

Investor relations

Through the sustainable growth of People's Leasing our investors expect optimal returns on their investment. To maintain their long-term trust and confidence in us, we make every effort to present them with a timely, relevant, and balanced view of the Company's operational results, financial position, and cash flows.

→ Significance of Investors in value creation process

Shareholders and holders of debt instruments issued by the Company make up our investor portfolio. The capital they infused at the commencement of operations and, subsequently, for the Company's expansion, has been invaluable, contributing to the manufacturing capital we need to create value. Such funding also provides a buffer against any unforeseen losses that may arise from our operations

as we meet all necessary regulatory requirements relating to capital. Investors in debt instruments issued by the Company have provided funds for operational expansion.

In return, the responsibility we take very seriously is that of creating satisfactory returns on the capital invested. In meeting and exceeding our investors' expectations, we strive for the optimum risk - return trade-off, achievable only by maintaining a high standard of performance that ensures sustainable value creation underpinned by a sound system of corporate governance and risk management. Our success in meeting this goal is evidenced by our growth, results, and the perfect track record of compliance.

While striving to maintain the rights conferred on our investors by various statutes, we also make every

effort to maintain effective two-way communication with them and to ensure that they are able to make informed decisions.

→ Overcoming challenges

We operated within a challenging environment during the year under review as detailed in our Operating Environment on pages 62 and 63. It was a year that impacted not only our own business and the financial industry but also the stock market. The ASPI and S&P SL20 declined by 14.20% and 24.96%, respectively, contributing to a deterioration of our own share price which traded at a discount of 0.74 to book value as at end March 2019. Despite this decline, our share price remained one of the highest in the NBFIs sector, speaking to the effective communication of not just our current performance but also our future prospects.

Share Market Performance

	Overall market		Banks, finance and insurance	
	2019	2018	2019	2018
All share price index	5,557.24	6,476.78	N/A	N/A
S&P SL20 index	2,738.95	3,650.10	N/A	N/A
Market capitalisation (Rs. billion)	2,605.90	3,032.71	706.74	809.70
Foreign inflows (Rs. billion)	62.65	131.83	24.26	40.71
Foreign outflows (Rs. billion)	89.36	129.38	20.53	36.37
Price earnings ratio (Times)	8.72	11.19	4.68	6.87
Price to book value (Times)	1.10	1.35	0.88	1.07
Dividend yield (%)	3.56	2.91	3.00	2.50

Supplementary information

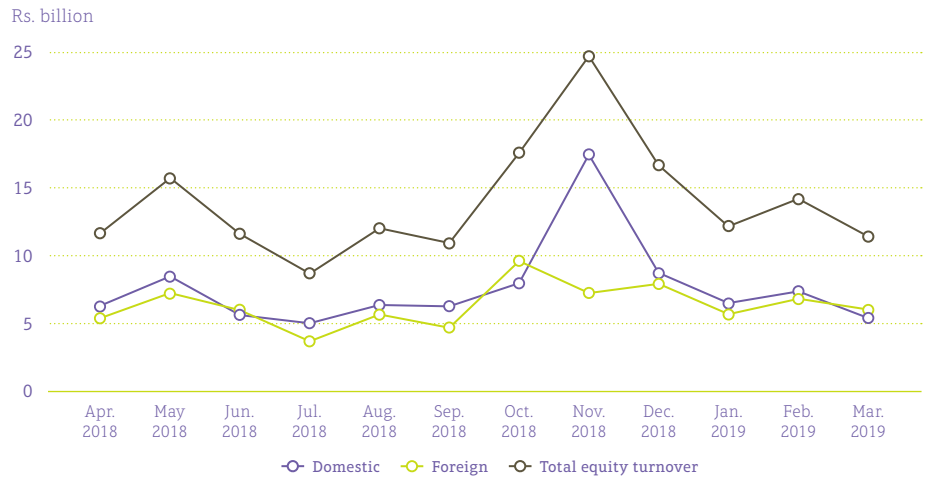
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With a public holding (free float) of 24.96% in voting shares against the regulatory minimum of 7.5%, the Company's shares are actively traded in the CSE, and investors are provided with a convenient "enter and exit" mechanism.

