectives while maintaining adequate liquidity and funding resilience.	Looking ahead, MIFL will remain focused on maintaining a robust liquidity position while strategically optimizing its funding mix to support continued business expansion. The Company will also closely monitor global geopolitical developments and their potential impact on fuel availability and broader economic conditions in Sri Lanka, ensuring timely and prudent liquidity and funding responses.

7.3 Market Risk

MIFL's profitability and capital position are influenced by external market factors affecting asset and liability valuations.

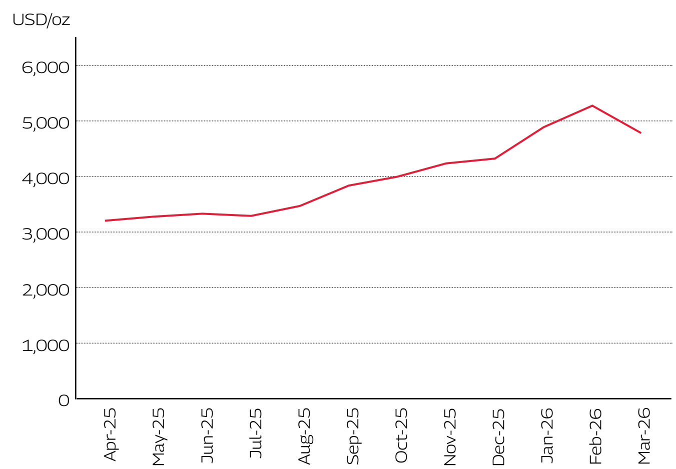
7.3.1 Performance of Key Market Risk Metrics

Key Risk Indicators (KRIs)	Risk Appetite	31.03.2026	31.03.2025
Net Interest Margin	> 10%	9.39%	9.92%
Gold Loan Portfolio LTV	< 70%	67.1%	69.9%

Market Interest Rate Movement

Market interest rates increased gradually, around 90 basis points during the reporting period.

Gold Market Price Movement



Throughout the financial year, gold prices exhibited significant volatility, rising by 49% from the start of the period.

7.3.2 Market Risk Management at MIFL

Market Risk Components	Review FY 2025/26	Future Focus
• Interest Rate Risk • Commodity Price Risk	Interest rate risk and commodity price risk continued to be key focus areas within MIFL's risk management framework. During the year, movements in market interest rates were closely monitored by ALCO and BIRMC. Commodity price risk, arising mainly from fluctuations in gold prices, was managed through the Company's short-tenure gold loan portfolio of one to three months, which enabled frequent repricing. In addition, the Company revised maximum advance amounts in line with market trends to preserve portfolio stability. Regular stress testing was also carried out to assess the potential impact of adverse movements in gold prices, while a crisis response mechanism was maintained to address any sudden and significant decline in market prices.	Looking ahead, MIFL will maintain a more proactive approach to managing interest rate and commodity price risks, aligned with its strategic goals and risk appetite.

7.4 Operational Risk

Operational risk is inherent across all products, processes, and systems, and is managed through a structured and organisation-wide framework.

7.4.1 Operational Risk Management at MIFL

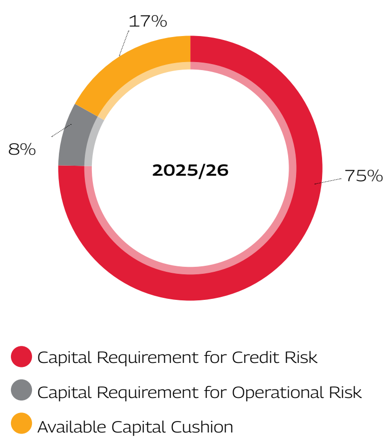
Operational Risk Components	Review FY 2025/26	Future Focus
• Information Technology and Information Security Risk • Legal and Compliance Risk • Fraud Risk • Business Continuity Risk	During the year, MIFL further strengthened its operational resilience by enhancing its IT and information security framework through targeted audits, continuous monitoring of system logs, and detailed analysis of security incidents to ensure that vulnerabilities were promptly identified and addressed. The Company maintained a strong commitment to regulatory compliance, supported by rigorous due diligence by the Legal and Compliance teams and a zero-tolerance approach to non-compliance, with ongoing oversight and timely intervention by the Board and its Sub Committeess. Fraud risk management was further reinforced through the promotion of staff accountability, monitoring of emerging risks, encouragement of confidential whistleblowing, and the implementation of robust internal controls, independent audits, and performance-based remuneration structures designed to deter misconduct. In addition, the Risk Unit initiated structured fraud risk assessments across each business vertical of the Company to proactively identify vulnerabilities, strengthen control frameworks, and enhance fraud risk mitigation. In addition, MIFL maintained business continuity by successfully operating its core systems from the Disaster Recovery site, conducting regular recovery drills, and maintaining a designated list of key personnel to coordinate responses during disruptions. During the year, the Company also demonstrated its resilience in responding to Cyclone Ditwah, which affected three branches. Prompt measures were taken to ensure the safety of employees, relocate critical operations where necessary, maintain uninterrupted customer service, and restore normal branch operations with minimal disruption.	MIFL to further enhance its IT and information security risk management in line with Finance Business Act Directions No. 01 of 2022, while maintaining a strong culture of compliance with evolving regulations and standards. Business continuity will be bolstered through regular disaster recovery drills, system resilience reviews, and updates to the continuity plan. Automation of critical recovery processes and targeted staff training will further ensure preparedness for disruptions.

7.5 Strategic Risk

MIFL proactively manages Strategic Risk by integrating risk evaluation into planning and budgeting, aligning closely with its vision, mission, and risk appetite for resilient decision-making.

7.5.1 Performance of Key Strategic Risk Metrics

Capital Requirement for Risk Exposures and Available Cushion



In line with the applicable regulatory guidelines, after allocating capital for credit and operational risk exposures, a capital buffer of 17% remains available as of 31st March 2026.

7.5.2 Strategic and Capital Management at MIFL

Strategic Risk Components	Review FY 2025/26	Future Focus
• Strategic Risk • Capital Management Risk	During the financial year, MIFL effectively managed strategic and capital planning risks through the implementation of key business initiatives supported by annual budgets aligned with the Company's long-term vision. A key strategic focus remained the expansion of the vehicle financing portfolio to capitalize on emerging market opportunities. The Company also strengthened its financial resilience through prudent capital management, maintaining a Total Capital Adequacy Ratio of 15.05%, above the regulatory minimum of 12.5%, thereby ensuring its capacity to absorb potential shocks and support sustainable future growth. In addition, during the latter part of the year, the Company successfully raised LKR 1 billion through an oversubscribed subordinated debenture issuance, reflecting strong investor confidence in MIFL's financial strength and market position. This further strengthened the Company's reported Tier II capital base.	MIFL will further strengthen its strategic and capital management with the aid of the company's strategic plan and by implementing a Board-approved capital adequacy assessment process to maintain a strong capital buffer and support future growth.

7.6 Reputational Risk

MIFL maintains a strong reputation through effective leadership, solid business strategy, robust risk management, ethical conduct, and a commitment to corporate responsibility.

7.6.1 Reputational Risk Management at MIFL

Reputational Risk Component	Review FY 2025/26	Future Focus
• Reputational Risk	During the year under review, the Company strengthened its reputational risk management by consistently promoting ethical conduct through its Code of Conduct Policy and ensuring transparent communication via its Corporate Communication Policy. The sustained AA-(lka) credit rating, one of the highest in the industry, reflects strong financial and operational discipline. Backed by a well-regarded parent company in India, the Company continues to uphold stakeholder trust and maintain a solid reputation in the market.	Looking ahead, the Company will continue to enhance its reputational risk management by reinforcing ethical standards, strengthening internal awareness of the Code of Conduct, and ensuring transparent, timely stakeholder communication.

7.7 Sustainability Risk

Exposures where sustainability risks exist, the Company applies strict due diligence, risk mitigation measures, and monitoring. MIFL recognizes that failure to manage sustainability risks may lead to reputational, financial, or regulatory consequences.

7.7.1 Sustainability Risk Management at MIFL

Sustainability Risk Component	Review FY 2025/26	Future Focus
Environmental, Social & Governance (ESG) Risk	MIFL maintained a low risk appetite for sustainability risk, reflecting its commitment to responsible and ethical business practices. The Company ensures that its all business activities are conducted in a manner that avoids, or minimizes where unavoidable, significant adverse environmental, social, and governance (ESG) impacts. In order to support this approach, MIFL has in place a Board-approved Sustainability Policy that provides a structured framework for identifying, assessing, and managing sustainability related risks across its operations.	MIFL aims to safeguard long-term portfolio quality, enhance stakeholder confidence, and support sustainable business growth while contributing positively to broader societal and environmental outcomes.

8. OUR STRESS TESTING MECHANISM

Stress testing is a vital element of MIFL's risk management process, used to assess the Company's capacity to withstand adverse economic conditions while maintaining sufficient capital and liquidity. Conducted monthly under a well-defined policy framework covering objectives, governance, and methodology, these tests provide valuable insights into potential vulnerabilities through "what if" scenarios. During the year, stress scenarios were updated to reflect current economic realities, and outcomes were regularly presented to the BIRMC and Management Committees to support effective risk management.

9. RISK MANAGEMENT OUTLOOK- FY 2026/27

MIFL will continue to strengthen its risk management architecture through enhanced stress testing, forward-looking scenario analysis, robust business continuity preparedness, and reinforced IT and information security controls, in line with evolving regulatory expectations and the rapidly changing risk environment. While the improving macroeconomic landscape is expected to create growth opportunities, the Company remains vigilant to external uncertainties, including geopolitical tensions, fuel price volatility, climate-related disruptions, and policy shifts. Accordingly, MIFL will continue to adopt a prudent and forward-looking approach to risk management, ensuring resilience, safeguarding stakeholder interests, and supporting sustainable long-term growth.

SDG & ESG Matrix

ESG REPORT

1. ESG Overview

The Company recognises that strong environmental, social and governance (ESG) practices are integral to sustainable value creation and long-term organisational resilience. As a financial services provider, ESG considerations are embedded within the Company's governance practices, operational processes, and stakeholder engagement activities.

This inaugural ESG disclosure has been developed with reference to internationally recognised sustainability reporting concepts, including selected principles of the Global Reporting Initiative (GRI) adapted to the Company's operational context and current reporting maturity. The disclosures presented focus on key ESG priorities relevant to the Company's business model, particularly governance, operational efficiency, financial inclusion, and people development.

The Company plans to progressively strengthen its ESG reporting practices through enhanced data systems, improved internal monitoring, and the gradual expansion of sustainability-related disclosures in line with evolving stakeholder expectations and industry practices.

