



BUILDING WEALTH BRIDGING MARKETS

INITIAL PUBLIC OFFERING



CAL

Sri Lanka's Leading
Full-Fledged Investment Bank

CAPITAL ALLIANCE HOLDINGS LIMITED



P R O S P E C T U S

INVITATION TO INVEST IN THE INITIAL PUBLIC OFFERING OF CAPITAL ALLIANCE HOLDINGS LIMITED

Through an Offer for Subscription of
One Hundred and Fifty-Seven Million Five Hundred Thousand (157,500,000)
Ordinary Voting Shares at LKR 10.00 per Share for a Total Value of LKR 1,575,000,000

Shares to be listed on the Main Board of the Colombo Stock Exchange
Offer Opens on 8th May 2025

Managers and Financial Advisors to the Offer
Capital Alliance Partners Limited



Level 2, "Millennium House",
46/58, Nawam Mawatha,
Colombo 02.

This Prospectus is dated 21st April 2025

The delivery of this Prospectus shall not under any circumstances constitute a representation or create any implication or suggestion that there has been no material change in the affairs of the Company since the date of this Prospectus. If any such material change occurs, the same will be notified by the Company via a market announcement to the Colombo Stock Exchange (CSE). If you are in any doubt regarding the contents of this Prospectus or if you require any advice in this regard, you should consult a lawyer, or any other professional advisor.

The Colombo Stock Exchange ("CSE") has taken reasonable care to ensure full and fair disclosure of information in this Prospectus. However, the CSE assumes no responsibility for the accuracy of the statements or omissions made, opinions expressed, or reports included in this Prospectus. Moreover, the CSE does not regulate the pricing of the Shares which is decided solely by the Company. In the unlikely instance of any inconsistencies between content herein and the relevant provisions in the CSE Listing Rules the CSE Listing Rules shall prevail.

This Prospectus has been prepared from the information provided by Capital Alliance Holdings Limited ("CALH," or "the Company") and its directors and/or from publicly available sources. The Company and its directors, having made all reasonable inquiries and having seen and approved this Prospectus, confirm that to the best of their knowledge and belief, the information contained herein is true and correct in all material respects and that there are no other material facts, the omission of which would make any statement herein misleading or inaccurate.

Where representations regarding the future performance of CALH have been given in this Prospectus, such representations have been made after due and careful enquiry of the information available to the Company and making assumptions that, in their best judgement, are considered to be reasonable at the present point in time.

The Company accepts responsibility for the information contained in this Prospectus. While the Company has taken reasonable care to ensure full and fair disclosure of information, prospective investors are advised to carefully read this Prospectus and rely on their own examination and assessment of the Company including the risks involved prior to making any investment decision.

No person is authorised to give any information or make any representation not contained in this Prospectus and if given or made, any such information or representation must not be relied upon as having been authorised by the Company.

All Applicants (both resident and foreign) should indicate their respective National Identity Card (NIC) Number or Company Registration Number or Passport Number, as the case may be, in the Application Form. Individual resident Applicants should indicate their Passport Number in the Application Form only if they do not have an NIC Number. As per the Directive of the Securities and Exchange Commission (SEC) made under Circular No. 08/2010 dated 22 November 2010 and Circular No. 13/2010 issued by the Central Depository Systems (Private) Limited (CDS) dated 30 November 2010, all Shares allotted must be directly uploaded to the CDS accounts. As such, all Applicants should indicate their CDS account number in the Application Form. Applicants who do not have a CDS account are advised to open a valid CDS account prior to submitting the Application, to facilitate the uploading of allotted Shares to their CDS account. Please note that upon the transfer of Shares under this Issue, the allotted Shares will be credited to the Applicant's CDS account so indicated. Please note that **SHARE CERTIFICATES SHALL NOT BE ISSUED**. Any Application which does not carry a valid CDS account number or indicates a number of a CDS account which is not opened at the time of the Issue Closing Date, or which indicates an inaccurate/incorrect CDS account number shall be rejected and no transfer will be made.

You can open a CDS account through any Trading Participants of the CSE as set out in Annexure 4 or through any Custodian Bank as set out in Annexure 5 of this Prospectus. You can also open a CDS account through the 'CSE Mobile App'. The CSE Mobile Application can be downloaded from the Apple App Store (for Apple IOS users) or the Google Play Store (for Google Android users).

Registration of the Prospectus

A copy of this Prospectus has been delivered to the Registrar General of Companies in Sri Lanka for registration. The following documents were also attached to the copy of the Prospectus delivered to the Registrar General of Companies.

- **The Written Consent of the Financial Advisors and Managers to the Issue**

The Financial Advisors and Managers to the Issue have given and have not before the delivery of a copy of the Prospectus for registration withdrawn their written consent for the inclusion of their names as Financial Advisors and Managers to the Issue. Capital Alliance Partners Limited as Financial Advisors and Managers to the Issue has given and has not before the delivery of a copy of the Prospectus for registration withdrawn the written consent for the inclusion of the Research Report in the form in which it is included in the Prospectus.

- **The Written Consent of the Registrars to the Issue**

The Registrars to the Issue have given and have not before the delivery of a copy of the Prospectus for registration withdrawn their written consent for the inclusion of the name as Registrars to the Issue in the Prospectus.

- **The Written Consent of the Auditors and Reporting Accountants to the Company and to the Issue**

The Auditors and Reporting Accountants to the Company and to the Issue have given and have not before the delivery of a copy of the Prospectus for registration withdrawn their written consent for the inclusion of their name as Auditors and Reporting Accountants to the Company and to the Issue and for the inclusion of the Accountants' Report in connection to the Issue in the Prospectus.

- **The Written Consent of the Lawyers to the Issue**

The Lawyers to the Issue have given and have not before the delivery of a copy of the Prospectus for registration withdrawn their written consent for the inclusion of their name as Lawyers to the Issue in the Prospectus.

- **The Written Consent of the Bankers to the Issue**

The Bankers to the Issue have given and have not before the delivery of a copy of the Prospectus for registration withdrawn their written consent for the inclusion of their name as Bankers to the Issue in the Prospectus.

- **The Written Consent of the Company Secretary**

The Company Secretary has given and has not before the delivery of a copy of the Prospectus for registration withdrawn the written consent for the inclusion of their name as Company Secretary in the Prospectus.

- **The Declaration by the Directors**

A declaration has been made by each of the Directors of the Company confirming that each of them has read the provisions of the Companies Act No. 7 of 2007 (as amended) relating to the issue of the Prospectus and that those provisions have been complied with.

Registration of the Prospectus in Jurisdictions Outside of Sri Lanka

This Prospectus has not been registered with any authority outside of Sri Lanka. Foreign investors may be affected by the laws of the jurisdiction of their residence. Such investors are responsible for compliance with the laws relevant to their country of residence and the laws of Sri Lanka, when making their investment.

Representation

No person is authorized to give any information or make any representation not contained in this Prospectus and if given or made, any such information or representation must not be relied upon as having been authorized by the Company.

Forward Looking Statements

Any statements included in this Prospectus that are not statements of historical fact constitute 'Forward Looking Statements'. These can be identified by the use of forward-looking terms such as 'expect', 'anticipate', 'intend', 'may', 'plan to', 'believe', 'could' and similar terms or variations of such terms. However, these words are not the exclusive means of identifying Forward Looking Statements. As such, all statements pertaining to expected financial position, business strategy, plans and prospects of the Company are classified as Forward-Looking Statements.

Such forward looking statements involve known and unknown risks, uncertainties and other factors including but not limited to regulatory changes in the sectors in which the Company operates and its ability to respond to them, the Company's ability to successfully adapt to technological changes, exposure to market risks, general economic and fiscal policies of Sri Lanka, inflationary pressures, the performance of financial markets both globally and locally, changes in domestic and foreign laws, regulation of taxes and changes in competition in the industry and further uncertainties that may or may not be in the control of the Company.

Such factors may cause actual results, performance and achievements to materially differ from any future results, performance or achievements expressed or implied by Forward Looking Statements herein. Forward Looking Statements are also based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future.