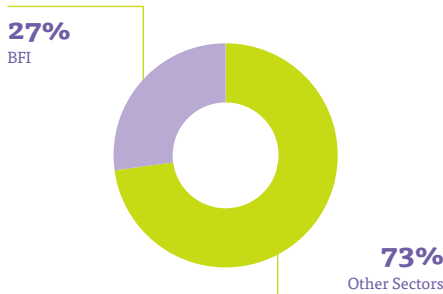
Recording moderate growth against this backdrop, the NBFIs sector also saw its profitability negatively impacted by deteriorating asset quality and increasing impairment charges and with the implication of debt repayment levy. In spite of this situation, the sector maintained its overall capital and liquidity levels well above the minimum requirements. With measures to strengthen the financial sector's supervisory and regulatory framework continuing, the sector's safety and resilience were further enhanced during the year.

Equity turnover fluctuated throughout the year with total equity and foreign equity turnover reaching the highest levels in November 2018.

Equity turnover fluctuation



Total market capitalisation vs. sector market capitalisation



As at end March 2019, total market capitalisation had declined from Rs. 3,032.71 billion at the end of March 2018 to Rs. 2,605.90 billion reflecting a 14.07% decrease. The sector market capitalisation similarly decreased over the same period.

Composition of the total equity turnover



Compliance report on the contents of Annual Report in terms of the Listing Rules of the CSE

The Company has fully complied with all applicable requirements of Section 7.6 of the Listing Rules of the CSE on the contents of the Annual Report and Accounts of a listed entity. Please refer table on page 59 for references to the relevant sections of this Annual Report where specific information is disclosed together with the relevant page numbers.

Methods of communication with this important stakeholder group include:

Annual report and annual general meeting

Extraordinary general meetings

Interim financial statements

Investor presentations

Press conferences and releases

Announcements to CSE

One-to-one discussions

Corporate website

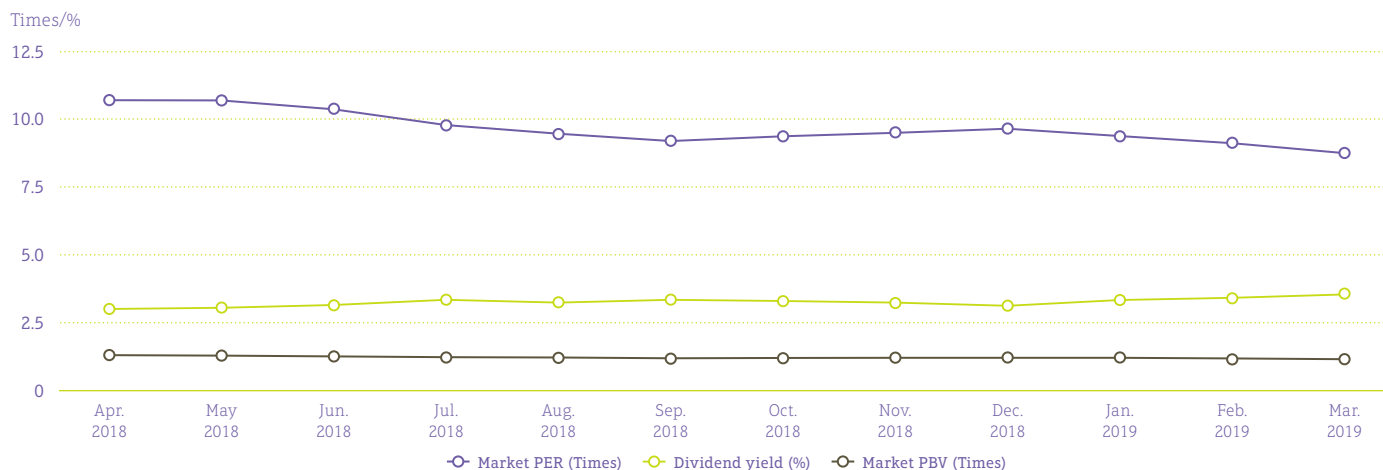
Feedback surveys

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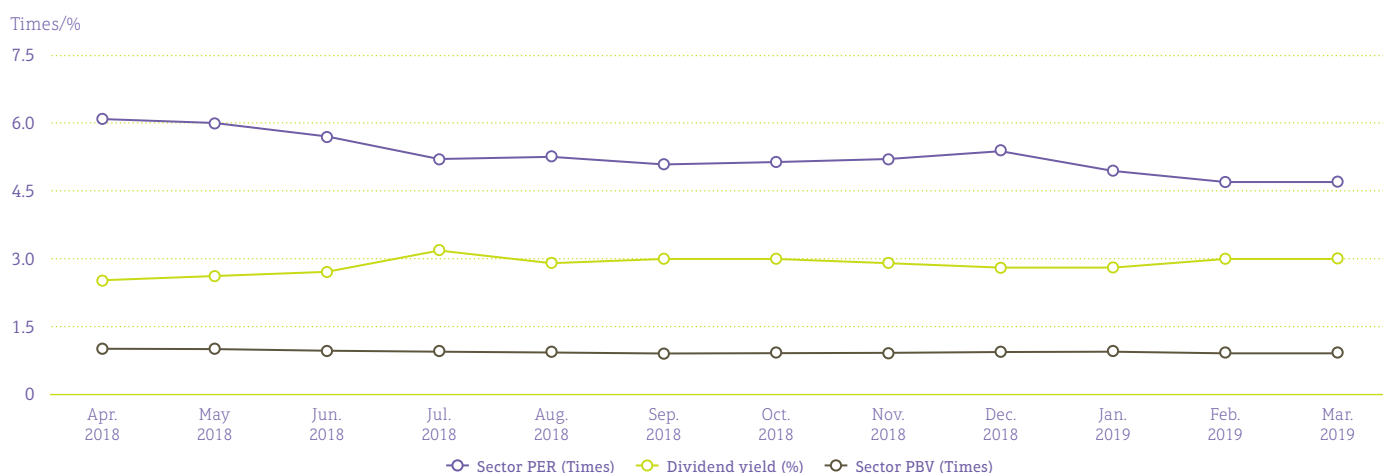
While the total market dividend yield increased to 3.56%, market PE and PBV ratios show a decline over the year.

Movement in market ratios



The Bank, Finance and Insurance sector dividend yield also increased slightly reflecting the same trend in total market yield.

Banks, finance and insurance sector market ratio movement



People's Leasing financial performance

For the finance year	2019	2018	% Change
Earnings per share – Group (Rs.)	3.05	3.05	–
Dividend per share (Rs.)	1.25	1.25	–
Dividend payout (%)	44.72	45.83	(1.11)
Dividend yield (%)	9.33	7.91	1.42
Dividend cover(times)	2.24	2.18	2.48
Net asset value per share (Rs.)	18.10	17.11	5.82
Price earning (times)	4.79	5.18	17.24
Price to book value (times)	0.74	0.92	(19.86)
Return on equity (%)	15.88	16.66	(0.79)
Earning growth (%)	2.56	7.48	(4.92)

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People's Leasing share

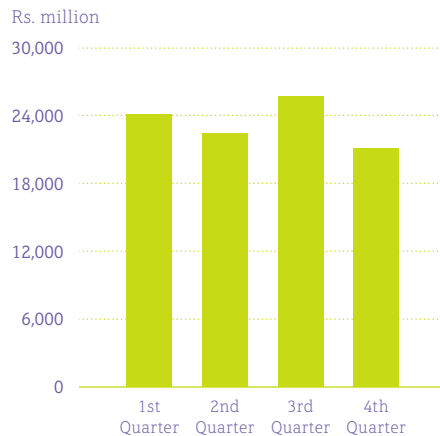
The ordinary shares issued by People's Leasing are listed on the CSE and the code of shares is "PLC.N000".

Audited Financial Statements are required to be submitted within three months from the reporting date. In compliance with this requirement, the Financial Statements for the year ended 31 March 2019 are included in this report.