ESG Dashboard

Metric	FY2025/26
Board Independence	43%
Female Board Representation	29%
Employees	427
Female Employees	192
Active Borrowers	26,652

2. Governance

This section presents selected governance-related indicators relevant to ESG disclosure, reflecting Board composition and diversity.

Board Composition

Indicator	FY2025/26
Total Directors	7
Independent Directors	3 (43%)
Female Directors	2 (29%)

Board Committees

- Board Audit Committee
- Board Human Resources and Remuneration Committee
- Board Integrated Risk Management Committee
- Board Nominations and Governance Committee
- Board Credit Committee
- Board Related Party Transaction Review Committee
- Board Information Technology Steering Committee

Governance practices provide the foundation for the Company's ESG framework, ensuring oversight, accountability, and ethical conduct across all operations.

Details of Board Committees are disclosed in the Corporate Governance Report.

3. Environmental Stewardship and Resource Efficiency

This section outlines the Company's operational environmental footprint and resource efficiency initiatives aimed at supporting responsible consumption practice and reducing operational environmental impacts.

As a financial services provider, the Company's interaction with natural capital is primarily linked to operational resource consumption, including energy, paper, and fuel usage. The Company continues to strengthen internal processes aimed at improving resource efficiency through digitisation and operational optimisation initiatives.

Environmental Performance

Indicator	FY 2024/25	FY 2025/26
Electricity consumption (kWh)	382,296	319,301
Paper consumption	Not systematically tracked	2,427 kgs
Fuel consumption	Not systematically tracked	107,507 litres

Environmental Initiatives

- Digitisation through Loan Origination System (LOS):The implementation of a centralised Loan Origination System across branches enables digital storage and processing of customer documentation, significantly reducing reliance on physical paper usage and manual file handling.
- Reduction in Travel and Fuel Usage:The LOS has enabled end-to-end digital credit workflows, eliminating the need for branch-level physical submission of documents to Head Office, thereby reducing staff travel requirements and associated fuel consumption.
- Energy Efficiency in Branch Operations:New branches are equipped with inverter systems instead of conventional diesel generators, which contributes to improved energy efficiency and reduces operational emissions.

4. Social Impact, Financial Inclusion and Customer Accessibility

This section highlights the Company's role in promoting financial inclusion, customer accessibility, and economic participation through its lending portfolio, branch network and borrower base.

Loan Portfolio Breakdown

Segment	AUM (LKR '000)	%
Individuals – Gold Loans	9,184,231	34.1%
Individuals – Vehicle & Other Loans	16,011,037	59.4%
Corporate – Gold Loans	-	0.0%
Corporate – Vehicle & Other Loans	1,750,992	6.5%
Total	26,946,260	100%

Borrower Base

Category	Number of Borrowers
Gold Loan Borrowers	19,458
Vehicle & Other Loan Borrowers	7,194
Total Active Borrowers	26,652

Through its geographically diversified branch network, the Company supports accessibility to formal financial services beyond major urban centres, contributing to broader financial inclusion across regional and semi-urban communities.

Gold loan facilities may also support short-term liquidity and income-generating activities among customers, particularly women, within regional and semi-urban communities.

Through its geographically diversified branch network, the Company supports accessibility to formal financial services beyond major urban centres, contributing to broader financial inclusion across regional and semi-urban communities.

Additional disclosures such as first-time borrowers and rural/semi-urban borrower classifications may be progressively incorporated in future reporting periods.

5. Workforce and Inclusion

This section outlines workforce composition and highlights the Company's commitment to diversity and inclusion.

Workforce Overview

Gender	FY2025/26	FY2024/25
Male	235	204
Female	192	160
Total	427	364

Workforce by Organisational Level and Gender

Category	Male	Female	Total
Senior Management	27	2	29
Middle Management	71	19	90
Non-Management	137	171	308
Total	235	192	427

Inclusion Highlights:

- Women represent a significant component of the Company's operational workforce, particularly within branch operations and gold loan services.
- Female employees play a key role in customer-facing operations, including branch management positions.
- The Company operates branches staffed entirely by female employees, reflecting its commitment to inclusive employment opportunities and community-level workforce participation.
- Female employees continue to play an important role in customer engagement and service delivery across the branch network.

The Company's workforce plays a central role in maintaining customer relationships and supporting service delivery across its branch network.

Workforce Diversity Highlight

44%

of the Company's workforce comprises female employees, with strong representation across branch operations and customer-facing functions.

6. Alignment to Sustainable Development Goals (SDGs)

The Company recognises the United Nations Sustainable Development Goals (SDGs) as a global reference framework for advancing sustainable and inclusive development. As a financial services provider, the Company's core contribution to the SDGs is delivered through responsible lending practices, financial inclusion, workforce development, and operational efficiency.

The table below outlines the key SDGs most relevant to the Company's business model and the associated areas of contribution.

SDG	Area of Contribution
SDG 5: Gender Equality	Promoting gender diversity across the workforce, including strong female representation in branch operations and participation at Board level.
SDG 8: Decent Work and Economic Growth	Supporting workforce participation and employment opportunities, workforce development, and structured career progression within the financial services sector.
SDG 9: Industry, Innovation and Infrastructure	Advancing digital transformation through the Loan Origination System (LOS), improving efficiency and service delivery across branch operations.
SDG 10: Reduced Inequalities	Enhancing access to financial services through a diversified lending portfolio and an extensive branch network serving a broad customer base across regions.
SDG 12: Responsible Consumption and Production	Improving operational resource efficiency through digitisation initiatives, reduced paper usage, and optimisation of travel-related activities.
SDG 17: Partnerships for the Goals	Engaging within the broader financial services ecosystem in alignment with regulatory requirements and sustainable finance expectations.

Reporting Context

The Company's SDG alignment is based on its current operational priorities and available ESG disclosures. These linkages will be further refined over time as ESG data systems mature and reporting frameworks are progressively strengthened.

ESG OUTLOOK

The Company will continue to strengthen its ESG framework through improved data collection systems, enhanced internal reporting mechanisms, and progressive expansion of ESG disclosures. Future reporting will focus on increasing data completeness, particularly in environmental metrics and social inclusion indicators, while further aligning ESG practices with evolving industry expectations.

The Measure of **New Ground.**

Numbers tell the story of altitude gained, where we stand today, the ground we've covered, and the financial strength that positions us for what comes next.

Annual Report of the Directors on the State of Affairs of the Company

The Board of Directors of Mahindra Ideal Finance PLC (MIFL) has the pleasure of presenting its Annual Report on the State of Affairs of the Company to the Shareholders of MIFL for the financial year ended 31st March 2026, together with the Audited Financial Statements of the Company and the Independent Auditors' Report on the said Financial Statements, conforming to the relevant statutory requirements. The Financial Statements, reviewed and recommended by the Board Audit Committee, were approved by the Board of Directors on 17th April 2026. The Report includes the information required by the Companies Act No.7 of 2007 and Finance Business Act Direction No.05 of 2021 on Corporate Governance and is also guided by the Recommended Best Practices on Corporate Governance. This report was approved by the Board of Directors on 17th April 2026. The appropriate number of copies of the Annual Report will be submitted to the Central Bank of Sri Lanka, Colombo Stock Exchange and to the Sri Lanka Accounting and Auditing Standards Monitoring within the statutory deadlines.

Mahindra Ideal Finance PLC ("the Company"), bearing registration No. PQ00362532 was incorporated on 12th March 2012 under the Companies Act No. 07 of 2007 as Ideal Investments Limited and subsequently changed to Ideal Finance Limited and subsequently on 28th January 2022 changed its name as Mahindra Ideal Finance PLC. Subsequently on 23rd March 2026, by way of Debenture issue, the Company received listing on 07th April 2026 and the Status Change reflected on 30th April 2026. Fitch Rating Lanka Limited has affirmed the Company's rating as A(lka) as at 31st March 2026. The registered of office of the Company is located at No.299, Dr. Colvin R De Silva Mawatha (previously known as Union Place) Colombo 02.

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

1. NATURE OF THE BUSINESS

The principal activity of the Company is to carry on finance business in conformity with the provisions of the Finance Business Act No. 42 of 2011 as amended and superseded from time to time and in conformity with provisions of all written laws of the time being in force and all regulations, directions, determinations, rules, orders of requirements made, given or imposed thereunder.

2. PERFORMANCE OF THE COMPANY

The review of the Company's business and its performance during the year which comments of the financial results are contained in the financial statements including the auditors' report (annexed hereto), which forms part of this annual report.

The accounting policies adopted in the preparation of the financial statements are given on pages 149-159 in the financial statements.

3. CHANGES IN THE ACCOUNTING POLICIES

The accounting policies adopted by the Company have been consistently applied without any change from the previous years.

4. ENTRIES MADE IN THE INTEREST REGISTER

Entries made in the Interest Register are disclosed under the heading "Related Party Transactions" on pages 190-191 in the notes to the financial statements.

5. REMUNERATION AND OTHER BENEFITS OF DIRECTORS

Directors' emoluments for the financial year ended 31st March 2026 is given in Note 9 to the financial statements.

6. DONATIONS

The Company's total donations for the financial year ended 31st March 2026 was Nil.

7. DIRECTORS OF THE COMPANY

The directors of the Company during the financial year ended 31st March 2026 are as follows:

Mr. W A T M Wijesinghe
Non-Executive Independent Director

Mr. D T S H Mudalige
Non-Executive Independent Director

Mr. M A Choonia
Managing Director / Chief Executive Officer

Mr. R I Rebello
Non-Executive Non-Independent Director

Ms. N Welgama
Non-Executive Non-Independent Director

Mrs. P A Wijenayake
Non-Executive Non-Independent Director

Mr. M W Karunaratne
Non-Executive Independent Director

Mrs. C L Jayawardena, Non-Executive Independent Director, retired from the Board with effect from 13th December 2025. The Board wishes to place on record the Company's sincere appreciation to Mrs. C L Jayawardena, Non-Executive Independent, Director for her valuable contribution extended to the Company during her tenure on the Board.

Mr. M W Karunaratne, Non-Executive Independent Director, was appointed to the Board with effect from 27th January 2026.

In terms of Article 24(2) of the Articles of Association of the Company, Mr. D T S H Mudalige retires and, being eligible, offers himself for re-election.

In terms of Article 24(2) of the Articles of Association of the Company, Mr. R I Rebello retires and, being eligible, offers himself for re-election.

In terms of Article 24(2) of the Articles of Association of the Company Ms. N Welgama retires and, being eligible, offers herself for re-election.

In terms of Article 24(2) of the Articles of Association of the Company, Mrs. P A Wijenayake retires and, being eligible, offers herself for re-election.