Given the risks and uncertainties that may result in the Company's actual future results, performance or achievements to materially differ from what are expected, expressed or implied by Forward-Looking Statements in this Prospectus, investors are advised not to place sole reliance on such statements.

Investment Considerations

It is important that this Prospectus is read carefully prior to making an investment decision. For information concerning certain risk factors, which should be considered by prospective investors, see 'Specific Risks Associated with The Objectives of The Issue' in Section 5.4 of this Prospectus.

Presentation of Currency Information and Other Numerical Data

The financial statements of the Company and currency values of economic data or industry data in a local context will be expressed in Sri Lanka Rupees. References in the Prospectus to 'LKR', 'Rupees', and 'Rs.' are references to the lawful currency of Sri Lanka. Certain numerical figures in the Prospectus have been subject to rounding adjustments; accordingly, numerical figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Presentation of Macroeconomic and Industry Data

Economic and industry data used throughout this Prospectus are derived from various industry data sources, which the Company believes to be reliable, but the accuracy and completeness of that information is not guaranteed. Similarly, industry surveys and other publications, while believed to be reliable, have not been independently verified and neither the Company nor the Financial Advisors and Managers to the Issue make any representation as to the accuracy of that information.

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1. ISSUE AT A GLANCE

Company	Capital Alliance Holdings Limited
Total Number of Shares to be Issued	One Hundred and Fifty-Seven Million Five Hundred Thousand (157,500,000) Ordinary Voting Shares
Share Issue Price	LKR 10.00 per Share
Amount to be Raised	LKR 1,575,000,000
Minimum Subscription per Application	<p>Minimum subscription per Application is 100 Shares. Applications exceeding the minimum subscription should be in multiples of 100 Shares</p> <p>Minimum subscription of 100 Shares will be allotted to each successful Applicant</p>
Issue Opening Date	8th May 2025
Issue Closing Date	29th May 2025
Earliest Closing Date	8th May 2025
Basis of Allotment	As described in Section 5.8 of this Prospectus
CSE Listing	To be listed on the Main Board of the CSE, subject to compliance with the CSE Listing Rules, SEC Act and the SEC Directives (as applicable). In the event the Company does not meet the eligibility criteria for listing on the Main Board, the shares will be listed on the Diri Savi Board, subject to compliance with the applicable listing requirements.

2. CORPORATE INFORMATION

Company	Capital Alliance Holdings Limited	
Date of Incorporation	20 March 2003	
Place of Incorporation	Colombo, Sri Lanka	
Legal Form of the Company	Incorporated in Sri Lanka on 20 th March 2003 as a limited company under the provisions of the Companies Act No. 17 of 1982 and re-registered on 8th September 2010 as a Limited Company under the provisions of Companies Act No. 7 of 2007 Authority of Incorporation: Registrar of Companies (ROC), Colombo	
Company Registration Number	PB 1456	
Registered Office and Current Place of Business	Capital Alliance Holdings Limited Level 02, Millennium House, 46/58, Nawam Mawatha, Colombo 02	
Board of Directors	Mr. Dinesh Ajit De Zoysa	Chairman – Non-Executive Non-Independent Director
	Mr. Widanalage Ajith Terence Fernando	Non-Executive Non-Independent Director
	Mr. Rajadurai James Arasaratnam	Non-Executive Non-Independent Director
	Ms. Nawalage Therese Manouri Shiromal Cooray	Non-Executive Non-Independent Director
	Mr. Thilanka Jeevan William	Non-Executive Independent Director
	Mr. Conganige Sextus Roland Sanjeewa Anthony	Non-Executive Non-Independent Director
	Ms. Rajitha Surangani Jayasuriya	Non-Executive Independent Director
	Ms. Kasturi Angela Chellaraja Wilson	Non-Executive Independent Director
	Ms. Withanage Thusitha Vipuli Perera	Non-Executive Independent Director
Company Secretaries	S S P Corporate Services (Private) Limited 101, Inner Flower Road, Colombo 03. Tel: +94 11 257 3894 Fax: +94 11 257 3609	

Auditors to the Company	<p>KPMG Chartered Accountants 32A, Sir Mohamed Macan Markar Mawatha, Colombo 03. Tel: +94 11 542 6426 Fax: +94 11 254 1249</p>
Bankers to the Company	<p>Seylan Bank PLC Seylan Towers, No. 90, Galle Road, Colombo 03. Tel: +94 11 245 6789 Fax: +94 11 245 6456</p> <p>Sampath Bank PLC Head Quarters Branch 110, Sir James Pieris Mawatha, Colombo 02 Tel: +94 11 230 3050 Fax: +94 11 230 3085</p> <p>Union Bank of Colombo PLC 64 Galle Rd, Colombo 03 Tel: +94 11 237 4100 Fax: +94 11 233 7818</p> <p>Nations Trust Bank PLC Level 3, Millennium House, 46/58, Nawam Mawatha, Colombo 02 Tel: +94 11 431 3131 Fax: +94 11 473 7918</p> <p>DFCC Bank PLC Head Office 73/5 Galle Rd, Colombo 03 Tel: +94 11 244 2442 Fax: +94 11 244 0376</p>

Managers and Financial Advisors to the Issue	Capital Alliance Partners Limited Level 2, "Millennium House", 46/58, Nawam Mawatha, Colombo 02. Tel: +94 11 231 7777 Fax: +94 11 231 7788
Legal Advisors and Lawyers to the Issue	Heritage Partners Attorneys-at-Law 4, Heritage House, Malalasekara Pedesa, Colombo 07. Tel: +94 117 550 096 Fax: +94 11 269 5410
Auditors and Reporting Accountants to the Issue	KPMG Chartered Accountants 32A, Sir Mohamed Macan Markar Mawatha, Colombo 03. Tel: +94 11 5426 426 Fax: +94 11 254 1249
Registrars to the Issue	S S P Corporate Services (Private) Limited 101, Inner Flower Road, Colombo 03. Tel: +94 11 257 3894 Fax: +94 11 257 3609
Independent Valuer to the Issue	Deloitte FAS (Pvt) Ltd 100 Braybrooke Place Colombo 02 Sri Lanka Tel: +94 11 471 9838 & +94 11 771 9838 Fax: +94 11 230 3197
Bankers to the Issue	Nations Trust Bank PLC Level 3, Millennium House, 46/58, Nawam Mawatha, Colombo 2. Tel: +94 11 431 3131 Fax: +94 11 473 7918

3. ABBREVIATIONS

AWPLR	Average Weighted Prime Lending Rate
Bn	Billions
CALH	Capital Alliance Holdings Limited
CALI	Capital Alliance Investments Limited
CALIC	CAL Investment Consultancy FZ LLC
CALP	Capital Alliance Partners Limited
CALS	Capital Alliance Securities (Pvt) Limited
CALT	Capital Alliance PLC
CBSL	Central Bank of Sri Lanka
CDS	Central Depository System (Private) Limited
CEFTS	Common Electronic Fund Transfer Switch
CEO	Chief Executive Officer
CSE	Colombo Stock Exchange
EPS	Earnings Per Share
GDP	Gross Domestic Production
IIA	Inward Investment Account
IPO	Initial Public Offering
LKR	Sri Lankan Rupees
Mn	Millions
NAV	Net Asset Value
NAVPS	Net Asset Value Per Share
NIC	National Identity Card
No.	Number
P/E	Price to Earnings Ratio
P/BV	Price to Book Value Ratio
POA	Power of Attorney
ROE	Return on Equity
RTGS	Real-time Gross Settlement
SEC	Securities and Exchange Commission of Sri Lanka

SLIPS	Sri Lanka Inter-bank Payment System
Stated Capital	The Stated Capital of Capital Alliance Holdings Limited
USD	United States Dollars
VAT	Value Added Tax
YE	Year Ended
YoY	Year over Year