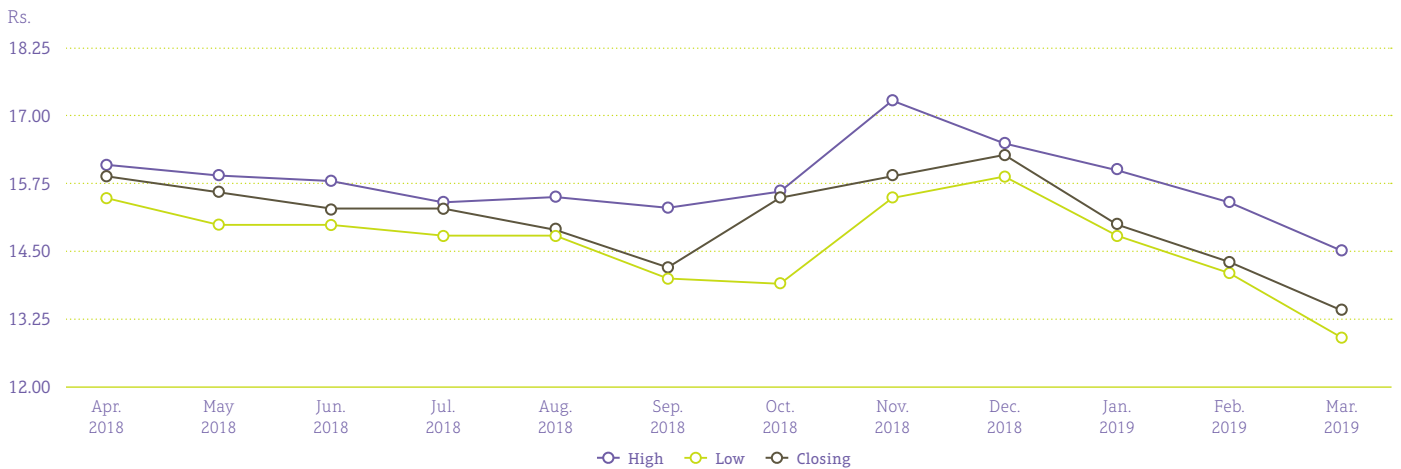
People's Leasing share trading

People's Leasing market capitalisation has decreased over the year reflecting the same trend pattern of the total market capitalisation.

Market capitalisation



People's Leasing and Finance PLC share price movement



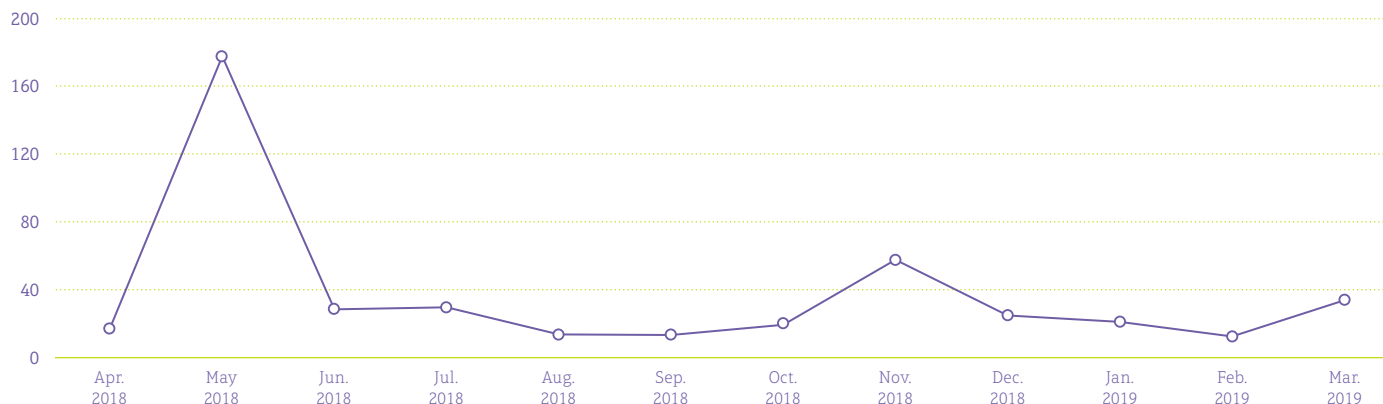
Market value of People's Leasing as at 31 March 2019 is Rs. 13.40, showing a decline compared to the price as at 31 March 2018 which was Rs. 15.80. However in November 2018 the share recorded the highest market price of Rs. 17.30.

