

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2021	2021 Rs.	2020 Rs.
<b>Income</b>	<b>1,743,539,205</b>	<b>1,802,435,773</b>
Interest Income	1,584,744,640	1,681,678,539
Interest Expenses	(623,347,022)	(750,116,462)
<b>Net Interest Income</b>	<b>961,397,618</b>	<b>931,562,077</b>
Net Fee and Commission Income	35,856,002	29,580,891
Other Operating Income	122,938,563	91,176,343
<b>Total Operating Income</b>	<b>1,120,192,183</b>	<b>1,052,319,311</b>
Impairment Charges for Loans and Other Losses	(60,091,862)	(119,317,776)
<b>Net Operating Income</b>	<b>1,060,100,321</b>	<b>933,001,535</b>
<b>Operating Expenses</b>		
Personnel Expenses	(374,095,908)	(356,879,823)
Depreciation of Property, Plant and Equipment	(37,102,566)	(40,442,919)
Amortisation of Intangible Assets	(10,055,835)	(13,285,897)
Other Operating Expenses	(282,648,941)	(290,302,786)
<b>Operating Profit before Tax on Financial Services</b>	<b>356,197,071</b>	<b>232,090,111</b>
Tax on Financial Services	(89,362,305)	(108,022,553)
<b>Profit before Taxation</b>	<b>266,834,766</b>	<b>124,067,558</b>
Income Tax Expenses	(83,478,023)	(22,351,216)
<b>Profit for the Year</b>	<b>183,356,743</b>	<b>101,716,342</b>
<b>Other Comprehensive Income</b>		
Actuarial Gains/(Losses) on Defined Benefit Plans	(13,647,141)	(2,062,826)
Gain/(Loss) due to changes in Assumptions	(6,755,239)	(4,302,064)
Deferred Tax (Charge)/Reversal on above items	4,896,571	1,782,169
<b>Net Other Comprehensive Income not to be Reclassified to Profit or Loss</b>	<b>(15,505,809)</b>	<b>(4,582,721)</b>
Surplus from Revaluation of Property, Plant & Equipment	18,050,000	-
Deferred Tax Effect on Surplus from Revaluation of Property, Plant & Equipment	(4,332,000)	-
<b>Net Other Comprehensive Income not to be Reclassified to Profit or Loss</b>	<b>13,718,000</b>	<b>-</b>
<b>Other Comprehensive Income for the Year, Net of Tax</b>	<b>(1,787,809)</b>	<b>(4,582,721)</b>
<b>Total Comprehensive Income/(Expenses) for the Year</b>	<b>181,568,935</b>	<b>97,133,622</b>
<b>Basic Earnings Per Share (Rs)</b>		
Earning per Share - Basic *	2.55	1.51

\* Calculated based on profit/(loss) for the year

## SELECTED PERFORMANCE INDICATORS (AS PER REGULATORY REPORTING)

	As at 31.03.2021 (Audited)	As at 31.03.2020 (Audited)
<b>Regulatory Capital Adequacy</b>		
Core Capital (Tier 1 Capital), Rs.'000	1,998,519	1,106,028
Total Capital Base, Rs.'000	2,019,233	1,126,742
Core Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum requirement, 6%)	21.58	12.99
Total Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum requirement, 11%)	21.80	13.23
Capital Fund to Deposit Liabilities Ratio (Minimum requirement, 10%)	47.92	23.44
<b>Assets Quality (Quality of Loan Portfolio)</b>		
Gross Non-Performing Accommodation, Rs.'000	838,457	871,859
Gross Non-Performing Accommodation Ratio, %	9.99	11.81
Net-Non Performing Accommodation Ratio, %	4.21	6.14
<b>Profitability %</b>		
Interest Margin	11.4%	12.3%
Return on Assets (before Tax)	3.1%	1.6%
Return on Equity (after Tax)	10.9%	8.9%
<b>Regulatory Liquidity (Rs.'000)</b>		
Required minimum amount of Liquid Assets	338,376	641,221
Available amount of Liquid Assets	493,524	661,423
Required minimum amount of Government Security	334,962	426,215
Available amount of Government Security	368,758	432,485
<b>Memorandum information</b>		
Number of employees	480	472
Number of branches	30	30
Number of service centers	21	21

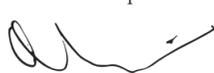
A cap of Rs. 5.5 Bn on total deposit including accrued interest has been imposed by the Central Bank of Sri Lanka.