8. THE BOARD SUB COMMITTEES

The Board of Directors of the Company has formed six Board Sub Committees in compliance with the Finance Business Act Directions No. 05 of 2021 on Corporate Governance. This adherence also aligns with the recommended Code of Best Practice on Corporate Governance 2023, issued by the Institute of Chartered Accountants of Sri Lanka. The following Directors served as members of the Board Sub Committees:

Board Audit Committee

- **Mr. D T S H Mudalige –** Committee Chairman
- **Mr. W A T M Wijesinghe –** Member
- **Ms. N Welgama -** Member

Board Integrated Risk Management Committee

- **Mr. D T S H Mudalige –** Committee Chairman
- **Mr. W A T M Wijesinghe -** Member
- **Mrs. P A Wijenayake –** Member

The Board Human Resources and Remuneration Committee

- **Mr. D T S H Mudalige –** Committee Chairman
- **Mr. W A T M Wijesinghe –** Member
- **Ms. N Welgama -** Member

The Board Nomination and Governance Committee

- **Mr. D T S H Mudalige –** Committee Chairman
- **Mr. W A T M Wijesinghe –** Member
- **Ms. N Welgama -** Member

The Board Related Party Transactions Review Committee

- **Mr. D T S H Mudalige –** Committee Chairman
- **Mr. W A T M Wijesinghe –** Member
- **Mrs. P A Wijenayake –** Member

The Board IT Steering Committee

- **Mr. M W Karunaratne -** Committee Chairman
- **Mr. M A Choonia –** Member
- **Ms. N Welgama -** Member

9. AUDITOR'S FEE

The auditors of the Company, Messrs. BDO Partners, Chartered Accountants were paid Rs. 1.72 Mn as audit fees and expenses and is given on Note 9 of the notes to the financial statements.

10. AUDITORS INTEREST IN THE COMPANY OTHER THAN AS AUDITORS

The Directors are satisfied that the auditors do not have any relationship or interest in the Company that would impair their independence.

11. DIVIDENDS

The Directors do not recommend a dividend for the financial year ended 31st March 2026.

12. INVESTMENTS

Details of investments held by the Company are disclosed in Note 14 and 15 to the Financial Statements.

13. INTANGIBLE ASSETS

There were intangible assets to be disclosed to the Financial Statements in Note: 23, wherein computer system software were valued at Rs 29.52 Mn

14. PROPERTY, PLANT AND EQUIPMENT

An analysis of the property, plant and equipment of the Company, additions and disposals made during the year, and depreciation charged during the year are set out in Note 22 to the financial statements.

15. CAPITAL COMMITMENTS

There were no capital commitments outstanding as at the Balance Sheet date.

16. STATED CAPITAL

The Stated Capital of the Company is LKR. 1,908,247,125.00

17. TAXATION

The tax position of the Company is given in Notes 11 to the Financial Statements.

18. STATUTORY PAYMENTS

The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments in relation to the government and the employees have been made on time.

19. CORPORATE SOCIAL RESPONSIBILITY

Our Company specializes in maintaining high standards of Corporate Social Responsibility such as carrying out management practices and decisions which have no negative impact on the environment and on the community around which we operate.

20. CONTINGENT LIABILITIES

There were no material contingent liabilities outstanding as at 31st March 2026.

21. POST-BALANCE SHEET EVENTS

Subsequent to the date of the Balance Sheet, no circumstances have arisen which would require adjustments to the accounts. There are also no significant post-balance sheet events which, in the opinion of the Directors, require disclosure. Capital Commitments
There were no capital commitments outstanding as at the Balance Sheet date.

22. NOTICE OF THE ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at 02nd Floor Boardroom of Mahindra Ideal Finance PLC as at 17th July at 4:00 p.m. The Notice of Meeting is provided on page 208 of this Annual Report.

As required by Section 168(1)(k) of the Companies Act, the Board of Directors hereby acknowledge the contents of this report.

For and on behalf of the Board of Directors,
Mahindra Ideal Finance PLC

W A T M Wijesinghe
Chairman

Mufaddal A Choonia
Managing Director/ CEO

S N S Dunuwille
Company Secretary

Dated on this 05th day of May 2026

Directors' Statement on Internal Control Over Financial Reporting

Responsibility

The Board of Directors ("the Board") of Mahindra Ideal Finance Limited ("the Company") presents this report on Internal Control Over Financial Reporting, in compliance with Section 16 (1) (ix) of Finance Companies Corporate Governance Direction No 05 of 2021.

The Board is responsible for ensuring the adequacy and effectiveness of the internal control mechanism of the Company.

This mechanism is designed to provide a reasonable assurance to maintain proper accounting records, generate reliable financial information and safeguard assets of the Company. The internal control mechanism can therefore provide only reasonable but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

The board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company and this process includes enhancing the mechanism of Internal Control over Financial Reporting as and when there are changes to business environment or regulatory guidelines.

Reviews of this process are conducted by the Board on a regular basis. On the basis of such reviews the Board expresses the view that the internal control mechanism over financial reporting in place is adequate to provide reasonable assurance regarding reliability of financial reporting and that the preparation of Financial Statement for external purpose is in accordance with relevant accounting principles and regulatory requirements.

Board policies and procedures pertaining to internal control over financial reporting have been documented. The implementation of such policies and procedures is carried out with the assistance of the management. In order to assess the internal control system over financial reporting, identified officers of the company collated all procedures and controls that are connected with significant accounts and disclosures of the Financial Statement of the Company. The Internal Audit Department of the Company observes and checks them annually for suitability of design and operating effectiveness.

Given below are the key processes which have been established to review the adequacy and integrity of internal control, with respect of financial reporting:

- Specific controls have been established and enhanced covering the timely and accurate reconciliation of all General Ledger, inter-branch, suspense and control accounts, with supervisory review and prompt clearance of reconciling items, escalation procedures for long-outstanding or unusual unreconciled balances, with periodic reporting to Senior Management and the Board Audit Committee, creation and modification of General Ledger accounts, under the direct supervision of the Chief Financial Officer, periodic review of system audit trails and modification logs to detect unauthorized changes, adequate segregation of duties, staff rotation, and competency-based access controls over reconciliation processes and continuous training and awareness programs for staff engaged in reconciliation and financial reporting activities.

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

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

- The Internal Audit Department of the company verifies whether policies and procedures of the Company are being complied with, while ascertaining effectiveness of the internal control mechanism, on an ongoing basis during their process audits. The risk-based auditing approach is adopted by the company and the entire audit universe is reviewed annually in accordance with the annual audit plan approved by the Board Audit Committee. Independent and objective reports covering significant Observations of the Internal Audit Department are also tabled for review by the Board Audit Committee, at their periodic meetings.

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

- Evaluation of adequacy and effectiveness of internal controls over financial reporting is carried out by the Board Audit Committee through review of internal control issues identified

- by the Internal Audit Department, the External Auditors, regulatory authorities and the management.

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

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

Confirmation

Based on the above process, the Board confirms that the financial reporting system of the Company has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes and is in accordance with relevant accounting principles and regulatory requirements of the Central Bank of Sri Lanka.

Review of the Statements by External Auditors

The external Auditors, Messrs. BDO Partners, have reviewed the above Directors' statement on Internal Control over Financial Reporting included in this Annual Report of the Company for the year ended 31 March 2026 and reported to the board that nothing has come to their attention that caused them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in the review of the design and effectiveness of the internal Controls over Financial Reporting of the Company. Their report on the statement of Internal Control over Financial Reporting is given on pages 139-140 of this Annual Report.

Statement on prudential requirements, regulations and laws

There is no material non-compliance to prudential requirements regulations, laws and internal controls affecting the Company.

There were no lapses which caused supervisory concern on the Company's Risk Management Systems or non-compliance with these directions which led to them being pointed out by the Director of Non- Bank Supervision of the Central Bank of Sri Lanka and which have caused the Monetary Board to give directions that they be disclosed to the public. Since there have been no such lapses or instances of non- compliance and since no such directions have been given by the Monetary Board, the issue of measures to be taken does not arise and there is nothing to disclose in this regard.

By order of the Board,

Sujeewa Mudalige
Independent Director/
Chairman -Board Audit Committee

17th April 2026

Independent Assurance Report

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Colombo 02
Sri Lanka

TO THE BOARD OF DIRECTORS OF MAHINDRA IDEAL FINANCE LIMITED

Report on the Directors' Statement on Internal Control over Financial Reporting
We were engaged by the Board of Directors of Mahindra Ideal Finance Limited ("the company") to provide assurance on the Directors' Statement on Internal Control ("the Statement") over financial reporting of the company included in the annual report for the year ended 31st March 2026.

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

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

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

Our responsibilities and compliance with SLSAE 3051
Our responsibility is to assess whether the Statement is both supported by the documentation prepared by of for directors and appropriately reflects the process the directors have adopted in reviewing the design and effectiveness of the internal control of the company.

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

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

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

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

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

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

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

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

Our conclusion

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

BDO Partners

CHARTERED ACCOUNTANTS

Colombo 02

17th April 2026

CW/cc

Independent Auditor's Report

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Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of Mahindra Ideal Finance Limited (the "Company"), which comprise the statement of financial position as at 31st March 2026 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the Financial Statements including a summary of material accounting policy information as set out on pages 145-200.

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

Basis for Opinion

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

Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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Nirosha Vadivel Bsc (Acc.), FCA, ACMA. R. D. Chamika N. Wijesinghe FCA, BBA (Acc.) Sp. H. M. R. Thilina Ranaweera FCA, BBMgt (Acc.) Sp.

BDO

they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Statements.

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

BDO Partners

CHARTERED ACCOUNTANTS

Colombo

17th April 2026

Statement of Comprehensive Income

For the year ended 31st March 2026	Notes	2026 LKR '000	2025 LKR '000
Income	3	**4,261,863**	2,740,870
Interest Income	4.1	**3,878,129**	2,444,566
Interest Expenses	4.2	**(1,725,739)**	(1,109,246)
Net Interest Income		**2,152,390**	1,335,320
Fees and Commission Income	5	**35,432**	16,498
Net Fee and Commission Income		**35,432**	16,498
Other Operating Income	6	**348,302**	279,806
Total Operating Income		**2,536,124**	1,631,623
Impairment Charges for Loans and other Losses	7	**(162,978)**	(73,914)
Net Operating Income		**2,373,146**	1,557,710
Operating Expenses			
Personnel Expenses	8	**(656,101)**	(560,529)
Depreciation of Property, Plant and Equipment	22.2	**(161,661)**	(140,151)
Amortisation of Intangible Assets	23	**(8,525)**	(8,791)
Other Operating Expenses	9	**(453,869)**	(414,783)
Operating Profit before VAT on Financial Services and Social Security Contribution Levy		**1,092,990**	433,456
Value Added Tax on Financial Services	10	**(239,838)**	(135,364)
Social Security Contribution Levy	10	**(34,555)**	(18,801)
Profit before Taxation		**818,597**	279,291
Income Tax Expenses	11.1	**(340,366)**	(133,405)
Profit/(Loss) for the period		**478,231**	145,886
Basic and Diluted Earning per Share	12.2	**3.28**	1.00
Profit/(Loss) for the period		**478,231**	145,886
Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods			
Actuarial Gain/(Loss) on Defined Benefit Obligation	29.3	**(421)**	7,033
Deferred Tax (Charge)/Reversal on Other Comprehensive Income	29	**126**	(2,110)
Other Comprehensive Income for the period, Net of Tax		**(295)**	4,923
Total Comprehensive Income for the period, Net of Tax		**477,936**	150,809

Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 149-200 form an integral part of these Financial Statements.