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People's Leasing shares turnover

Rs. million



Share information

	2018/19	Q4	Q3	Q2	Q1	2017/18
Share price (Rs.)						
Highest	17.30	16.00	17.30	15.50	16.10	19.20
Lowest	12.90	12.90	13.90	14.00	15.00	15.50
Closing	13.40	13.40	16.30	14.20	15.30	15.80
Number of transactions	7,846	1,686	1,906	1,791	2,463	5,881
Number of shares traded (Nos. million)	29.25	4.78	6.33	3.75	14.39	41.57
Turnover (Rs. million)	448.47	67.06	101.60	56.21	223.60	729.76
PLC turnover to total market turnover (%)	0.27	0.18	0.17	0.18	0.57	0.30
Number of days traded	240	58	61	62	59	237
Average daily turnover (Rs. million)	1.87	1.16	1.67	0.91	3.79	3.08
Market capitalisation – CSE (MC) (Rs. billion)	2,605.90	2,605.90	2,839.45	2,752.86	2,893.76	3,032.71
Market capitalisation – PLC (MC)(Rs. billion)	21.17	21.17	25.75	22.43	24.17	24.96
PLC MC to CSE MC (%)	0.81	0.81	0.91	0.81	0.84	0.82
Market turnover (Rs. million)	167,419.60	37,755.59	59,081.58	31,592.61	38,989.83	245,435.16

Share capital

The Share capital of the Company remained the same as the previous year amounting to Rs. 13.23 billion.

During the year under review, the total number of ordinary shares stood the same at 1,579,862,482. In line with the increase in reserves, total equity grew to Rs. 28.60 billion against Rs. 27.03 billion recorded in the preceding year.

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Information on movement in number of shares represented by stated capital

	Number of shares at the beginning of the financial year		Addition/(redemption) of shares during the financial year		Cumulative shares at the end of the financial year		Issued capital at the end of the financial year (Rs.)
	Ordinary shares	Preference shares	Ordinary shares	Preference shares	Ordinary shares	Preference shares	
1995/96	2	-	-	-	2	-	20
1996/97	2	-	-	-	2	-	20
1997/98	2	-	2,500,000	-	2,500,002	-	25,000,020
1998/99	2,500,002	-	-	-	2,500,002	-	25,000,020
1999/00	2,500,002	-	1,500,000	-	4,000,002	-	40,000,020
2000/01	4,000,002	-	2,000,006	-	6,000,008	-	60,000,080
2001/02	6,000,008	-	4,000,000	-	10,000,008	-	100,000,080
2002/03	10,000,008	-	-	-	10,000,008	-	100,000,080
2003/04	10,000,008	-	10,000,000	50,000,000	20,000,008	50,000,000	700,000,080
2004/05	20,000,008	50,000,000	-	-	20,000,008	50,000,000	700,000,080
2005/06	20,000,008	50,000,000	30,000,000	-	50,000,008	50,000,000	1,000,000,080
2006/07	50,000,008	50,000,000	-	-5,000,000	50,000,008	45,000,000	950,000,080
2007/08	50,000,008	45,000,000	-	-10,000,000	50,000,008	35,000,000	850,000,080
2008/09	50,000,008	35,000,000	-	-10,000,000	50,000,008	125,000,000	1,850,000,080
2009/10	50,000,008	125,000,000	-	-10,000,000	50,000,008	115,000,000	1,850,000,080
2010/11	50,000,008	115,000,000	-	-10,000,000	50,000,008	105,000,000	1,850,000,080
2011/12	50,000,008	105,000,000	1,510,000,152	-15,000,000	1,560,000,160	90,000,000	12,958,000,800
2012/13	1,560,000,160	90,000,000	-	-20,000,000	1,560,000,160	70,000,000	12,736,073,308
2013/14	1,560,000,160	70,000,000	19,862,322	-20,000,000	1,579,862,482	50,000,000	12,736,073,308
2014/15	1,579,862,482	50,000,000	-	-20,000,000	1,579,862,482	30,000,000	12,936,073,308
2015/16	1,579,862,482	30,000,000	-	-20,000,000	1,579,862,482	10,000,000	13,136,073,308
2016/17	1,579,862,482	10,000,000	-	-10,000,000	1,579,862,482	-	13,236,073,308
2017/18	1,579,862,482	-	-	-	1,579,862,482	-	13,236,073,308
2018/19	1,579,862,482	-	-	-	1,579,862,482	-	13,236,073,308