## STATEMENT OF FINANCIAL POSITION

As at 31 March 2021	2021 Rs.	2020 Rs.
<b>Assets</b>		
Cash and Cash Equivalents	130,870,989	73,226,394
Loans and Receivables	4,954,331,169	5,230,704,947
Lease Rentals Receivables	2,952,368,025	1,702,847,496
Financial Investments	374,591,188	444,939,031
Other Financial Assets	779,506	164,535,666
Other Non Financial Assets	99,226,178	142,043,956
Intangible Assets	5,055,287	15,111,123
Investment Property	215,678,750	126,094,500
Property, Plant and Equipment	160,884,369	146,268,040
Right-of-use Lease Assets	142,812,343	169,444,369
<b>Total Assets</b>	<b>9,036,597,804</b>	<b>8,215,215,520</b>
<b>Liabilities</b>		
Due to Banks and Other Institutions	1,729,624,109	1,595,035,613
Due to Customers	4,551,945,183	5,101,975,953
Other Non Financial Liabilities	282,552,100	99,220,587
Post Employment Benefit Liability	55,828,613	33,753,016
Current Tax Liabilities	53,665,325	(1,210,738)
Lease Creditor	161,198,954	171,735,097
Deferred Tax Liabilities	20,398,293	19,026,724
<b>Total Liabilities</b>	<b>6,855,212,577</b>	<b>7,019,536,253</b>
<b>Shareholders' Funds</b>		
Stated Capital	1,694,137,046	890,000,020
Retained Earnings	326,655,944	195,476,359
Reserves	160,592,235	110,202,886
<b>Total Shareholders' Funds</b>	<b>2,181,385,226</b>	<b>1,195,679,266</b>
<b>Total Liabilities and Shareholders' Funds</b>	<b>9,036,597,804</b>	<b>8,215,215,520</b>
Net assets value per share	20.95	17.71
Commitments and Contingencies	7,689,916	9,365,100

I certify that these Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.

  
Mahesh Jayasanka  
Chief Manger - Finance

  
Nilantha Jayanetti  
Chief Executive Officer

The Board of Directors is responsible for these Financial Statements. Signed for and on behalf of the Board of Directors by:

  
Channa de Silva  
Chairman

  
Chamindha Rajakaruna  
Director

14th July 2021  
Colombo



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## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SARVODAYA DEVELOPMENT FINANCE LIMITED

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Sarvodaya Development Finance Limited ("the Company"), which comprise the statement of financial position as at 31 March 2021, and the statement of Profit or Loss and Other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at 31 March 2021, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

#### Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics 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.

#### Responsibilities of management and those charged with governance for the financial statements

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

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

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

#### Auditor's responsibilities for the audit of the financial statements

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

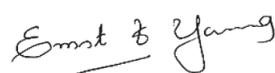
As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a 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.

#### Report on Other Legal and Regulatory Requirements

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



14th July 2021  
Colombo

Partners: W R H Fernando FCA FCMA R N de Saram ACA FCMA Ms. N A De Silva FCA Ms. Y A De Silva FCA W R H De Silva ACA FCMA W K B S P Fernando FCA FCMA Ms. K R M Fernando FCA ACMA Ms. L K H L Fonseka FCA A P A Gunasekera FCA FCMA A Herath FCA D K Hulangamuna FCA FCMA LLB (Lond) H M A Jayasinghe FCA FCMA Ms. A A Ludowyke FCA FCMA Ms. G G S Manatunga FCA Ms. P V K N Sajewani FCA N M Sulaiman ACA ACMA B E Wijesuriya FCA FCMA  
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