Colombo
17th April 2026

Statement of Financial Position

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

Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 149-200 form an integral part of these Financial Statements.

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

Rohit Kumar Agarwalla
Chief Financial Officer

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

Thilan Wijesinghe
Chairman

Mufaddal Choonia
Managing Director and CEO

Colombo
17th April 2026

Statement of Changes In Equity

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

Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 149-200 form an integral part of these Financial Statements.

Colombo
17th April 2026

Statement of Cash Flows

For the year ended 31st March 2026	Notes	2026 LKR '000	2025 LKR '000
Cash Flows From / (Used in) Operating Activities			
Profit before Income Tax Expense		818,597	279,291
Adjustment for Other Non-Cash Items Included in Profit Before Tax			
Depreciation of Property, Plant and Equipment and ROU Assets	22.3	161,661	140,151
Amortisation of Intangible Assets	23	8,525	8,791
Provision for Impairment	7	162,978	73,914
Interest expenses on Borrowings	4.2	1,005,247	403,685
Defined Benefit Obligation	8	12,133	14,271
Dividend Income	6	(476)	-
Disposal (Gain)/Loss on Fixed Assets		(6,133)	(21,772)
Operating Profit before Working Capital Changes		2,162,532	898,331
(Increase)/Decrease in Lease Rental Receivable		191,760	214,289
(Increase)/Decrease in Loans and Advances		(9,717,319)	(4,610,148)
(Increase)/Decrease in Gold Advance		(2,780,708)	(1,938,102)
(Increase)/Decrease in Other Financial Assets		(8,813)	8,483
(Increase)/Decrease in Other Non-Financial Assets		(90,699)	91,756
Increase/(Decrease) in Amounts Due to Customers		1,275,961	1,049,990
Increase/(Decrease) in Other Financial Liabilities		791,963	171,098
Increase/(Decrease) in Other Non-Financial Liabilities		6,725	36,860
Increase/(Decrease) in Current Tax liabilities		24,326	13,971
Cash Generated from Operations		(8,144,272)	(4,063,472)
Retirement Benefit Liabilities Paid	28.2	(3,272)	(18,537)
Income Tax Paid		(218,151)	(90,596)
Net Cash Flows from/(Used in) Operating Activities		(8,365,695)	(4,172,605)
Cash Flows from / (Used in) Investing Activities			
Purchase of Property, Plant and Equipment	22.1	(142,633)	(117,080)
Purchase of Right-of-Use Assets	22.1	(94,998)	(81,360)
Purchase of Intangible Assets	23	(3,545)	(195)
Disposal of Property, Plant and Equipment		12,117	38,843
Dividend Received	6	476	-
Investment in Treasury Bills	14	97,870	424,192
Investment in Fixed Deposits	15	49,869	104,772
Net Cash Flows from/(Used in) Investment Activities		(80,844)	369,172
Cash Flows from / (Used in) Financing Activities			
Proceeds from Bank Borrowings		22,605,000	10,559,108
Repayment of Bank Borrowings		(13,357,974)	(7,979,560)
Rental Paid for Lease Obligation		(87,090)	(78,687)
Proceeds from Subordinate Liabilities		1,000,626	-
Net Cash Flows from/(Used in) Financing Activities		10,160,562	2,500,861
Net Increase/(Decrease) in Cash and Cash Equivalents		1,714,023	(1,302,572)
Cash and Cash Equivalents at the Beginning of the Year		10,172	1,312,744
Cash and Cash Equivalents at the End of the Year	32	1,724,195	10,172

Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 149-200 form an integral part of these Financial Statements.

Colombo
17th April 2026

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1 General

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

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

1.2 Principal Activities and Nature of Operations

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

1.3 Parent Entity and Ultimate Parent Entity

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

1.4 Date of Authorization for Issue

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

2. ACCOUNTING POLICIES

2.1 Basis of Preparation

2.1.1 Statement of Compliance

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

2.1.2 Responsibility for Financial Statements

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

2.1.3 Basis of measurement

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

2.1.4 Presentation of Financial Statements

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

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

2.1.5 Functional and presentation currency

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

2.1.6 Materiality, Aggregation Offset-ting and Rounding Off

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

Financial Assets and Financial Liabilities are offset and the net amount reported in the Statement of Financial Position only when legally there is enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expenses are not offset in the Statement of Profit or Loss unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies.

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

2.1.7 Comparative Information

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

2.1.8 Statement of Cash Flow

The cash flow statement has been prepared by using the indirect method in accordance with the Sri Lanka Accounting Standard - LKAS 7 (Statement of Cash Flows), whereby operating, investing and financial activities have been separately recognised. Cash and cash equivalents comprise of short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

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

2.1.9 Events After the Reporting Date

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

2.2 Significant Accounting Judgments, Estimates and Assumptions

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

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

i. Going Concern

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

ii. Impairment losses on loans and receivables

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

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

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

iii. Fair Value of Financial Instruments

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

iv. Financial Assets and Financial Liabilities Classification

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

v. Defined Benefit Plan

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

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

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

2.3 Summary of Significant Accounting Policies

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

2.3.1 SLFRS 09 Financial Instrument

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

2.3.1.1 Classification & Measurement of Financial Assets and Liabilities

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

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

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

2.3.1.2 Financial Assets and liabilities

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

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

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

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

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

(a) Business Model Assessment

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

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

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

(b) The SPPI Test

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

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

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

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

2.3.1.2.2 Reclassification of Financial Assets and Liabilities

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

2.3.1.3 De-recognition of Financial Instruments

2.3.1.3.1 Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when the rights to receive cash flows from the financial asset have expired.

2.3.1.3.2 Financial Liabilities

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

2.3.1.4 Impairment of Financial Assets Overview of the Expected Credit Loss (ECL) Principles

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

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

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

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

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

Stage 1

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

Stage 2

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

Stage 3

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

2.3.1.4.1 The Calculation of Expected Credit Loss (ECL)

The Company calculates ECLs under three staging approaches to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive. The mechanics of the ECL calculations are outlined below and the key elements are as follows:

Definition of default

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

Probability of Default (PD)

The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously recognised and is still in the portfolio.

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

EAD

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

LGD

The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive.

2.3.1.4.2 The mechanics of the ECL method are summarized below:

Stage 1

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

Stage 2

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

Stage 3

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

Assessment of significant increase in credit risk

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

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

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

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

Forward Looking Information

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

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

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

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

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

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

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

2.3.1.5 Determination of Fair Value

The Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

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

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

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

2.3.2 Lease

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

2.3.2.1 Finance Lease

Company as a lessor

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

2.3.2.2 SLFRS 16 - Leases

Company as a lessee

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

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

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

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

2.3.3 Cash and cash equivalents

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

2.3.4 Property, Plant and Equipment

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

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

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

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

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

2.3.5 Right-of-Use Assets

2.3.5.1 Basis of recognition

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

Basis of measurement

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

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

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

2.3.6 Intangible assets

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

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

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

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

2.3.7 Other Assets

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

2.3.8 Inventories

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

2.3.9 Impairment of non-financial assets

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

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

2.3.10 Employee Retirement Benefit

Defined Contribution Plan Costs

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

Defined Benefit Plan Costs

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability recognized in the Statement of Financial Position in respect of defined benefit plan is the present value of the defined benefit obligation at the reporting date. The defined benefit obligation is calculated using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates that are denominated in the currency in which the benefit will be paid, and that have terms of maturity approximating to the terms of the liability.

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

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

2.3.11 Provisions

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

2.3.12 Other Liabilities

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

2.3.13 Foreign currency translation

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

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

2.3.14 Recognition of income and expenses

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

i) Interest income and interest expense

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

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

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

ii) Fee and commission income

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

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

Fee income from providing transaction services

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

iii) Dividend income

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

iv) Expenditure Recognition

Expenses are recognized in profit or loss in the statement of comprehensive Income on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the statement of Comprehensive Income (Profit or loss). For the purpose of presenting of the statement of comprehensive Income, the "function of expenses" method has been adopted, on the basis that it presents fairly the element of the company's performance.

2.3.15 Taxes

a) Current Tax

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

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

b) Deferred Tax

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

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

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

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

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

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

2.3.16 Regulatory provisions

a) Deposit Insurance and Liquidity Support Scheme

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

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

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

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

b) Crop Insurance Levy (CIL)

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

2.3.17 Related Party Transactions

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

2.3.18 Segment Reporting

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

- Finance Leases
- Term Loans
- Gold Loans
- Others

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

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

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

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

i) Amendments to SLFRS 9 (Financial Instruments) and SLFRS 7 (Financial Instruments: Disclosures).