4. TERMS RELATED TO THE ISSUE

Applicant/s	An investor who submits an Application Form in terms of this Prospectus.
Application Form, Application	The Application Form that constitutes part of this Prospectus through which the investors may apply for the New Shares
Articles of Association	Articles of Association of Capital Alliance Holdings Limited
CAL	Refers to the group of companies under Capital Alliance Holdings Limited, including all its subsidiaries.
CALH Group Employee	Includes permanent staff of CALH and its subsidiaries
Companies Act	Companies Act No. 07 of 2007 (as amended)
Company, CALH	Capital Alliance Holdings Limited
Directors	The Directors for the time being of the Company, unless otherwise stated
Foreign Investors	<p>Citizens of Sri Lanka who are resident outside Sri Lanka and above 18 years of age;</p> <p>Corporate bodies incorporated or established outside Sri Lanka;</p> <p>Foreign citizens above 18 years of age (irrespective of whether they are resident in Sri Lanka or overseas);</p> <p>Regional and country funds approved by the SEC</p> <p>Please refer Section 6.5 for further information</p>
Float Adjusted Market Capitalisation	Public shareholding percentage of the Company multiplied by the Market Capitalisation of the Company. Market Capitalisation is based on the Share Issue Price
Issue, Offer, Offer for Subscription	An invitation to the public by the Company to subscribe to the Offered Shares to be issued via an Offer for Subscription as detailed in this Prospectus
New Shares, Offered Shares	One Hundred and Fifty-Seven Million Five Hundred Thousand (157,500,000) new Ordinary Voting Shares to be issued by the Company to the public at the Share Offer Price
Non-Retail Investor	Category shall include investors who do not fall under the 'Retail Individual Investor' or 'Unit Trusts Investor' categories.
Offer Closing, Issue Closing Date, Closure Date	29th May 2025
Offer Opening Date, Issue Opening Date	8th May 2025

Ordinary Shares, Shares, Ordinary Voting Shares and Paid-up Ordinary Shares	Ordinary Shares of the Company, with the right to one vote on a poll at a meeting of the Company on any resolution, the right to an equal Share in dividends paid by the Company and the right to an equal Share in the distribution of the surplus assets of the Company in liquidation
Prospectus	This prospectus dated 21st April 2025 issued by the Company
Share Offer Price, Share Issue Price	The price at which the New Shares will be offered to the public, as detailed in the Prospectus. Share Offer price of LKR 10.00 per Ordinary Voting Share
Unit Trust Investor	Includes growth or balanced Unit Trusts operated by Managing Companies licensed by the Securities and Exchange Commission of Sri Lanka (SEC), under the SEC Directive SEC/LEG/11/06/01, to operate such Unit Trusts, where such Unit Trust comprises of not less than Five Hundred (500) unit-holders resident in Sri Lanka who together hold at least 50% of that fund.
Retail Individual Investor	Shall mean an individual investor who subscribes for a maximum of Ten Thousand (10,000) shares or a value of not more than Rupees One Hundred Thousand (LKR 100,000).

5. DETAILS OF THE ISSUE

5.1 THE ISSUE

The Issue contemplated herein shall constitute an invitation made to the general public to subscribe for One Hundred and Fifty-Seven Million Five Hundred Thousand (157,500,000) Ordinary Voting Shares through an Offer for Subscription. The Offered Shares amount to approximately 7.60% of the Ordinary Voting Shares of the Company at an Issue Price of Rupees Ten (LKR 10.00) per Share, payable in full in cash on application, on the terms and conditions set out in this Prospectus. The Issue will constitute an Offer for Subscription, as detailed below:

Table 5 1 The Issue

Number of New Shares Issued	One Hundred and Fifty-Seven Million Five Hundred Thousand (157,500,000) Ordinary Voting Shares
Percentage of Shares on Offer	7.60%
Issue Price per Share	LKR 10.00
Issue Value	LKR 1,575,000,000

5.2 NATURE OF THE NEW SHARES ISSUED

One Hundred and Fifty-Seven Million Five Hundred Thousand (157,500,000) Ordinary Voting Shares offered shall, upon allotment, rank equal and Pari passu in all respects with the other existing Ordinary Voting Shares of the Company to be listed and such Shares shall confer on the holder thereof the right to one vote on a poll at a meeting of the Company on any resolution, the right to an equal share in any dividend that may be paid by the Company after the allotment of the Offered Shares and the right to an equal share in the distribution of the surplus assets of the Company in a liquidation.

5.3 OBJECTIVES OF THE ISSUE

The primary objective of the Initial Public Offering (IPO) is to raise capital to support CAL Group's strategic growth initiatives, enabling the company to expand its geographic reach, enhance technological capabilities, and diversify its service offerings. The proceeds from the IPO will be allocated to four key initiatives aimed at strengthening CALH's market position and creating long-term value for shareholders.

1. Market Expansion into Frontier Markets
2. Digitization Initiative
3. Expansion of Broker Credit Portfolio for Capital Alliance Securities (Pvt) Ltd (CALS)
4. Investing in Assets Leveraging CAL'S Market Expertise

Collectively, these investments underscore CALH's commitment to its mission of becoming a premier capital market solutions provider within frontier markets. By strategically allocating IPO proceeds, CALH will solidify its foundation for sustained growth, thereby creating enhanced value for its shareholders.

5.3.1 MARKET EXPANSION INTO FRONTIER MARKETS – LKR 750,000,000

With a strong track record in Sri Lanka and Bangladesh, CAL has established a presence with approximately ~USD 2 billion footprint. Strategically positioned for expansion into frontier markets, CALH aims to capitalise on

the significant opportunities in East Africa, driven by increasing regional integration, economic liberalisation, and infrastructure development. This expansion strategy is anticipated to deliver considerable benefits to CALH shareholders by enabling access to high-growth opportunities, diversification of revenue streams, and enhanced long-term profitability.

Kenya has been identified as a strategic entry point to the broader East African market. Accordingly, CALH plans to establish a fully-fledged investment banking operation in the country, further strengthening its regional presence and capabilities.

Kenya, with a GDP of approximately USD 120 billion and a population of 55 million, is part of the larger East African region, which has a combined GDP of USD 600 billion and a total population of 510 million. East Africa is projected to be one of the fastest-growing regions globally, with an estimated annual growth rate of 5–6% over the next decade.

The proposed capital raise of LKR 750 million will be allocated towards regulatory requirements, expansion-related expenses, and infrastructure integration, ensuring compliance and operational alignment with CALH's existing markets. The entry into Kenya will be pursued through one of the following approaches:

- i. Acquisition of an existing company, which will then be integrated into the CAL Group; or
- ii. Application for a new licence, establishing operations from the ground up.

CALH is currently focused on acquiring an existing fully licenced capital market service provider in Kenya, that holds an investment banking license, stock brokering license, and primary dealing license. If a fully-fledged capital market service provider is not available, CALH will consider acquiring companies engaged in one or more of these services and subsequently pursue the other necessary licenses. The target company for acquisition has not yet been finalized, and the estimated timeline for completion, including regulatory approvals, is approximately 4 to 5 months.

Establishing a new entity will only be considered if a suitable acquisition cannot be identified or successfully completed, with an estimated timeline of approximately 5 to 6 months.

Until these funds are fully allocated to the relevant objective, they will be invested in short term instruments such as unit trusts, short term fixed deposits and government treasury bills to generate returns with the interest income generated being re-invested in the same instrument. Any funds that remain unutilised will be redirected towards the fourth objective stated in section 5.3.4 "Investing in assets leveraging CAL's expertise".

The assessment of potential acquisition targets is currently underway. The funds required for an acquisition or new licence will be transferred overseas upon obtaining the necessary approvals from the Central Bank of Sri Lanka (CBSL).

Note: *The subsidiary of CALH to be acquired or established in Kenya will be required to meet the minimum capital requirement necessary to obtain a comprehensive investment banking licence. As stipulated under Section 18.(2).(i) of The Capital Markets (Licensing Requirements) Regulations, 2023, this involves a paid-up capital requirement of approximately LKR 600 million (250 million Kenyan shillings).*

5.3.2 DIGITIZATION INITIATIVE – LKR 150,000,000

CAL has experienced significant growth in its client base, with an increase of 60%, in terms of client counts, over the past year. To scale operations efficiently while maintaining cost-effectiveness, digitalisation will be a critical enabler, allowing CAL to expand sustainably without a proportional rise in overhead costs.