Distribution of ordinary shareholders

Distribution of ordinary shareholders	31 March 2019				31 March 2018			
	Number of shareholders	Shareholder percentage %	Number of shares	Share percentage %	Number of shareholders	Shareholder percentage %	Number of shares	Share percentage %
Less than or equal to 1,000	4,361	48.67	2,447,084	0.15	4,189	47.60	2,442,250	0.15
1,001 – 10,000	3,353	37.42	13,320,695	0.84	3,377	38.37	13,370,358	0.85
10,001 – 100,000	1,052	11.74	32,642,795	2.07	1,037	11.78	32,184,556	2.04
100,001 – 1,000,000	167	1.86	48,534,524	3.07	170	1.93	51,291,010	3.25
Over 1,000,000	28	0.31	1,482,917,384	93.86	28	0.32	1,480,574,308	93.72
Total	8,961	100.00	1,579,862,482	100.00	8,801	100.00	1,579,862,482	100.00

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Composition of ordinary shareholders

Distribution of ordinary shareholders	31 March 2019				31 March 2018			
	Number of shareholders	Shareholder percentage %	Number of shares	Share percentage %	Number of shareholders	Shareholder percentage %	Number of shares	Share percentage %
Resident – Individuals	8,615	96.14	72,066,324	4.56	8,455	96.07	72,762,232	4.61
Resident – Institutions	288	3.21	1,404,791,918	88.92	291	3.31	1,406,480,645	89.03
Non-resident – Individuals	48	0.54	4,823,034	0.31	46	0.52	3,862,280	0.24
Non-resident – Institutions	10	0.11	98,182,206	6.21	9	0.10	96,757,325	6.12
Total	8,916	100.00	1,579,862,482	100.00	8,801	100.00	1,579,862,482	100.00

Public holding

The Company's public holding stood at 24.96% as at 31 March 2019 and the number of shareholders representing the public holding was 8,953. There was no significant change in the Company's public holding compared to the previous year.