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

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

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

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

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

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

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

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

3. INCOME

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

4. NET INTEREST INCOME

4.1 Interest Income

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

4.2 Interest Expense

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

5. FEE AND COMMISSION INCOME

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

6. OTHER OPERATING INCOME

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

7. IMPAIRMENT CHARGES FOR LOANS AND OTHER LOSSES

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

8. PERSONNEL EXPENSES

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

9. OTHER OPERATING EXPENSES

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

10. VALUE ADDED TAX ON FINANCIAL SERVICES AND SSCL

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

11. INCOME TAX EXPENSES

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

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

11.2 Reconciliation of Accounting Profit and Taxable Income

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

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

12. BASIC AND DILUTED EARNINGS PER ORDINARY SHARES

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

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

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

13. CASH AND BANK BALANCES

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

14. INVESTMENT IN GOVERNMENT SECURITIES

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

15. PLACEMENT WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

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

16. GOLD ADVANCES

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

16.1Collective Impairment

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

16.2Stage wise allowance for impairment

	As at 31st March 2026			As at 31st March 2025		
	Gross Loan Receivables LKR '000	Allowance for Impairment Losses LKR '000	Net Loan Receivables LKR '000	Gross Loan Receivables LKR '000	Allowance for Impairment Losses LKR '000	Net Loan Receivables LKR '000
Stage - 1	8,153,363	41,995	8,111,369	5,741,373	32,675	5,708,698
Stage - 2	1,084,049	22,203	1,061,846	686,714	11,596	675,118
Stage - 3	11,563	545	11,018	40,179	1,017	39,162
	9,248,975	64,743	9,184,233	6,468,266	45,288	6,422,978

17. LEASE RENTAL RECEIVABLE

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

17.1Net Rental Receivable on Leases

	As at 31st March 2026			As at 31st March 2025		
	Gross Rental Receivable LKR '000	Allowance for Impairment Losses LKR '000	Net Rental Receivable LKR '000	Gross Rental Receivable LKR '000	Allowance for Impairment Losses LKR '000	Net Rental Receivable LKR '000
Stage - 1	2,039,408	8,770	2,030,638	2,161,190	15,323	2,145,867
Stage - 2	372,742	3,331	369,411	440,691	5,754	434,937
Stage - 3	136,966	56,069	80,897	130,418	54,709	75,709
	2,549,116	68,170	2,480,946	2,732,299	75,786	2,656,513

17.2 Allowance for Impairment Losses

(a) Allowance for Impairment with stage wise

	Collective			Individual	
	Stage -1 LKR '000	Stage -2 LKR '000	Stage -3 LKR '000	All Stages LKR '000	Total LKR '000
Balance as at 01st April 2025	15,323	5,754	54,709	-	75,786
Charges/(Reversals) for the year	(6,553)	(2,701)	1,360	279	(7,615)
Balance as at 31st March 2026	8,770	3,053	56,069	279	68,171

(b) Movement in allowance for impairment

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

(c) Movements in Individual and Collective impairment allowance for Lease Rentals Receivables during the year

	2026 LKR '000	2025 LKR '000
Individual Impairment		
As at 01st April	-	154
Charges/(reversals) for the year	279	(154)
Amounts written off	-	-
As at 31st March	279	-
Collective Impairment		
As at 01st April	75,786	92,766
Charges/(reversals) for the year	(7,894)	(8,234)
Amounts written off	-	(8,746)
As at 31st March	67,892	75,786
Total	68,171	75,786

17.3 Credit Exposure and ECL Stage wise movement

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

Gross exposure reconciliation

As at 31st March 2026 Particulars	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Gross carrying amount balance as at 01st April 2025	2,161,190	440,691	130,418	2,732,299
- Transferred to Stage 1	92,763	(88,726)	(4,037)	-
- Transferred to Stage 2	(239,833)	241,181	(1,348)	-
- Transferred to Stage 3	(37,452)	(43,091)	80,544	-
- Loans that have been derecognised during the period	(604,904)	(201,422)	(56,468)	(862,794)
New loans originated during the year	1,087,391	107,617	11,968	1,206,976
Write-offs	-	-	-	-
Remeasurement of net exposure	(419,747)	(83,508)	(24,111)	(527,366)
Gross carrying amount balance as at 31st March 2026	2,039,408	372,742	136,966	2,549,115

As at 31st March 2025 Particulars	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Gross carrying amount balance as at 01st April 2024	2,114,556	584,202	258,291	2,957,049
- Transferred to Stage 1	128,632	(117,959)	(10,673)	-
- Transferred to Stage 2	(193,430)	214,685	(21,255)	-
- Transferred to Stage 3	(21,260)	(31,088)	52,347	-
- Loans that have been derecognised during the period	(784,056)	(288,692)	(101,972)	(1,174,720)
New loans originated during the year	1,306,755	184,237	11,418	1,502,409
Write-offs	(1,848)	-	(33,656)	(35,503)
Remeasurement of net exposure	(388,160)	(104,695)	(24,083)	(516,937)
Gross carrying amount balance as at 31st March 2025	2,161,188	440,689	130,416	2,732,298

Reconciliation of ECL balance

As at 31st March 2026 Particulars	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
ECL allowance balance as at 01st April 2025	15,323	5,754	54,709	75,786
- Transferred to Stage 1	2,852	(1,158)	(1,694)	-
- Transferred to Stage 2	(1,702)	2,268	(566)	-
- Transferred to Stage 3	(266)	(563)	828	(1)
- Loans that have been derecognized during the period	(4,293)	(2,630)	(23,687)	(30,610)
New loans originated during the year	4,682	962	4,899	10,543
Write-offs	-	-	-	-
Net remeasurement of loss allowance	(7,825)	(1,301)	21,578	12,452
ECL allowance balance as at 31st March 2026	8,771	3,332	56,067	68,170

As at 31st March 2025 Particulars	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
ECL allowance balance as at 01st April 2024	24,258	13,255	55,407	92,920
- Transferred to Stage 1	4,966	(2,676)	(2,290)	-
- Transferred to Stage 2	(2,219)	6,779	(4,559)	-
- Transferred to Stage 3	(244)	(705)	949	-
- Loans that have been derecognised during the period	(8,995)	(6,550)	(20,369)	(35,914)
New loans originated during the year	9,273	2,405	4,790	16,468
Write-offs	(21)	-	(8,725)	(8,746)
Net remeasurement of loss allowance	(11,695)	(6,753)	29,506	11,057
ECL allowance balance as at 31st March 2025	15,323	5,755	54,709	75,785

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

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

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

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

17.5 Rental Receivable on Lease

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

18. LOANS AND ADVANCES

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

18.1 Net Receivable on Loans

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

18.2 Allowance for Impairment Losses

(a) Allowance for Impairment with stage wise

	Collective				
	Stage -1 LKR '000	Stage -2 LKR '000	Stage -3 LKR '000	Individual LKR '000	Total LKR '000
Balance as at 01st April 2025	52,821	7,068	38,920	5,176	103,985
Charges/(Reversals) for the year	80,186	19,873	26,780	32,876	159,715
Balance as at 31st March 2026	133,007	26,941	65,700	38,052	263,700

(b) Movement in allowance for impairment

	2026 LKR '000	2025 LKR '000
As at 01st April	**103,985**	43,685
Charges/(reversals) for the year	**159,715**	60,300
Amounts written off	**-**	-
As at 31st March	**263,700**	103,984.59
Individual impairment	**38,052**	5,176
Collective impairment	**225,648**	98,809
Total	**263,700**	103,984.59

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

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

18.3 Credit Exposure and ECL Stage wise movement

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

Gross exposure reconciliation

As at 31st March 2026 Particulars	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Gross carrying amount balance as at 01st April 2025	5,250,812	467,951	108,701	5,827,464
- Transferred to Stage 1	93,486	(69,005)	(24,480)	-
- Transferred to Stage 2	(391,824)	391,824	-	-
- Transferred to Stage 3	(169,172)	(29,898)	199,071	-
- Loans that have been derecognised during the period	(2,693,243)	(323,210)	(18,595)	(3,035,049)
New loans originated during the year	12,193,686	989,871	76,111	13,259,668
Write-offs	-	-	-	-
Remeasurement of net exposure	(436,100)	(55,261)	(15,941)	(507,302)
Gross carrying amount balance as at 31st March 2026	13,847,644	1,372,271	324,867	15,544,782

As at 31st March 2025 Particulars	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Gross carrying amount balance as at 01st April 2024	1,084,098	59,656	73,563	1,217,317
- Transferred to Stage 1	15,209	(13,158)	(2,051)	-
- Transferred to Stage 2	(54,008)	55,061	(1,053)	-
- Transferred to Stage 3	(5,057)	(5,034)	10,091	-
- Loans that have been derecognised during the period	(800,180)	(25,403)	(20,004)	(845,587)
New loans originated during the year	5,063,671	409,120	54,837	5,527,627
Write-offs	-	-	-	-
Remeasurement of net exposure	(52,920)	(12,290)	(6,682)	(71,892)
Gross carrying amount balance as at 31st March 2025	5,250,813	467,952	108,701	5,827,465

Reconciliation of ECL balance

As at 31st March 2026 Particulars	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
ECL allowance balance as at 01st April 2025	**52,821**	**8,879**	**42,285**	**103,985**
- Transferred to Stage 1	**10,796**	**(1,323)**	**(9,473)**	**-**
- Transferred to Stage 2	**(4,021)**	**4,021**	**-**	**-**
- Transferred to Stage 3	**(1,736)**	**(573)**	**2,309**	**-**
- Loans that have been derecognised during the period	**(26,578)**	**(6,104)**	**(7,416)**	**(40,098)**
New loans originated during the year	**116,983**	**19,830**	**24,178**	**160,991**
Write-offs	**-**	**-**	**-**	**-**
Net remeasurement of loss allowance	**(15,257)**	**2,761**	**51,318**	**38,822**
ECL allowance balance as at 31st March 2026	**133,008**	**27,491**	**103,201**	**263,700**

As at 31st March 2025 Particulars	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
ECL allowance balance as at 01st April 2024	12,641	1,590	29,454	43,685
- Transferred to Stage 1	1,172	(351)	(821)	-
- Transferred to Stage 2	(785)	1,207	(421)	-
- Transferred to Stage 3	(74)	(134)	208	-
- Loans that have been derecognised during the period	(8,505)	(677)	(8,009)	(17,191)
New loans originated during the year	50,898	7,751	21,440	80,090
Write-offs	-	-	-	-
Net remeasurement of loss allowance	(2,526)	(507)	434	(2,599)
ECL allowance balance as at 31 March 2025	52,821	8,879	42,285	103,985

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

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

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

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

18.5 Receivable on Loans and Advances

	Within One Year LKR '000	1 to 5 Years LKR '000	Over 5 Years LKR '000	Total LKR '000
Gross Receivables	7,366,348	10,637,506	37,003	18,040,857
Less: Unearned Income	1,023,287	1,470,596	2,192	2,496,075
Net Receivable before charging Allowance for Impairment Losses	6,343,061	9,166,910	34,811	15,544,782

19. OTHER FINANCIAL ASSETS

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

20. OTHER NON-FINANCIAL ASSETS

	2026 LKR '000	2025 LKR '000
Advances and Prepayment	**137,864**	72,885
Other Receivables	**1,919**	524
	139,783	73,410

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

	2026 LKR '000	No. of Shares	2025 LKR '000	No. of Shares
Equities-Unquoted				
Credit Information Bureau of Sri Lanka	**458**	100	458	100
	458	100	458	100