CALH plans to integrate its operations across its offices in three countries, ensuring seamless service delivery and enhanced client experience. This integration will drive operational efficiency, strengthen cross-border synergies, and support the firm's long-term growth objectives.

IPO proceeds will support the digitalization initiative as outlined below:

- Adding new servers to support increased operational demands. – LKR 22,500,000
- Expanding client-facing digital tools to enhance the retail platform. – LKR 35,000,000
- Strengthening the support team. – LKR 25,000,000
- Growing the in-house tech team. – LKR 42,500,000
- Enhancing cybersecurity measures. – LKR 25,000,000

Vendors have not been finalized but will be selected based on various criteria such as price, reliability, and availability at the time of purchase.

Currently, retail clients account for a small portion of CAL's overall footprint. However, a significant increase in market share is anticipated in the coming years. This digitalization initiative will not only support business growth but also enhance shareholder value by driving higher profitability, improving operational efficiency, and strengthening CAL's competitive position in the market.

The planned digitalisation strategy will be a key enabler in scaling CAL's retail business efficiently while maintaining cost-effectiveness. This initiative aims to enhance accessibility, improve client engagement, and drive sustainable growth in the retail segment.

CAL plans to utilise the allocated funds for the digitalisation initiative by the end of FY2026. Any funds that remain unutilised will be redirected towards the fourth objective stated in section 5.3.4 "Investing in assets leveraging CAL's expertise". Until these funds are fully allocated to the relevant objective, they will be invested in short term instruments such as unit trusts, short term fixed deposits and government treasury bills to generate returns while ensuring liquidity and capital preservation.

5.3.3 EXPANSION OF BROKER CREDIT PORTFOLIO FOR CAPITAL ALLIANCE SECURITIES (PVT) LTD (CALS) – LKR 375,000,000

A portion of the proceeds will be allocated to expanding CALS's stock brokering credit portfolio. This will enable CALS to provide increased financing for short term leveraged trading, thereby boosting transaction volumes, and capturing market share as the public markets continue to expand. This initiative is expected to enhance shareholder value by driving revenue growth, increasing profitability, and strengthening CALS's competitive position in the industry. This will be carried out as debt infusion from CALH to CALS.

If the allocated funds for the initiative are not fully utilised, the remaining amount will be redirected towards the fourth objective stated in section 5.3.4 “Investing in assets leveraging CAL’s expertise”.

While CAL plans to utilise the funds by the end of FY2026, the timeline will depend on market activity and broker credit demand in the coming quarters. Until these funds are fully allocated to the relevant objective, they will be invested in short-term instruments such as unit trusts, fixed deposits and government treasury bills at the prevailing rate of return to generate returns while ensuring liquidity and capital preservation.

Related Party Transaction (RPT) Considerations

This initiative qualifies as a Related Party Transaction (RPT). The due process for the Related Party Transactions Review Committee (RPTRC) has not yet been followed; however, the matter will be presented to the Board, subject to being recommended by the Related Party Transactions Review Committee for approval at the time of fund allocation. The due process for the Related Party Transactions Review Committee (RPTRC) has not yet been followed; however, the matter will be presented to the Board, subject to being recommended by the Related Party Transactions Review Committee for approval at the time of fund allocation.

The RPTRC members who will evaluate this transaction include:

- Ms. Kasturi Angela Chellaraja Wilson(Chair)
- Ms. Withanage Thusitha Vipuli Perera
- Mr. Conganige Sextus Roland Sanjeewa Anthony

There are no common directors between CALH and CALS. As such, no directors are required to refrain from reviewing the transaction.

5.3.4 INVESTING IN ASSETS LEVERAGING CAL’S MARKET EXPERTISE – LKR 300,000,000

Strategic Investment Approach

The funds will be allocated as an investment in CALH, which will deploy them using its market expertise to capitalize on identified market opportunities. All investments will be executed solely through CALH, with no allocation to its subsidiaries.

With over two decades of financial market expertise, CALH leverages advanced analytics, macroeconomic insights, and research-driven strategies to anticipate market trends and identify opportunities, with the ultimate goal of generating profit through its investing activities. Through active asset allocation and strategic positioning across various asset classes, CALH is positioned to capitalize on market inefficiencies, enhance profitability, and create sustained shareholder value.

Funds will be invested across government securities, unit trusts, corporate debt, and equity (both listed and private). The investment portfolio will be selected based on a comprehensive evaluation of macroeconomic trends, interest rate movements, market liquidity, and risk-return dynamics, ensuring alignment with CALH’s strategic objectives and risk management framework.

Decision-Making Oversight

Investment decisions will be overseen by the Board of Directors, ensuring a structured and disciplined approach. The Board will be responsible for:

- Evaluating potential investments
- Conducting rigorous due diligence
- Overseeing decision-making to align investments with the firm's strategic goals and risk framework

Additionally, the Board will ensure continuous monitoring and governance to optimize portfolio performance while maintaining compliance with regulatory and internal guidelines.

Fund Deployment and Liquidity Management

Ability to deploy funds will be subject to fluctuations in interest rates, availability of market opportunities, and prevailing economic conditions. The typical process, for investments larger than LKR 100 million, from due diligence to committee approval and capital deployment, typically takes 2 to 4 months. CALH intends to deploy the funds for this objective by or before 31st December 2026. Until these funds are fully allocated to the relevant objective, they will be invested in short-term instruments such as unit trusts, fixed deposits and government treasury bills at the prevailing rate of return to generate returns while ensuring liquidity and capital preservation.

The Objectives of the IPO do not amount to a Major Transaction for the Company in terms of Section 185 of the Companies Act, No. 07 of 2007.

5.4 SPECIFIC RISKS ASSOCIATED WITH THE OBJECTIVES OF THE ISSUE

While the objectives of the IPO are aimed at facilitating growth and strengthening market position, there are specific risks that should be considered:

5.4.1 RISKS ASSOCIATED WITH THE MARKET EXPANSION INTO FRONTIER MARKETS

Expanding into frontier markets presents geopolitical, regulatory, and economic risks. Adverse changes in government policies, regional instability, and difficulties in obtaining regulatory approvals may impede the planned expansion. Additionally, currency volatility, political uncertainty, and changes in regulatory capital requirements could further impact operations. Market competition and challenges in integrating with existing operations may also pose significant hurdles.

Furthermore, transferring capital from Sri Lanka to an overseas jurisdiction is subject to regulatory approvals from the relevant authorities, including approval from the Department of Foreign Exchange of the Central Bank of Sri Lanka (CBSL), which could present additional constraints and delays. The process may also encounter potential challenges depending on the quantum of funds required for this objective, as larger transactions (amounts larger than 500,000 USD per year) might face heightened scrutiny and extended approval timelines.

5.4.2 RISKS ASSOCIATED WITH THE DIGITIZATION INITIATIVE

Technological upgrades carry inherent risks, including implementation delays, and cost overruns. The reliance on technology also increases vulnerability to system failures or security breaches, which could negatively impact client trust and operational efficiency. Additionally, challenges in integrating operations across multiple countries

may arise due to regulatory differences, infrastructure limitations, and coordination complexities. The effectiveness of the digitalization strategy in driving retail growth is also subject to market adoption, user engagement, and competition from established players. Further, certain IT infrastructure products/services are paid for in USD, exposing the Company to currency fluctuation risks. In the event funds raised via Offer for Subscription are insufficient to cover cost overruns, CALH would utilise internally generated funds or undertake external borrowings, as required to finance the same.

5.4.3 RISKS ASSOCIATED WITH THE EXPANSION OF BROKER CREDIT PORTFOLIO

Expanding the broker credit portfolio exposes CALS to increased financial risk, particularly during periods of market volatility. Additionally, lending to related parties presents potential conflicts of interest and credit risk, which may impact the company's financial stability. The inherent market risks associated with share trading, including fluctuations in stock prices, liquidity constraints, and broader economic conditions, further contribute to the overall risk profile of the margin portfolio.