Twenty largest shareholders

No.	Name of the shareholder	31 March 2019		Comments	31 March 2018	
		Number of shares	percentage %		Number of shares	percentage %
1.	People's Bank	1,184,896,862	75.00	No change	1,184,896,862	75.00
2.	Employees Provident Fund	85,748,846	5.43	No change	85,748,846	5.43
3.	BNYM SANV RE-Neon Liberty Lorikeet Master Fund LP	73,084,030	4.63	No change	73,084,030	4.63
4.	National Savings Bank	43,668,157	2.76	No change	43,668,157	2.76
5.	Rubber Investment Trust Limited A/C No. 01	16,861,361	1.07	1 Position up	15,323,883	0.97
6.	Citibank New York S/A Norges Bank Account 2	15,775,303	1.00	1 Position down	15,775,303	1.00
7.	Bank of Ceylon No. 1 Account	11,453,600	0.72	No change	11,453,600	0.72
8.	Sri Lanka Insurance Corporation Ltd. – General Fund	7,022,962	0.44	No change	7,022,962	0.44
9.	AIA Insurance Lanka PLC A/C No. 07	5,197,515	0.33	No change	5,197,515	0.33
10.	Ceylon Investments PLC A/C No. 01	4,954,891	0.31	No change	4,954,891	0.31
11.	Union Assurance PLC/No-01A/C	3,821,672	0.24	No change	3,821,672	0.24
12.	Ceylon Guardian Investment Trust PLC A/C No. 02	3,340,505	0.21	No change	3,340,505	0.21
13.	Caceis Bank, Luxembourg Branch – TCM Investment Funds Luxembourg	2,887,743	0.18	No change	2,887,743	0.18
14.	Hatton National Bank PLC A/C No. 4 (HNB Retirement Pension Fund)	2,719,743	0.17	No change	2,719,743	0.17
15.	Employees Trust Fund Board	2,356,087	0.15	No change	2,356,087	0.15
16.	Akbar Brothers (Pvt) Ltd. A/C No.1	2,004,114	0.13	No change	1,894,014	0.12
17.	First Capital Limited	1,700,000	0.11	1 Position up	1,700,000	0.11
18.	Pershing LLC S/A Averbach Grauson & CO.	1,680,000	0.11	New entrant	–	–
19.	Deutsche Bank AG as Trustee for Guardian Acuity Equity Fund	1,638,092	0.10	2 Position down	1,715,000	0.11
20.	Guardian Fund Management Limited/The Aitken Spence and Associated Companies Executive Staff Provident	1,616,715	0.10	New entrant	–	–
	Subtotal	1,472,428,198	93.20		1,470,746,944	93.09
	Other shareholders	107,434,284	6.80		109,115,538	6.91
	Total	1,579,862,482	100.00		1,579,862,482	100.00

Directors' and CEO's shareholding

Name	Position	Number of shares as at	
		31 March 2019	31 March 2018
Mr Hemasiri Fernando	Chairman	-	-
Mr M P Amirthanayagam	Deputy Chairman	10,000	10,000
Mr J A Fernando	Director	-	-
Mr J P Amaratunga	Director	-	-
Mr M A M Rizwan	Director	-	-
Mr R M Jayasena	Director	-	-
Mr G B R P Gunawardana	Director	-	-
Mr G H A A Shabbir	Director	-	-
Mr N W A M U K K E Weerasinghe	Director	-	-
Dr K D Gunawardana	Director	-	-
Mr A S Ibrahim	CEO	-	-
		10,000	10,000

Solvency and debt capital

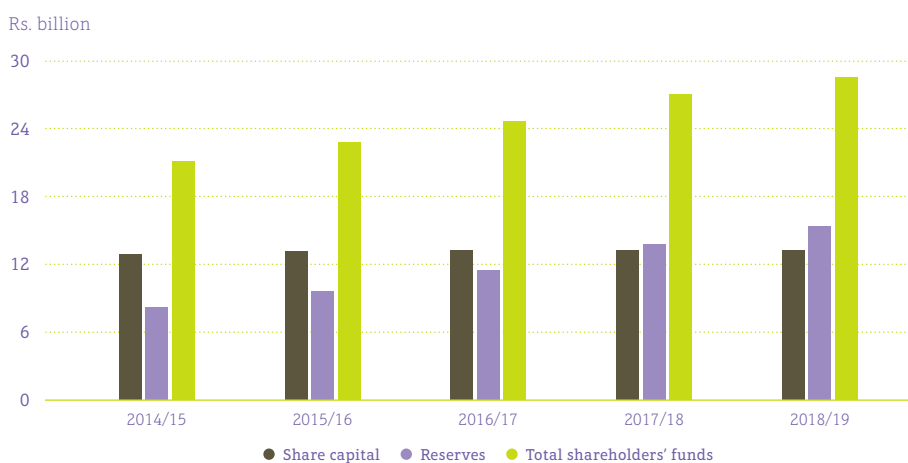
For the financial year	2018/19	2017/18	Change %
Debt to equity ratio excluding deposits (Times)	1.70	2.06	(17.64)
Tier 1 capital/Core capital ratio - %	14.36	18.38	(4.02)
Total capital ratio/Total risk weighted capital ratio - %	15.20	16.46	(1.26)
Interest cover (Times)	1.42	1.40	1.64
Current ratio (Times)	0.82	0.80	2.69

The debt to equity ratio showed a positive 17.64% change as a result of a strategic decision to reduce the Company's dependency on debt financing and instead concentrate on growing deposits to fund the operations.