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

22. PROPERTY, PLANT & EQUIPMENT

22.1 Gross Carrying Amounts

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

22.2 Depreciation

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

22.3 Net Book Values

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

22.4 Fully Depreciated Property, Plant and Equipment

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

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

23. INTANGIBLE ASSETS

	2026 LKR '000	2025 LKR '000
Computer System Software		
Cost:		
Opening Balance	98,984	98,789
Additions	3,543	195
Disposal	-	-
Closing Balance	102,527	98,984
Less: Amortisation		
Opening Balance	64,485	55,694
Amortisation Charge for the Period	8,525	8,791
Closing Balance	73,010	64,485
Net Book Value as at 31st March	29,517	34,499

24. INTEREST BEARING BORROWINGS

	2026 LKR '000	2025 LKR '000
Bank Over Draft	999,187	1,025,067
Bank Borrowings	11,370,275	3,840,335
Securitization Borrowings	4,806,607	2,084,274
	17,176,069	6,949,676

24.1Bank Borrowings

	2026 LKR '000	2025 LKR '000
Gross liability	11,850,701	4,093,376
Less: Finance Charge Allocated to Future Period	(480,425)	(253,041)
Net Liability	11,370,276	3,840,335
Repayable Within one year		
Gross Liability	7,641,573	3,434,921
Less: Finance Charge Allocated to Future Period	(344,824)	(211,252)
Net Liability	7,296,749	3,223,669
Repayable After one year (1 to 5 Year)		
Gross Liability	4,209,128	658,456
Less: Finance Charge Allocated to Future Period	(135,601)	(41,789)
Net Liability	4,073,527	616,667
Total Net Liability	11,370,276	3,840,336

24.2 Securitization Borrowings

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

24.2.1 Institutionwise Loan Facilities

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

25. DUE TO CUSTOMERS

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

26. BORROWING ON LISTED DEBENTURES

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

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

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

27. OTHER FINANCIAL LIABILITIES

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

27.1 Obligation to Make the Lease Payment

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

28. OTHER NON-FINANCIAL LIABILITIES

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

29.1 Defined Benefit Liability

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

29.2 Changes in the Defined benefit obligation are as follows

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

29.3 Net Benefit expense

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

29.4 The principal financial assumptions used are as follows

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

	2026	2025
Discount Rate*	**10.00%**	10.00%
Future Salary Increment Rate	**9.00%**	10.00%
Retirement age	**60 Years**	60 Years
The weighted average duration of the defined benefit obligation	**5.2 Years**	5.0 Years
Mortality - GA 1983 Mortality Table issued by the Institute of Actuaries London		

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

29.5 Sensitivity Analysis

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

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

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

Sensitivity Analysis

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

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

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

29.6Maturity profile of undiscounted cash flows of defined benefit obligation

	2026 LKR '000	2025 LKR '000
Within 1 year	**6,191**	6,038
Between 1 and 5 years	**26,091**	21,854
More than 5 years	**14,739**	9,490
	47,021	37,382

30. DEFERRED TAX (ASSET)/ LIABILITY

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

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

31. STATED CAPITAL

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

32. RESERVES

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

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

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

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

34. ANALYSIS OF FINANCIAL ASSETS & LIABILITIES BY MEASURMENT BASIS

As at 31 March 2026	Financial Assets at Fair Value Income Statement LKR '000	Financial Assets at Fair Value Other Comprehensive Income LKR '000	Financial Assets and Liabilities at Amortized Cost LKR '000	Total LKR '000
Financial Assets				
Cash & Bank Balances	-	-	423,093	423,093
Investment in Government Securities	-	-	2,294,257	2,294,257
Placements with Other Banks & Financial Institutions	-	-	401,207	401,207
Lease Rental Receivable	-	-	2,480,946	2,480,946
Loans and Advances	-	-	15,281,083	15,281,083
Gold Advances	-	-	9,184,231	9,184,231
Financial Investments-measured at Fair Value through OCI	-	458	-	458
Other Financial Assets	-	-	29,826	29,826
Total Financial Assets	-	**458**	**30,094,643**	**30,095,101**
Financial Liabilities				
Interest Bearing Borrowings	-	-	17,176,069	17,176,069
Due to the Customers	-	-	7,530,175	7,530,175
Subordinate Liabilities	-	-	1,000,626	1,000,626
Other Financial Liabilities	-	-	1,374,610	1,374,610
Total Financial Liabilities	-	-	**27,081,480**	**27,081,480**

As at 31 March 2025	Financial Assets at Fair Value Income Statement LKR '000	Financial Assets at Fair Value Other Comprehensive Income LKR '000	Financial Assets and Liabilities at Amortized Cost LKR '000	Total LKR '000
Financial Assets				
Cash & Bank Balances	-	-	178,134	178,134
Investment in Government Securities	-	-	1,248,944	1,248,944
Placements with Other Banks & Financial Institutions	-	-	151,076	151,076
Lease Rental Receivables	-	-	2,656,513	2,656,513
Loans and Advances	-	-	5,723,480	5,723,480
Gold Advances	-	-	6,422,978	6,422,978
Financial Investments-measured at Fair Value through OCI	-	458	-	458
Other Financial Assets	-	-	21,012	21,012
Total Financial Assets	**-**	**458**	**16,402,137**	**16,402,595**
Financial Liabilities				
Interest Bearing Borrowings	-	-	6,949,676	6,949,676
Due to the Customers	-	-	6,254,214	6,254,214
Other Financial Liabilities	-	-	639,572	639,572
Total Financial Liabilities	**-**	**-**	**13,843,462**	**13,843,462**

35. FAIR VALUE OF FINANCIAL INSTRUMENTS

35.1Determination of Fair Value and Fair Value Hierarchy

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

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

Level 2 : Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3 : Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

35.2Financial Instruments regularly measured using Fair Value - recurring items

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

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

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

35.3Fair Value of the Financial Instrument Carried at Amortised Cost

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

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

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

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

Assets

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

Financial Liabilities

Bank Overdraft
Due to the Customers
Other Financial Liabilities

36. CURRENT AND NON CURRENT ANALYSIS OF ASSETS & LIABILITIES

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

As at 31 March 2026	Within 12-Months LKR '000	After 12-Months LKR '000	Total LKR '000
ASSETS			
Cash and Bank Balances	423,093	-	423,093
Investment in Government Securities	2,294,257	-	2,294,257
Placements with Banks and Other Financial Institutions	301,207	100,000	401,207
Gold Advances	9,184,231	-	9,184,231
Lease Rentals Receivable and Loans and Advances	7,062,638	10,699,391	17,762,029
Other Financial Assets	17,606	12,220	29,826
Other Non Financial Assets	91,521	48,262	139,783
Financial Investments-Measured at FVOCI	-	458	458
Property, Plant and Equipment	-	654,923	654,923
Intangible Assets	-	29,517	29,517
Deferred Tax Assets	-	60,430	60,430
Total Assets	**19,374,553**	**11,605,201**	**30,979,754**
LIABILITIES			
Interest Bearing Borrowings	10,128,043	7,048,027	17,176,070
Due to the Customers	6,742,200	787,975	7,530,175
Subordinate Liabilities	-	1,000,626	1,000,626
Other Financial Liabilities	1,016,908	357,702	1,374,610
Other Non Financial Liabilities	81,005	-	81,005
Current Tax Liabilities	209,263		209,263
Retirement Benefit Liability	-	47,021	47,021
Total Liabilities	**18,177,419**	**9,241,351**	**27,418,770**
Net Assets	**1,197,134**	**2,363,850**	**3,560,984**

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

37. COMMITMENT AND CONTINGENCIES

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

37.1Litigation Against Company

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

37.2Assets Pledged

The following assets have been pledged as security for liabilities.

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

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

38. EVENT OCCURRING AFTER THE REPORTING DATE

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

39. RELATED PARTY TRANSACTIONS

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

Terms and Conditions

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

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

39.1 Transactions with Key Managerial Personnel (KMPs)

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

39.1.1 Compensation to KMP

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

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

39.1.2 Transaction with KMP and their Close Family Members

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

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

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

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

40. CAPITAL

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

40.1 Capital Management

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

Regulatory Capital

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

41. RISK MANAGEMENT

41.1 Introduction

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

Risk Management Framework

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

Risk Management and Reporting

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

41.2 Credit Risk

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

41.2.1 Credit Quality of Financial Assets :

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

Particulars	31st March 2026 LKR '000	31st March 2025 LKR '000
Gross carrying value of Lease Rental Receivables		
Neither Past due nor impaired	**1,260,964**	1,412,791
Past Due but not impaired		
30 days past due	**778,444**	748,399
31-90 days past due	**372,742**	440,691
Impaired (more than 90 days)	**136,966**	130,418
Total Gross carrying value as at reporting date	**2,549,116**	2,732,299
Gross carrying value of Loans and Advances		
Neither Past due nor impaired	**17,390,380**	3,347,849
Past Due but not impaired		
30 days past due	**4,610,629**	1,902,964
31-90 days past due	**2,456,320**	467,951
Impaired (more than 90 days)	**336,430**	108,701
Total Gross carrying value as at reporting date	**24,793,759**	5,827,464

41.2.2 Analysis of Risk Concentration

41.2.2.1 Industry Analysis

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

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

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

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

Sector wise Break Down as at 31 March 2025	Cash & Bank Balances LKR '000	Investment in Government Securities at Amortized cost LKR '000	Placement with Bank & Other Financial Institutions LKR '000	Lease Rental Receivables and Loans and Advances LKR '000	Financial Investments- Measured at Fair Value through OCI LKR '000	Gold Advances LKR '000	Other Financial Assets LKR '000	Total Financial Assets LKR '000
Agriculture	-	-	-	306,721	-	-	-	306,721
Manufacturing	-	-	-	337,613	-	-	-	337,613
Construction	-	-	-	179,356	-	-	-	179,356
Financial Services	178,134	1,248,944	151,076	130,559	-	-	-	1,708,713
Trading	-	-	-	684,636	-	-	-	684,636
Hotels	-	-	-	131,928	-	-	-	131,928
Services	-	-	-	6,505,579	458	-	6,506,037	353,392
Transport	-	-	-	-	-	-	-	-
Consumer	-	-	-	103,599	-	6,422,978	21,012	6,547,589
Total	**178,134**	**1,248,944**	**151,076**	**8,379,991**	**458**	**6,422,978**	**21,012**	**16,402,593**