5.4.4 RISKS ASSOCIATED WITH INVESTING IN ASSETS LEVERAGING CAL'S MARKET EXPERTISE

Investing in a diverse range of assets, including government securities, mutual funds, corporate debt, and private equity, exposes CALH to various market risks. These risks include:

1. Interest Rate Risk
 - > Fluctuations in interest rates can affect the valuation of fixed-income securities.
 - > Rising interest rates may lead to a decline in bond prices, impacting investment returns.
2. Credit Risk
 - > Issuers of corporate debt may default on their obligations.
 - > A deterioration in the creditworthiness of issuers can lead to a decline in bond values.
3. Liquidity Risk
 - > Certain assets, particularly in private markets, may be difficult to sell at fair value.
 - > During periods of financial stress, liquidity constraints can lead to forced sales at unfavourable prices.
4. Equity Market Volatility
 - > Mutual funds and private equity investments are subject to price fluctuations.
 - > Market downturns can lead to significant declines in portfolio value.
5. Macroeconomic and Geopolitical Risks
 - > Inflation can erode the real returns on investments.
 - > Regulatory changes may impact investment strategies and asset valuations.

5.4.5 RISK OF NOT BEING ABLE TO INVEST THE FUNDS RAISED FOR THE STIPULATED OBJECTIVES AND/OR THE STIPULATED TIMELINES

CALH does not intend to deviate from the objectives mentioned above when utilising the proceeds raised through the Issue. However, in the event the Company cannot proceed with the said objectives, for any reason not attributed to the Company, the Company would evaluate the next best alternative of investing such funds without undue delay.

In the event proceeds raised via the Issue are utilised for any purpose other than the objectives mentioned above, or if there is any deviation from the amount allocated for the objectives, the Company will make necessary disclosures to the shareholders via the CSE and include relevant disclosures in the Interim Financial Statements and the Annual Report as appropriate and will take steps to obtain any necessary approvals of the relevant parties, including the shareholders, as appropriate at that point in time.

The Company will disclose the information pertaining to the utilisation of proceeds of the Issue in the Annual Report and in Interim Financial Statements from the date of raising funds until the objective is achieved, and until funds are fully utilised as per the template referred to below;

Table 5.2 Continuous Disclosure on Utilisation of Proceeds of the Issue

Objective No.	Objective as per Prospectus	Amount allocated as per Prospectus	Proposed Date of Utilisation as per Prospectus	Amount allocated upon the receipt of proceeds in LKR (A)	as a % of total proceeds	Amounts Utilised in the Objective (LKR Mn) (B)	% of utilised against allocation (B/A)	Clarification if not fully utilised including where the funds are invested (e.g. whether lent to related party/s etc)
	-	-		-	-		-	-
	-	-		-	-		-	-

In the event the Company is unable to invest the funds raised within the stipulated timelines, the Company will make necessary disclosures to the shareholders via the CSE and include relevant disclosures in the Interim Financial Statements and the Annual Report as appropriate, and will take steps to regularise such delay and proceed with the investment in line with the revised timelines, subject to obtaining any necessary approvals of the relevant parties, including the shareholders, as appropriate at that point in time.

In the event the proceeds raised through Offer for Subscription have been fully utilised by the Company for any objective as disclosed in the Prospectus between two financial periods, the Company would disclose such fact in the immediate succeeding Annual Report or the Interim Financial Statement, whichever is published first, subsequent to the utilisation in its entirety as per the above template.

5.5 LISTING AND COMPLIANCE WITH THE SEC ACT AND LISTING RULES

The Ordinary Voting Shares offered via the Offer for Subscription amounting to One Hundred and Fifty-Seven Million Five Hundred Thousand (157,500,000) and, if fully subscribed, will amount to 7.60% of the Offered and Paid-up Ordinary Shares of the Company.

An application has been made and approved in principle by the CSE for permission to deal in, and for a listing of Two billion, seventy-two million, forty-nine thousand, three hundred forty-five (2,072,049,345) Ordinary Voting Shares of the Company which will take place on the Main Board of the CSE.

However, the CSE has reserved the right to withdraw such approval, in the circumstances set out in Rule 2.3(b) of the Listing Rules of the CSE.

Furthermore, CALH has obtained the requisite approval from CSE for the public offer of the existing shares. The Company has also lodged a copy of the Prospectus with the SEC in terms of section 82 of the SEC Act.

The Company has already complied with Rule 2.1.2 (A) (i) (a), (b) and (d) of the CSE Listing Rules for a Main Board listing.

It is expected that the Company will meet the minimum number of public shareholders requirement set out in Rule 2.1.2 (A) (i) (c) via the offer pursuant to which the listing of the entire ordinary shares of the Company will take place on the Main Board of the CSE.

In the event CALH is unable to meet the requirements of Rule 2.1.2 (A) (i) (c) of the CSE Listing Rules as mentioned above, the Company will list on the Diri Savi Board meeting the requirements of Rule 2.1.2 (A) (ii) (c) of the CSE Listing Rules.

In the event the Company is unable to satisfy the listing requirements of either the Main Board or the Diri Savi Board of the CSE, the securities of the Company will not be listed, and all monies received from applicants will be refunded in accordance with the applicable regulations.

It should be noted that the aforesaid public holding requirements would be calculated by considering all shares that are freely tradable on the date of listing. The details of shares subject to lock-in are mentioned in Section 7.6 of the Prospectus.

5.6 SHARE ISSUE PRICE

The Board of Directors of the Company has, after careful consideration, resolved that the Issue Price of Rupees Ten (LKR 10.00) per rate hare for the New Ordinary Voting Shares being offered, is fair and reasonable to the Company and to all existing Shareholders of the Company as per Section 52 of the Companies Act.

The Issue Price was set by the Company's Board of Directors after reviewing the valuation done by the Independent Valuers and in collaboration with the Financial Advisors and Managers to the issue. The table below summarizes the valuation methods employed to determine the Issue Price:

Table 5 3 Summary Valuation

Valuation Method	Value per Share (LKR)	Issue Price Discount/(Premium) to Valuation
Sum of the Parts (SOTP)	12.59*	20.57%

Source: Independent Valuation Report (Annexure 6), CALH Financial Statements for the period ending 30th Sep 2024

*Mid-point of the valuation range Rs. 12.16 – Rs. 13.02

The Independent Valuers to the Issue have used the Sum of the Parts (SOTP) method as the primary valuation methodology, as this is the most suitable method to value a Holding Company which operates multiple business units serving different segments of capital markets. Based on the primary valuation methodology, the **Issue Price is at a 20.57% discount**. This IPO discount is offered to investors in order to provide a potential upside on their investment.

The Adjusted Net Asset per Share is equal to 9.33 LKR per share (as at 31st Dec 2024).

Please refer the Independent Valuation Report (Annexure 6) for further details on the valuation.

The investors should read the quantitative and qualitative factors given in Section 5.6, the risk factors included under Section 5.4 of this Prospectus and the details of the Company, and its financial statements included in this Prospectus.

5.6.1 QUANTITATIVE FACTORS

The following quantitative factors were used to determine the Issue Price.