Central Bank of Sri Lanka introduced Finance Business Act Directions No. 3 of 2018 Capital Adequacy Requirements with effect from 1 July 2018 and the decrease in ratios are due to the change in methodology of computation which the new direction focus on operational risk aspect as well. However, People's Leasing maintained well above the regulatory requirements of 6% and 10% according to the aforementioned direction.

This indicates that the Company preserves sufficient capital to act as a cushion against future risks.

Composition of equity



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→ Debenture market information with last year

As a financing option People's Leasing uses debentures to raise funds to boost the operation whilst minimising the maturity mismatch face by the Company. All of the issued debentures are unsecured and are listed on CSE. During the year People's Leasing issued 6,000 million debentures and as at 31 March 2019 outstanding debenture liability is amounted to Rs. 21,260 million.

2019/20

Type	Type A	Type B	Type A	Type B	Type C	Type A	Type B
Tenure (years)	4 years	5 years	3 years	4 years	5 years	4 years	5 years
Issue date	15 November	15 November	16 November	16 November	16 November	18 April	18 April
Maturity date	19 November	20 November	19 November	20 November	21 November	22 April	23 April
Interest rate	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed
Coupon rate (%)	9.60	9.95	11.90	12.25	12.60	12.40	12.80
Effective annual yield (%)	9.83	9.95	12.25	12.63	13.00	12.40	12.80
Interest rate comparable Government security (%)	11.07	11.62	11.07	11.62	11.37	9.79	10.68
Frequency of interest payable	Semi-annual	Annual	Semi-annual	Semi-annual	Semi-annual	Annual	Annual
Rating							
Amount (Rs. million)	2,176	3,824	542	659	6,799	705	5,295
ISIN No.	LKR0399D23229	LKR0399D23237	LKR0399D23732	LK0399D23740	LKR0399D23757	LKR0399D23997	LKR0399D23989
Market value (Rs.)							
Highest	Not-traded	Not-traded	100.00	100.00	100.00	Not-traded	Not-traded
Lowest	Not-traded	Not-traded	100.00	100.00	100.00	Not-traded	Not-traded
Closing	Not-traded	Not-traded	100.00	100.00	100.00	Not-traded	Not-traded
Current yield (%)	9.60	9.95	11.90	12.25	12.60	12.40	12.80
YTM (%)	9.60	9.95	11.90	12.25	12.61	12.40	12.80

2017/18

Type	Type B	Type A	Type B	Type A	Type B	Type C
Tenure (years)	4 years	4 years	5 years	3 years	4 years	5 years
Issue date	14 September	15 November	15 November	16 November	16 November	16 November
Maturity date	18 September	19 November	20 November	19 November	20 November	21 November
Interest rate	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed
Coupon rate (%)	9.63	9.60	9.95	11.90	12.25	12.60
Effective annual yield (%)	9.63	9.83	9.95	12.25	12.63	13.00
Interest rate comparable Government security (%)	10.29	11.07	11.62	11.07	11.62	11.37
Frequency of interest payable	Annual	Semi-annual	Annual	Semi-annual	Semi-annual	Semi-annual
Rating						
Amount (Rs. million)	1,200	2,176	3,824	542	659	6,799
ISIN No.	LK0399D22510	LKR0399D23229	LKR0399D23237	LKR0399D23732	LK0399D23740	LKR0399D23757
Market value (Rs.)						
Highest	Not-traded	Not-traded	Not-traded	Not-traded	Not-traded	99.96
Lowest	Not-traded	Not-traded	Not-traded	Not-traded	Not-traded	99.96
Closing	Not-traded	Not-traded	Not-traded	Not-traded	Not-traded	99.96
Current yield (%)	9.27	9.60	9.95	11.90	12.25	12.60
YTM (%)	8.36	9.60	9.95	11.90	12.25	12.61