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

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

41.2.3 Collaterals and Other Credit Enhancement

Quantitative Information of Collaterals

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

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

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

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

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

41.3 Liquidity Risk & Funding Management

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

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

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

41.3.1 Analysis of Financial Assets and Liabilities by Remaining Contractual Maturities

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

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

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

As at 31st March 2025	On Demand LKR '000	Less Than 3 Months LKR '000	3 to 12 Months LKR '000	1 to 5 years LKR '000	Over 5 Years LKR '000	Total LKR '000
Financial Assets						
Cash and Bank Balances	178,134	-	-	-	-	178,134
Placements with Banks and Other Financial Institutions	-	101,981	4,319	59,223	-	165,523
Investment in Government Securities	857,289	100,000	304,583	-	-	1,261,872
Gold Advances	1,437,759	5,030,512	817	-	-	6,469,088
Lease Rental Receivable	130,946	364,432	1,008,141	2,024,162	-	3,527,681
Loans and Advances	94,302	550,958	1,740,661	4,205,782	4,333	6,596,036
Financial Investments-Measured at Fair Value through OCI	-	-	-	-	458	458
Other Financial Assets	-	1,648	966	2,788	15,611	21,013
Total Financial Assets	**2,698,430**	**6,149,531**	**3,059,487**	**6,291,955**	**20,402**	**18,219,805**
Financial Liabilities						
Interest Bearing Borrowings	1,025,067	420,622	3,738,410	2,341,922	-	7,526,021
Due to the Customers	-	2,045,209	3,688,614	979,508	-	6,713,331
Other Financial Liabilities	140,069	141,982	617	-	-	282,668
Obligation to Make the Lease Payment	-	19,536	59,599	315,070	155,220	549,425
Total Financial Liabilities	**1,165,136**	**2,627,349**	**7,487,240**	**3,636,500**	**155,220**	**15,071,445**
Total Net Financial Assets/ (Liabilities)	**1,533,294**	**3,522,182**	**(4,427,753)**	**2,655,455**	**(134,818)**	**3,148,360**

41.4 Interest Rate Risk

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

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

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

Interest Rate Risk Exposure on Financial Assets & Liabilities

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

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

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

42. OPERATING SEGMENTS

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

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

43. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

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

A Decade of **Rising**.

Ten years of building, reaching, and redefining what's possible.
A look at the milestones that defined our journey from where
we began to the altitude that we are at today.

A Decade at a Glance

LKR'000	FY 2026	FY 2025	FY 2024
Operating Results			
Revenue	**4,261,863**	2,740,870	2,309,040
Interest Income	**3,878,129**	2,444,566	2,153,618
Interest Expenses	**1,725,739**	1,109,246	1,061,880
Net Interest Income	**2,152,390**	1,335,320	1,091,738
Fees and Commission Income	**35,432**	16,498	10,249
Other Operating Income	**348,302**	279,806	145,173
Impairment Charges for Loans and other Losses	**162,978**	73,914	(49,872)
Operating Expenses	**1,280,156**	1,124,254	962,933
Value Added Tax on Financial Services	**239,838**	135,364	116,700
Social Security Contribution Levy	**34,555**	18,801	16,208
Profit Before Taxation	**818,597**	279,291	201,190
Income Tax Expenses	**340,366**	133,405	97,898
Profit After Taxation	**478,231**	145,886	103,292
Liabilities & Equity			
Interest Bearing Borrowings	**17,176,069**	6,949,676	3,843,672
Due to the Customers	**7,530,175**	6,254,214	5,204,224
Subordinate Liabilities	**1,000,626**	-	-
Other Liabilities	**1,502,636**	781,755	663,782
Current Tax Liabilities	**209,263**	62,723	5,943
Deferred Tax Liabilities	**-**	-	-
Total Equity	**3,560,985**	3,083,052	2,932,243
Total Liabilities & Equity	**30,979,754**	17,131,420	12,649,864
Assets			
Cash and Bank Balances	**423,093**	178,134	110,768
Investment in Government Securities & Fixed Deposits	**2,695,464**	1,400,020	2,174,872
Financial Investments-Measured at Fair Value through PL		-	1,001,278
Gold Advances	**9,184,231**	6,422,978	4,505,163
Lease Rentals Receivable and Stock out on Hire	**2,480,946**	2,656,513	2,864,130
Loans and Advances	**15,281,083**	5,723,480	1,173,631
Other Assets	**170,067**	94,880	218,450
Property, Plant and Equipment	**654,923**	584,939	534,361
Deferred Tax Assets	**60,430**	35,978	24,117
Intangible Assets	**29,517**	34,498	43,094
Total Assets	**30,979,754**	17,131,420	12,649,864
Ratios			
Growth In Income (%)	**55%**	19%	20%
Growth In Net Interest Income (%)	**61%**	22%	24%
Growth In Profit After Tax (%)	**228%**	41%	19%
Growth in Total Assets (%)	**81%**	35%	44%
Earnings Per Share (LKR)	**3.28**	1.00	0.71

FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
1,924,279	1,321,537	1,015,293	927,785	777,461	630,995	390,806
1,805,300	1,242,068	973,814	886,069	704,307	572,537	342,965
921,726	328,347	256,038	371,874	292,974	228,115	133,806
883,574	913,720	717,776	514,196	411,333	344,423	209,159
13,068	12,098	10,904	8,940	9,298	8,099	4,525
105,912	67,371	30,575	32,775	63,856	50,359	43,316
70,983	88,336	88,587	32,076	24,552	18,603	11,895
683,577	504,059	310,454	289,418	240,553	205,596	156,752
88,673	90,505	71,777	70,381	56,961	32,387	16,987
6,228	-	-	-	-	-	-
153,092	310,289	288,438	164,035	162,421	146,294	71,366
66,194	71,067	104,682	58,684	61,299	43,478	13,572
86,898	239,222	183,755	105,351	101,122	102,816	57,794
1,989,958	2,872,386	1,706,358	1,877,770	2,190,708	1,529,389	1,183,196
3,487,077	2,195,019	929,639	671,917	584,785	367,110	301,121
-	-	-	-	-	-	-
447,571	621,613	285,787	212,997	156,386	170,299	148,306
32,922	50,118	87,365	38,024	19,630	9,730	-
-	-	5,253	44,690	62,911	45,329	19,028
2,834,622	2,746,233	2,505,427	2,320,990	1,116,744	1,043,830	738,229
8,792,150	8,485,369	5,519,829	5,166,388	4,131,164	3,165,687	2,389,880
165,584	135,648	71,609	44,197	42,822	51,593	37,999
903,406	536,454	713,411	939,422	67,033	66,501	41,835
-	-	-	-	-	-	-
3,950,688	2,258,859	1,183,764	672,715	456,565	177,748	16,120
2,374,025	3,535,934	2,414,430	2,309,893	2,282,390	2,040,010	1,743,026
798,813	1,389,312	865,821	959,058	1,003,353	496,510	299,831
83,580	263,466	69,078	56,633	143,550	214,224	155,216
470,357	346,499	188,757	166,335	112,358	94,701	70,400
27,648	-	-	-	-	-	-
18,047	19,197	12,959	18,135	23,093	24,398	25,453
8,792,150	8,485,369	5,519,829	5,166,388	4,131,164	3,165,687	2,389,880
46%	30%	9%	19%	23%	61%	76%
-3%	27%	40%	25%	19%	65%	33%
-64%	30%	74%	4%	-2%	78%	52%
4%	54%	7%	25%	30%	32%	43%
0.60	1.64	1.26	1.11	1.12	1.29	0.72

Information of Ordinary Shares

Distribution of Shareholding

Shares	No of shareholders	Share %	Number of shares
upto 5,000,000	1	2.02	2,935,851
5,000,001-10,000,000	1	5.24	7,633,211
Above 10,000,000	3	92.74	135,070,036
		100.00	145,639,098

Distribution of Shareholding

Type of Investors	No of shareholders	Share %	Number of shares
Local individuals	2	22.51	32,784,164
Local institutions	2	19.29	28,086,804
Foregin Institutions	1	58.20	84,768,130
		100.00	145,639,098

Glossary of Financial Terms

Earning Assets
Income earning assets held by the Company. Typically include interest bearing balances, Investment securities and loans.

Interest Bearing Liabilities
Liabilities on which the Company is paying interest.

Investment Securities
Securities acquired and held for yield or capital growth purposes and are usually held to Maturity.

Net Interest Margin
Ratio of net interest income to earning assets.

Interest Spread
Represents the difference between the average interest rate earned and the average interest rate paid on funds.

Liquid Assets
Assets that are held in cash or in a form that can be converted to cash readily, such as deposits with other banks, Bills of Exchange, Treasury Bills.

Provision for Bad Debts
Amounts set aside against possible losses on financial leases, hire purchases, advances and other credit facilities according to the Finance Companies Direction 3 of 2006.

Materiality
The relative significance of a transaction or an event, the omission or misstatement of which could influence the economic decisions of users of Financial Statements.

Net Assets Value Per Ordinary Share
Shareholders' funds excluding preference shares divided by the number of ordinary shares in issue.

Risk-Weighted Assets
On balance sheet assets and the credit equivalent of off balance sheet assets multiplied by the relevant risk weighting factors.

Segmental Analysis
Analysis of financial information by segments of an enterprise specifically, the different industries and the different geographical areas in which it operates.

Repurchase Agreement
Contract to sell and subsequently repurchase securities at a specified date and price.

Return on Average Equity (ROE)
Net income, less preference share dividends if any, expressed as a percentage of average ordinary shareholders' equity.

Revenue Reserve
Reserves set aside for future distribution and investment.

Shareholders' Funds
Total of issued and fully paid share capital and capital and revenue reserves.

Net Interest Income
The difference between income earned from interest earning assets and cost incurred on interest bearing liabilities.

Non-Performing Loans
Loan advances and hire purchase/lease finance of which interest or capital is in arrears six months or more.

Prudence
Inclusion of a degree of caution in the exercise of judgment needed in making the estimates required under conditions of uncertainty, such that assets or income are not overstated and liabilities or expenses are not understated.

Return on Average Assets (ROA)
Profit after tax divided by the average assets.

Substance Over Form
The consideration that the accounting treatment and the presenting in Financial Statements of transactions and the events should be governed by their substance and financial reality and not merely by legal form.

Tier I Capital
Core capital representing permanent shareholders' equity and reserves created or increased by appropriations of retained earnings or other surpluses.

Tier II Capital
Supplementary capital representing revaluation reserves, general provisions and other capital instruments which combine certain characteristics of equity and debt such as hybrid capital instruments and subordinated term debts.

Value Added
Value of wealth created by providing financial and other related services less the cost of providing such services.

Debt to Equity Ratio
Long-term borrowings of the Company including Debentures divided by shareholders funds.

Interest Cover
Earnings before interest and taxes divided by interest cost.

Liquid Assets Ratio
Liquid Assets divided by public Deposits.

Capital Adequacy Ratios
The relationship between capital and the risk weighted assets as prescribed by the Central Bank of Sri Lanka developed by modifying international best practices on maintenance of capital for financial institutions, to suit the local requirements.