A. CALH's Earnings per Share (EPS), Return on Equity (ROE) and Price to Earnings (P/E) Ratio

Table 5 4 Historical and Adjusted Earnings per Share (EPS), Return on Equity (ROE) and Price to Earnings Ratio (P/E)

Based on Reported Financials	Basic EPS (LKR) [1]	Diluted EPS (LKR) [2]	Adjusted Basic EPS (LKR) [3]	Return on Equity [4]	NAVPS	Adjusted NAVPS [3]	P/E Ratio (Times) [5]	P/BV Ratio (Times)
31st March 2021	10.73	10.73	0.72	35.9%	29.80	1.99	13.99	5.03
31st March 2022	1.79	1.79	0.12	5.8%	31.00	2.07	83.63	4.84
31st March 2023	23.48	23.48	1.57	43.1%	52.86	3.52	6.39	2.84
31st March 2024	103.97	103.97	6.93	68.3%	129.99	8.67	1.44	1.15
Average EPS	34.99	34.99	2.33	N/A	N/A	N/A	N/A	N/A
9 months ended 31 December 2024 [6]	1.78	1.78	1.78	N/A	9.33	9.33	N/A	1.07

Source: CALH Audited Financial Statements, CALH Unaudited Financial Statements

[1] Basic EPS calculated as Net Profit Attributable to Shareholders divided by Weighted Average Number of Equity Shares Outstanding during the Period

[2] CALH does not have any dilutive instruments in the capital structure

[3] Adjusted to factor in the 15:1 share sub-division carried out on 23rd December 2024

[4] Return on Equity calculated as Profit attributable to owners of the company divided by Equity attributable to the owners of the Company at the End of the Period

[5] P/E Ratio and PBV of CALH is calculated on the IPO Issue Price of LKR 10.00

[6] as per Unaudited Financial Statements

B. CALH's P/E in relation to the Offer Price of LKR 10.00 per Share

- a. Based on the Adjusted Basic EPS of LKR 6.93 for the Financial Year ended 31st March 2024, the P/E Ratio is 1.44 times.
- b. Based on the Four-year average (FY21 – FY24) Adjusted EPS of LKR 2.33, the P/E ratio is 4.27 times.

C. CALH's Net Asset Value (NAV) per Share and Price-to-Book Value (P/BV) Ratio

1. Based on the NAV per Share in the latest audited financial statements as at 31 March 2024 of LKR 129.99 (Adjusted NAV per Share post share sub-division is LKR 8.67), the P/BV ratio is 1.15 times.
2. Based on the NAV per Share in the latest unaudited interim financial statements as at 31st December 2024 of LKR 9.33/share, the P/BV ratio is 1.07 times.

D. Comparison of Accounting Ratios

Peer Entity	NAV (Rs.)	EPS (Rs.)	P/E	ROE % [1]
First Capital Holdings PLC	17.58	22.15	1.55	135.8%

Source: Annual Report 2023/24 (period ending 31st March 2024)

Sector Classification of peers: Diversified Financials / Investment Banking & Brokerage

[1] Return on Equity calculated as Profit attributable to owners of the company divided by Average Equity attributable to the owners of the Company.

5.6.2 QUALITATIVE FACTORS

The following qualitative factors were considered when determining the Issue Price for CALH:

1. Synergistic Benefits from Being Part of a Diversified Financial Services Group

As part of the larger CAL Group, CALH benefits from substantial knowledge-sharing and synergies across various financial services within the group, including corporate advisory, asset management, and Stock brokering. This collaborative structure provides CALH with a competitive advantage, enabling the delivery of comprehensive, cross-functional solutions to clients and ensuring access to a broad spectrum of financial services. These synergies enhance CALH's ability to leverage group-wide resources to provide superior client service and create long-term value for stakeholders.

2. Digitalization to Attract a Broader Customer Base

CALH is leveraging digitalization to attract a larger segment of the population by providing seamless integration across products offered by each of its business units. Through advanced digital platforms, clients can effortlessly move between different offerings, such as stocks, bonds, bills, and unit trusts. This integrated approach not only simplifies the user experience but also encourages greater participation in capital markets by making investment processes more accessible and user-friendly. By utilizing technology to enhance connectivity between its product lines, CALH is well-positioned to capture a wider customer base and drive financial inclusion across different market segments.

3. Commitment to Regional Expansion and Market Leadership

With successful operations in Sri Lanka and Bangladesh, CALH has established itself as a leader in providing frontier capital market solutions. The planned expansion into Frontier Markets is a testament to the company's commitment to regional growth and market leadership. This geographic diversification is expected to open up new revenue streams and enhance CALH's position as a premier provider of capital market services in frontier markets. The company's strategic vision, combined with its operational expertise, positions it to capitalize on growth opportunities in high-potential regions.

4. Development and Expansion of Capital Markets in Sri Lanka

Sri Lanka's capital markets are undergoing significant development and expansion, driven by government reforms, increased investor participation, and economic recovery. CALH is well-positioned to benefit from these favourable market dynamics, given its leadership role in the investment banking sector and deep understanding of the local regulatory landscape. By leveraging its expertise, CALH can capitalize on the growth of capital markets by offering innovative financial products and advisory services, thereby further solidifying its position as a market leader and creating value for shareholders.

5. Other Assumptions

Management assumes a reasonably stable economic environment and interest rate regime in the short to medium term.

5.7 OPENING AND CLOSING OF THE SUBSCRIPTION LIST

The subscription list for the Shares will open at 9.00 a.m. on 8th May 2025 and shall, subject to the occurrence of the events in the following paragraph, remain open for fourteen (14) Market Days (including the date of opening) until closure at 4.30 p.m. 29th May 2025. However, in the event of an oversubscription, the subscription list will be closed on an earlier date at 4.30 p.m. with notification to the CSE. Accordingly, the Earliest Issue Closing Date shall be the Issue Opening Date (i.e. 8th May 2025). The Board of CALH reserves the right to close the subscription list on any Market Day within the period of fourteen (14) Market Days, irrespective of whether the Issue is oversubscribed or not, by providing one (01) Market Day's prior notice to the CSE. Applications may be made forthwith in the manner set out in Section 6 of this Prospectus.

5.8 BASIS OF ALLOTMENT

The basis of allotting the shares will be as per the manner prescribed in the CSE Listing Rule 2.1.1 (g) (i) (ii), since the size of the Offering is less than LKR 3.0bn. The basis of allotment will be as follows:

Table 5.5 Basis of Allotment

Investor Category	Percentage of Issue Allocated
CALH Group Employees	10.00%
Unit Trusts Investors	10.00%
Non - Retail Investors	40.00%
Retail Individual Investors	40.00%
Total	100.00%

In determining the basis of allotment within the Retail Individual Investor Category, individual investors who subscribe for a small number of shares shall be given priority.

'CALH Group Employees' includes permanent staff of CALH and its subsidiaries who will be allocated shares on a preferential basis.

'Unit Trust Investor' includes growth or balanced Unit Trusts operated by Managing Companies licensed by the Securities and Exchange Commission of Sri Lanka (SEC) to operate such Unit Trusts, where such Unit Trust comprises of not less than Five Hundred (500) unit-holders resident in Sri Lanka who together hold at least 50% of that fund.

Please note that the Company will examine whether the Applicants under Unit Trusts investor category comply with criteria defined by the SEC Directive dated 06th June 2011 (SEC/LEG/11/06/01) and CSE Listing Rule 2.1.1 (g) (i) (ii) (b).

'Retail Individual Investor' shall mean an individual investor who subscribes for a maximum of Ten Thousand (10,000) shares or a value of not more than Rupees One Hundred Thousand (LKR 100,000).

'Non-Retail Investor' category shall include investors who do not fall under the 'Retail Individual Investor' or 'Unit Trusts Investor' categories.

Immediately after the basis of allotment being decided by the Board of Directors of the Company an announcement will be made to the CSE. The Company will notify successful applicants on their allotment within Ten (10) market days from the date of closure of the Offering.

In the event of an under subscription in the Retail Individual Investor Category, the Unit Trust Investor Category shall be given first priority in the allotment of the unsubscribed Shares.

In the event of an under subscription in the Unit Trust Investor Category, the Retail Individual Investor Category shall be given first priority in allotment of the unsubscribed Shares.

In the event of an under subscription in any one or more of the categories, the quantum of Shares unsubscribed may be redistributed to other categories that may be oversubscribed in a fair manner at the discretion of the Board of Directors, applicable in the case of the Non-Retail Investor Category.

In the event of an oversubscription in any one or more of the categories mentioned above, the basis of allotment will be decided by the Board of Directors in a fair and equitable manner in compliance with CSE Listing Rule 2.1.1 (g) (l).

Redistribution will not apply in the event of an oversubscription or under subscription in all the categories.

5.9 COST OF THE OFFER

The Directors of the Company estimate that the total cost of the Share Offer will be approximately LKR 55.95 Mn translating to c. 3.55% of the funds raised.

