

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2020	2020 Rs.	2019 Rs.
Income	1,802,435,773	1,575,246,892
Interest Income	1,681,678,539	1,433,374,472
Interest Expenses	(750,116,462)	(606,621,257)
Net Interest Income	931,562,077	826,753,216
Net Fee and Commission Income	29,580,891	24,992,979
Other Operating Income	91,176,343	116,879,440
Total Operating Income	1,052,319,311	968,625,635
Impairment Charges for Loans and Other Losses	(119,317,776)	(94,014,169)
Net Operating Income	933,001,535	874,611,466
Operating Expenses		
Personnel Expenses	(356,879,823)	(357,108,571)
Depreciation of Property, Plant and Equipment	(40,442,919)	(45,088,470)
Amortisation of Intangible Assets	(13,285,897)	(13,051,870)
Other Operating Expenses	(290,302,786)	(302,645,855)
Operating Profit before Tax on Financial Services	232,090,111	156,716,700
Tax on Financial Services	(108,022,553)	(87,760,056)
Profit/(Loss) before Taxation	124,067,558	68,956,644
Income Tax Expenses	(22,351,216)	(27,740,393)
Profit/(Loss) for the Year	101,716,342	41,216,251
Other Comprehensive Income		
Actuarial Gains/(Losses) on Defined Benefit Plans	(2,062,826)	5,548
Gain/(Loss) due to changes in Assumptions	(4,302,064)	930,725
Deferred Tax (Charge)/Reversal on above items	1,782,169	(262,156)
Net Other Comprehensive Income not to be Reclassified to Profit or Loss	(4,582,721)	674,117
Surplus from Revaluation of Property, Plant & Equipment	-	1,900,707
Deferred Tax Effect on Surplus from Revaluation of Property, Plant & Equipment	-	(532,198)
Net Other Comprehensive Income not to be Reclassified to Profit or Loss	-	1,368,509
Other Comprehensive Income for the Year, Net of Tax	(4,582,721)	2,042,626
Total Comprehensive Income/(Expenses) for the Year	97,133,622	43,258,877
Basic Earnings Per Share (Rs)		
Earning per Share - Basic *	1.51	0.61

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

SELECTED PERFORMANCE INDICATORS (AS PER REGULATORY REPORTING)

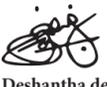
	As at 31.03.2020 (Audited)	As at 31.03.2019 (Audited)
Regulatory Capital Adequacy		
Core Capital (Tier 1 Capital), Rs.'000	1,106,028	985,754
Total Capital Base, Rs.'000	1,126,742	1,014,524
Core Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum requirement, 6%)	12.99	13.58
Total Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum requirement, 11%)	13.23	13.98
Capital Fund to Deposit Liabilities Ratio (Minimum requirement, 10%)	23.44	20.40
Assets Quality (Quality of Loan Portfolio)		
Gross Non-Performing Accommodation, Rs.'000	871,859	614,746
Gross Non-Performing Accommodation Ratio, %	11.81	9.41
Net-Non Performing Accommodation Ratio, %	6.14	4.67
Profitability %		
Interest Margin	12.3%	12.5%
Return on Assets (before Tax)	1.6%	1.0%
Return on Equity (after Tax)	8.9%	3.7%
Regulatory Liquidity (Rs.'000)		
Required minimum amount of Liquid Assets	394,965	619,124
Available amount of Liquid Assets	661,423	742,893
Required minimum amount of Government Security	426,215	426,215
Available amount of Government Security	432,485	431,480
Memorandum information		
Number of employees	472	521
Number of branches	30	30
Number of service centers	21	21

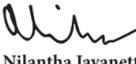
A cap of Rs. 5.5 Bn on total deposit including accrued interest has been imposed by the Central Bank of Sri Lanka.

STATEMENT OF FINANCIAL POSITION

As at 31 March 2020	2020 Rs.	2019 Rs.
Assets		
Cash and Cash Equivalents	73,226,394	140,902,916
Loans and Receivables	5,230,704,947	5,113,657,129
Lease Rentals Receivables	1,702,847,496	1,102,513,124
Financial Investments	444,939,031	442,595,260
Other Financial Assets	164,535,666	189,276,648
Other Non Financial Assets	142,043,956	144,424,300
Intangible Assets	15,111,123	27,008,129
Investment Property	126,094,500	118,594,500
Property, Plant and Equipment	146,268,040	170,852,218
Right-of-use Lease Assets	169,444,369	-
Total Assets	8,215,215,520	7,449,824,224
Liabilities		
Due to Banks and Other Institutions	1,595,035,613	835,873,973
Due to Customers	5,101,975,953	5,385,341,597
Other Non Financial Liabilities	99,220,587	79,667,975
Post Employment Benefit Liability	33,753,016	27,212,065
Lease Creditor	171,735,097	-
Current Tax Liabilities	15,432,447	14,768,247
Deferred Tax Liabilities	2,383,540	8,414,722
Total Liabilities	7,019,536,253	6,351,278,580
Shareholders' Funds		
Stated Capital	890,000,020	890,000,020
Retained Earnings	195,476,359	118,686,006
Reserves	110,202,886	89,859,618
Total Shareholders' Funds	1,195,679,266	1,098,545,644
Total Liabilities and Shareholders' Funds	8,215,215,520	7,449,824,224
Net assets value per share	17.71	16.27
Commitments and Contingencies	9,390,100	6,940,000

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


Deshantha de Alwis
DGM - Finance & Planning


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



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PNS/WDPL/AD

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 2020, 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 2020, 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.

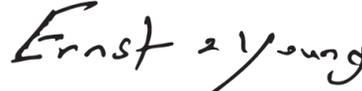
As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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.



26 June 2020
Colombo