Interest in Suspense
Interest suspended on non-performing contracts without recognising to the Income.

Earnings Per Share
Net profit after tax divided by the number of ordinary shares in issue.

Deferred Tax
Sum set aside in the financial statements for taxation that may become payable/ receivable in a financial year other than the current financial year.

Related Parties
Parties where one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Branch Network

Location	Address	Contact Number
Anuradhapura	No 521/25, Maithreepala Senanayake Mawatha, Anuradhapura	025 223 7925
Bandaragama	No 26, Kaluthara Road, Bandaragama	038 211 7266
Bandarawela	No.339, Main Street, Bandarawela	057 222 1025
Chilaw	No 22, Shirley Corea Mawatha, Chilaw	032 203 5050
Chunnakam	No 59 , K.K.S. Road , Chunnakam	021 203 5060
Elakanda	No. 23, Elakanda, Hendala, Wattala.	011 204 5313
Elpitiya	No 117, Main street , Elpitiya	091 229 1427
Embilipitiya	No.28, Pallegama, Embilipitiya	047 226 1467
Galle	No 18 , Mosque Road ,Mainstreet , Galle	091 211 7422
Gampaha	No 3, Bauddaloka Mawatha, Gampaha	033 212 1321
Gampola	**No.23,Nawalapitiya Road,Gampola**	**081 204 2140**
Hatton	No 125, Dimbulla road,Hatton	051 201 8100
Head Office	299,Dr Colvin R De Silva Mawatha , Colombo 02	011 239 6060
Ja ela	No 08 , Negombo Road, Ja ela	011 210 3780
Jaffna	No.408, Hospital Road, Jaffna	021 221 9990
Kadawatha	No 139/6 Kandy Road , Kadawatha	011 210 3030
Kaduruwela	No 766/A, Sawmill Junction , Batticaloa road, Kaduruwela	027 203 0590
Kaduwela	No 482/6 , Awissawella Road ,Kaduwela	011 242 5470
Kandana	No 24 , Negambo Road , Kandana	011 201 0666
Kandy	119 A, Kotugodella Vidiya, Kandy	081 220 8708
Katugasthota	No.214, Madawala Road, Katugasthota	081 224 4730
Kochchikade	No102, Chilaw Road,Kochchikade	031 219 3000
Kuliyapitiya	No 26 ,Madampe Road , Kuliyapitiya	037 203 1030
Kurunegala	No.34, Suratissa Mawatha, Kurunegala	037 223 2110
Matale	No 302,Trincomalee road,Matale	066 211 7500
Matara	No.91, Anagarika Dharmapala Mawatha, Matara	041 222 6916
Monaragala	100, New Bus Stand, Monaragala	055 205 5858
Negambo	No.293/1, Main Street, Negambo	031 203 5066
Nelliadi	No 07 , Kodikamam Road, Nelliadi	021 203 5050
Panadura	No 447 , Galle Road , Panadura	038 211 7257
Piliyandala	No 64/1, Horana Road, Piliyandala	011 204 8080
Puttalam	No 102/A Kurunagala Road, Puttalam	032 213 3000
Ratnapura	No 202, Main street,Ratnapura	045 203 1500
Vavuniya	No 164, Bazzar Street, Vavuniya	024 222 8989
Wattala	No 440, Negambo Road, Wattala	011 201 0100
Welimada	No 28 , Nuwaraeliya Road ,Welimada	057 223 6020
Warakapola	**No.90B, Main Street, Warakapola**	**035 213 3000**

Notice of Meeting

MAHINDRA IDEAL FINANCE PLC - PQ00362532

Notice is hereby given that the Fourteenth Annual General Meeting of Mahindra Ideal Finance PLC will be held at No.299, Dr. Colvin R. De Silva Mawatha, Colombo 2 on 17th July 2026 2026 at 4:00 p.m. and the business to be brought before the meeting will be:

AGENDA

1. To receive and consider the Report of the Board of Directors on the State of Affairs of the Company and the Audited Financial Statements for the year ended 31st March 2026 with the Report of the Auditors thereon.

2. To re-elect Mr. D T S H Mudalige, Director who retires in terms of Article 24(2) of the Articles of Association of the Company.

3. To re-elect Mr. R I Rebello, Director who retires in terms of Article 24(2) of the Articles of Association of the Company.

4. To re-elect Ms. N Welgama, Director who retires in terms of Article 24(2) of the Articles of Association of the Company.

5. To re-elect Mrs. P A Wijenayake, Director who retires in terms of Article 24(2) of the Articles of Association of the Company

6. To appoint BDO Partners, Chartered Accountants and to authorize the Directors to determine their remuneration.

By Order of the Board of Directors of
Mahindra Ideal Finance PLC

S N S Dunuwille
Company Secretary

Colombo
19th June 2026

The member entitled to attend and vote at the above mentioned meeting is entitled to appoint a proxy to attend and vote instead of him/her. Such proxy need not be a member of the Company.

A Form of Proxy is enclosed.

Note:-
The completed Form of Proxy should be deposited at the Registered Office of the Company, at No.299, Dr. Colvin R. De Silva Mawatha, Colombo 2, not later than 48 hours before the time appointed for the holding of the meeting.

Notes

Form of Proxy

MAHINDRA IDEAL FINANCE PLC - PQ00362532

I .... (NIC No...) of

....being a member of

the above Company, hereby appoint:

Mr. Raul Ignatius Rebello ....of India
Mr. Don Tibertius Sujeewa Handapangoda Mudalige ....of Colombo or failing him
Mr. Wijesinghe Arachchige Thilan Manjith Wijesinghe ....of Colombo or failing him
Mr. Mufaddal Abbas Choonia ....of Colombo or failing him
Ms. Nimisha Welgama ....of Colombo or failing her
Ms. Priyangi Anushka Wijenayake ....of Colombo or failing her
Mr. Mangalanath Wickramanayke Karunaratne ....of Colombo or failing him

Mr./Mrs./Miss ....(NIC No..)
of ....
as my proxy to represent me and vote on my behalf at the Annual General Meeting of the Company to be held on .... 2026 and at any adjournment thereof and at every poll which may be taken in consequence of the aforesaid meeting and to VOTE as indicated below:

		FOR	AGAINST
1.	To receive and consider the Annual Report of the Board of Directors on the State of Affairs of the Company and the Audited Financial Statements for the year ended 31st March 2026 with the Report of the Auditors thereon.		
2.	To re-elect Mr. D T S H Mudalige, Director who retires in terms of Article 24(2) of the Articles of Association of the Company.		
3.	To re-elect Mr. R I Rebello, Director who retires in terms of Article 24(2) of the Articles of Association of the Company.		
4.	To re-elect Ms. N Welgama, Director who retires in terms of Article 24(2) of the Articles of Association of the Company.		
5.	To re-elect Mrs. P A Wijenayake, Director who retires in terms of Article 24(2) of the Articles of Association of the Company.		
6.	To appoint BDO Partners, Chartered Accountants and to authorize the Directors to determine their remuneration.		

Signed this .... day of ....Two Thousand and Twenty Six

Signature: ....

Note :

1. Please delete the inappropriate words.
2. Instructions for completion of form of proxy are noted on the reverse
3. A proxy need not be a member of the Company

INSTRUCTIONS FOR COMPLETION OF FORM OF PROXY

1. Kindly perfect the Form of Proxy by filling in legibly your full name and address, and your instructions as to voting, by signing in the space provided and filling in the date of signature.

2. Please indicate with a 'X' in the cages provided how your proxy is to vote on the Resolutions. If no indication is given or if there is any doubt as to how the Proxy should vote by reason of the manner in which the instructions are carried out, the proxy in his/her discretion may vote as he/she thinks fit.

3. The completed Form of Proxy should be deposited at the Registered Office of the Company at No.299, Dr. Colvin R. De Silva Mawatha, Colombo - 02, not less than 48 hours before the time appointed for holding the meeting.

4. If the Form of Proxy is signed by an attorney, the relative power of attorney should accompany the completed form of proxy for registration, if such power of attorney has not already been registered with the Company.

Note:
If the shareholder is a Company or body corporate, Section 138 of the Companies Act No.7 of 2007 applies to corporate shareholders of Mahindra Ideal Finance PLC. Section 138 provides for representation of Companies at meetings of other Companies. A Corporation, whether a Company within the meaning of this Act or not, may, where it is a member of another Corporation, being a Company within the meaning of this Act, by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company. A person authorised as aforesaid shall be entitled to exercise the same power on behalf of the Corporation which it represents as that Corporation could exercise if it were an individual shareholder of that other Company.

Corporate Information

Name of the Company
MAHINDRA IDEAL FINANCE PLC

Company Registration
PQ 00362532

Legal Form of the Company
Incorporated as a limited liability company under the Companies Act No. 07 of 2007 and Registered under the Finance Business Act No. 42 of 2011 and the Finance leasing Act No. 56 of 2000.

The company was quoted on the Colombo Stock Exchange on 07th April 2026 and changed its legal status to Public Limited Company on 30th April 2026.

Date of incorporation
24th January, 2012

Head Office
No 299, Dr. Colvin R De Silva Mawatha, (Union Place)
Colombo 02

Telephone
+94112396060

E-mail
info@mahindraifl.lk

Website
www.mahindraifl.lk

Company Secretary
Sonali Niranjala Dunuwilla
No 299, Dr. Colvin R De Silva Mawatha, (Union Place)
Colombo 02

Bankers
Bank of Ceylon
HSBC
Commercial Bank of Ceylon PLC
Hatton National Bank
National Development Bank
Deutsche Bank
Seylan Bank PLC
Cargills Bank Limited

Auditors
BDO Partners, Chartered Accountants,
Charter House ,65/2
Sir Chittampalam A Gardiner Mawatha,
Colombo 02

Tax Identification Number
134049634

Directors
Mr Thilan Wijesinghe
(Chairman/ Independent Non - Executive Director)
Mr Mufaddal A. Choonia
(Managing Director/CEO)
Mr Sujeewa Mudalige
(Independent Non - Executive Director)
Mr Raul Rebello
(Non-Executive Non-Independent Director)
Ms Nimisha Welgama
(Non-Executive Non-Independent Director)
Ms Anushka Wijenayaka
(Non-Executive Non-Independent Director)
Mr Mangalanath Wickramanayake Karunaratne
(Independent Non - Executive Director)

Share Holding

Name of the Shareholder	Holding %
Mahindra & Mahindra Financial Services Limited	58.20
Ideal Motors Pvt Ltd	17.27
Mr Aravinda De Silva	17.27
Mr Viraj Malawana	5.24
Veritas Holdings Pvt Ltd	2.02

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