The above cost estimation includes the initial listing fees, fees payable to the Managers and Financial Advisor to the Issue, Registrars to the Issue, Bankers to the Issue, Lawyers to the Issuer, Independent Valuers to the Issue, advertising and promotional agency, costs of postage, stamp duty and printing, and brokerage commission.

5.10 BROKERAGE

Brokerage at the rate of zero decimal five per centum (0.50%) will be paid by the Company in respect of the number of shares allotted on applications bearing the stamp of any Trading participants of the CSE or any bank operating in Sri Lanka or the Bankers to the Issue or Managers and Financial Advisors to the Issue.

5.11 MINIMUM SUBSCRIPTION AND UNDERWRITING

In the opinion of the Directors, there is no minimum subscription required for this Issue, other than the minimum public holding requirement necessary to meet the listing requirements. The minimum public holding requirement for the Main Board mandates at least 500 public shareholders, while the Diri Savi Board requires a minimum of 200 public shareholders. CALH currently has 8 public shareholders pre-IPO. To qualify for a Main Board listing, it will require an additional 492 public shareholders, while a Diri Savi Board listing would require an additional 192 public shareholders. The minimum public holding % for the Main Board mandates 10% for a company with a float adjusted market capitalization of Rs. 2.5 billion, while the Diri Savi Board requires 7.5%. CALH currently has 4.73% of its total shares (on a post-IPO basis) held by public shareholders. It plans to offer an additional 7.60% of its total shares to the public. To satisfy the public holding requirements, at least 5.27% of total shares must be taken up by public investors at the IPO for a Main Board listing, while a minimum of 2.77% is required for a Diri Savi Board listing.

No underwriting arrangements have been made for this Share Issue. In the event the Offer is undersubscribed, subscribers will be allotted in full, provided that the company is capable of meeting either the Main or Diri Savi Board criterion and the Company will utilize internal funds and external borrowings to achieve the stated objectives.

5.12 INSPECTION OF DOCUMENTS

Articles of Association, Auditors' Report and Audited Financial Statements for the last five (5) financial years ended 31 March immediately preceding the date of this Prospectus, Accountants Report and Summary Financial Statements for the five (5) financial years immediately preceding the date of this Prospectus, material contracts and Management Agreements (if any), or in the case of contracts not reduced into writing a Memorandum giving full particulars thereof and the Research Report prepared by the Financial Advisors and Managers to the Offer would be made available for inspection by the public during normal working hours at the registered office of the Company, at Level 2, "Millennium House", 46/58, Nawam Mawatha, Colombo 02 from the date hereof, until the subscription list is closed or up to 14 market days, whichever is later as per Rule 3.1.19 (a) of the CSE Listing Rules.

The Prospectus, Application Form and Articles of Association of the Company will be available on the website of the CSE, www.cse.lk, on the website of the Company and, on the website of the Manager to the Issue www.cal.lk, from the date hereof for a period of not less than fourteen (14) Market Days as stipulated in Rule 3.1.19 (b) of the CSE Listing Rules.

The Independent Valuation Report justifying the Share Offer Price will be available on the website of the CSE, www.cse.lk, on the Company website, www.cal.lk, and on the website of the Managers to the Issue www.cal.lk, from the date hereof, for a period of not less than two (2) months as stipulated in Rule 3.1.19 (c) of the CSE Listing Rules.

6. PROCEDURE FOR APPLICATION

6.1 ELIGIBILITY TO INVEST

Applications are invited from the following categories of applicants, **having a valid CDS account in the Central Depository System (Private) Limited (CDS Account):**

1. Citizens of Sri Lanka who are resident within Sri Lanka and are above 18 years of age.
2. Citizens of Sri Lanka resident outside of Sri Lanka and who are above 18 years of age.
3. Companies, Corporations or Institutions incorporated or established within Sri Lanka.
4. Corporate bodies incorporated or established outside Sri Lanka.
5. Approved Unit Trusts licensed by the SEC.
6. Approved Provident Funds and approved contributory pension schemes registered / incorporated / established in Sri Lanka. (in this case, Applications should be in the name of the Trustee/Board of Management).
7. Foreign Citizens who are above 18 years of age (irrespective of whether they are Resident in Sri Lanka or overseas).
8. Global, Regional and Country funds approved by the SEC.

Applications made by **individuals less than 18 years of age** or those in the names of **sole proprietorships, partnerships, unincorporated trusts and non-corporate bodies will be rejected.**

Applications submitted by investors mentioned in items (b), (d), (g) and (h) above should be in accordance with the provisions of Foreign Exchange Act, No. 12 of 2017 and any regulations and/or directions issued thereunder.

Applications submitted under the Unit Trust Investor Category should conform to the criteria defined by the SEC Directive dated 6 June 2011 (Ref: SEC/LEG/11/06/01).

Eligible Applicants may fall into one of the following categories.

- i. Employees of the CAL Group
- ii. Retail Individual Investor Category
- iii. Unit Trust Investor Category
- iv. Non-Retail Investor Category

Please refer to “Glossary of Terms Related to the Issue” for the definitions of the aforementioned categories.

6.2 HOW TO APPLY

Availability of Prospectus and Application Form

Applicants applying for Shares should submit their applications in the manner set out below as applicable to you.

i. Via Physical Delivery

The Application Form will be made available free of charge from the collection points listed in Annexure 4. The Prospectus and the Application Form can also be downloaded from www.cse.lk, www.cal.lk, on the websites of the Managers to the Issue www.cal.lk. Please refer Section 6.9 for submission of Application Forms. Investors must download the Application Form, print and submit same together with relevant supporting documents via physical delivery.

Applicants must apply for the Shares through the Application Form, which constitutes part of this Prospectus. The Application Form should be legibly completed and be received by the Registrars to the Issue.

Note on Availability of the Prospectus - Capital Alliance Holdings Limited has submitted a formal request to the Colombo Stock Exchange (CSE) seeking a waiver from the requirement to print and distribute physical copies of this Prospectus, in accordance with Section 2.4(f) of the CSE Listing Rules. Following a careful review, the CSE has granted approval for the Prospectus and application forms to be made available solely in electronic form. Accordingly, soft copies of the final Prospectus and application forms will be made accessible on the websites of Capital Alliance Holdings Limited and the Colombo Stock Exchange, and will be available to all members, trading members, and the investing public at least ten (10) market days prior to the opening of the subscription list.

ii. Via CSE Mobile App

Applicants who register with the CSE Mobile App should follow the instructions set out in the said Mobile App and submit their application as per the instructions. Submission of digital Application Forms through such CSE Mobile App is limited to both citizens of Sri Lanka who are resident in or outside Sri Lanka and are above 18 years of age and, foreign citizens above 18 years of age (irrespective of whether they are resident in Sri Lanka or overseas) only.

The Mobile App, currently, does not facilitate Applications made through Power of Attorney (POA), Margin Trading, Joint Applicants and the categories referred to in Section 6.1 sub-sections iii, iv, v, vi and viii to apply. Therefore, such Applicants may send their applications physically as disclosed above.

iii. CDS Web Portal

The Applicant can use the online Application Web Portal accessible via <https://ipo.cse.lk/> or www.cds.lk or <https://www.linkedin.com/company/cds-srilanka>. Only resident and non-resident individual Applicants who have a valid CDS account at the time of application can apply via the CDS Web Portal.

This option is not permitted for Applicants applying via POA, Margin Trading, Joint Applicants, corporate bodies and Unit Trusts.

The Applicant must comply with the instructions stated on the Web Portal when submitting the online Application.

Any Application submitted without a valid CDS account will be rejected.

Users must first register for the Web Portal and read the instructions given on the Web Portal carefully and click on “Apply Now” option. Users will be directed to a page to self-register and create a login by validating their mobile number and email address. Once the user logs-in to the Web Portal the Application can be completed and submitted via the CDS Web Portal.

iv. CDS eConnect

Institutional users (CDS Account types of Local Customer & Foreign Customer) who are registered to the CDS eConnect facility are allowed to apply for the IPO through their registered CDS eConnect. Registered eConnect Institutional users (Applicant categories iii, iv, v, vi, viii mentioned in Section 6.1), have an option for “eIPOs” within their eConnect facility, through which they are enabled to select the relevant IPO and apply.

APPLICANTS SHOULD APPLY ONLY THROUGH ONE INVESTOR CATEGORY (INCLUDING JOINT APPLICANTS) AND WOULD BE PERMITTED TO SUBMIT ONLY ONE APPLICATION FORM. TWO OR MORE APPLICATIONS SUBMITTED BY THE SAME APPLICANT EITHER UNDER THE SAME CATEGORY OR UNDER DIFFERENT CATEGORIES WILL BE CONSTRUED AS MULTIPLE APPLICATIONS AND WILL BE REJECTED.

Retail Individual and Non-Retail Investor Category

Applicants falling under the **Retail Individual and Non-Retail Investor Categories** should apply for the Shares through the **WHITE coloured** Application Form printed for this purpose, which constitutes part of this Prospectus (please refer Section 6.1.2 above for methods of obtaining the Prospectus and Application Form).

Exact size copies of the Application Form will also be permissible under the Retail Individual and Non-Retail Investor Categories. The completed Application Forms should be submitted to the Registrars to the Issue in accordance with Section 6.2 of the Prospectus.

Local and Foreign individual Investor/s who apply for a maximum of 10,000 shares value of not more than Rupees Hundred Thousand (LKR 100,000) will be categorized as Retail Individual Investors for share allotment purposes.

All foreign Applicants and corporate Applicants should ensure that the Passport Number/Company Registration Number (as applicable) is stated in the relevant cages of the Application Form.

CALH Group Employee Category

Applicants applying under the Group Employee Category must apply for the shares only using the separate **BLUE coloured** Application Form printed for this purpose, which constitutes part of this Prospectus. Such Application Forms will only be made available through CALH Group companies. Employees applying under this category shall be required to apply under their respective individual names using only the correctly coloured Application Form and should not apply as joint Applicants.

Application Forms properly and legibly filled in accordance with the instructions thereof, along with the applicable remittance (cheque or bank draft or bank guarantee) for the full amount payable on the Application and the company seal/rubber stamp of the respective employer placed thereon should be submitted to Capital Alliance Holdings Limited., Level 2, "Millennium House", 46/58, Nawam Mawatha, Colombo 02, for onward transmission to the Registrars to the Issue in accordance with Section 6.2.

Employees shall NOT submit Applications directly to the Registrars to the Issue. No photocopies of the coloured Application Form would be permissible and will not be permitted to send their application directly via email.

Unit Trust Investor Category

Applicants applying under the **Unit Trust Investor Category** must apply for the Shares using the separate **YELLOW coloured** Application Form printed for this purpose, which constitutes part of this Prospectus. Such Application Forms will be made available through the **Managers and Financial Advisors to the Offer**, Capital Alliance Partners Limited, Level 2, Millennium House, 46/58, Nawam Mawatha, Colombo 02.

The completed Application Forms should be submitted to Managers and Financial Advisors to the Offer who will forward the same to the Registrars to the Offer in accordance with Section 6.2.

Only one Application should be made by an Applicant under the **Unit Trust Category**.

Applications submitted under the Unit Trust Investor Category should submit a confirmation by the trustee that such Unit Trust is in conformity with the criteria defined by the SEC Directive dated 06 June 2011 (Ref: SEC/LEG/11/06/01).

Joint Applications

An Applicant of a Joint Application, applying through another Application Form, is deemed to have made multiple Applications and will be rejected.

An Applicant who has made an Application under a margin trading account should not apply individually or jointly on a separate Application Form. Such Applications will also be construed as multiple Applications and will be rejected.

Subject to the above, the Company/Managers/Registrars to the Issue reserve the right to reject multiple Applications and suspected multiple Applications which are not allowed or to accept only one Application Form at their discretion.

Notwithstanding any provision contained herein, the Board of Directors shall reserve the right to refuse any Application or to accept any Application in full or part, without any explanation or reason.

Please note that Applicant information such as full name, address, NIC number/Passport Number and residency will be downloaded from the database of CDS, based on the CDS account number indicated in the Application Form. Such information shall take precedence over the information provided in the Application Form.

The CDS account number stated on the application you submit should be registered under your name. Kindly contact your stockbroker if you are in doubt about the CDS account number. Application Forms stating third party CDS accounts instead of their own CDS account numbers, except in the case of margin trading accounts, will be rejected.

Care must be taken to follow the instructions on the reverse of the Application Form. Applications that do not strictly conform to such instructions and additional conditions set out hereunder or which are illegible may be rejected.

All Applicants (both resident and foreign) should indicate their respective NIC number or Company Registration Number or Passport Number as the case may be in the Application Form. Individual resident Applicants should indicate their Passport Number in the Application Form only if they do not have an NIC Number.

As per the Directive of the SEC made under Circular No. 08/2010 dated 22 November 2010 and Circular No. 13/2010 issued by the CDS dated 30 November 2010, all Shares allotted must be directly uploaded to the CDS accounts. As such, all Applicants should indicate their CDS account number in the Application Form. Applicants who do not have a CDS account are advised to open a valid CDS account prior to submitting the Application, to facilitate the uploading of allotted Shares to their CDS account.

Please note that upon the transfer of existing Shares under this Issue, the transferred Shares will be credited to the Applicant's CDS account so indicated. Please note that SHARE CERTIFICATES SHALL NOT BE ISSUED.

Any Application which does not carry a valid CDS account number or indicates a CDS account number which is not opened at the time of Issue Closing Date or which indicates an inaccurate/incorrect CDS account number, shall be rejected and no transfer will be made.

You can open a CDS account through any Trading Participants of the CSE as set out in Annexure 4 or through any Custodian Bank as set out in Annexure 5 of this Prospectus. You can also open a CDS account through the CSE Mobile App. The CSE mobile application can be downloaded from the Apple App Store (for Apple IOS users) or the Google Play Store (for Google Android users).

PLEASE NOTE THAT ISSUE OF SHARES WILL ONLY BE MADE IF YOU HAVE A VALID CDS ACCOUNT AT THE TIME OF SUBMISSION OF APPLICATION.

Applicants have the option of having their shares 'locked' in the CDS. Shares that are 'locked' will not be available for trading purposes and will not be visible to the participants. Such Applicants would have to fill in the relevant section in the Application Form for this purpose. If the Applicant has not specified that the shares need to be deposited to his/her 'locked' balance in the CDS account, the said shares would be deposited to Applicant's 'trading' balance in the CDS account.

Operation of a 'locked' balance in the CDS

In order to preserve the confidentiality of shareholder information and to ensure that securities are not made available for trading for those shareholders who do not want to trade the securities, the CDS provides a mechanism where securities can be 'locked' in the CDS account.

The CDS maintains two balances for each CDS account, namely a 'trading' balance and a 'locked' balance. The trading balance would be visible to the CDS participant, and all dealings and trading would be permitted on the said trading balance, as done normally.

As opposed to the trading balance, the locked balance will not be visible to the CDS participant and all dealings on such locked balance would be suspended thereby maintaining the confidentiality of the information and also safeguarding the account holder from any unauthorized sale by a broker.

At the request of an account holder, the CDS would transfer a named quantity of securities from the locked balance to the trading balance of a CDS account and/or from the trading balance to the locked balance.

6.3 NUMBER OF SHARES APPLIED

Application should be made for a minimum of One Hundred (100) Shares for a value of Sri Lanka Rupees One Thousand (LKR 1,000) and in multiples of One Hundred (100) Shares thereafter. The maximum number of Shares that can be applied through one Application under the IPO would be limited to One Hundred and Fifty Million Seven Million Five Hundred Thousand (157,500,000) Ordinary Voting Shares, i.e. the total number of Shares issued under the IPO. Any Applications for over and above One Hundred and Fifty Million Seven Million Five Hundred Thousand (157,500,000) Ordinary Voting Shares would be either capped at the maximum number of Shares as aforesaid or rejected at the outset at the discretion of the Board of Directors.

Applications made for less than One Hundred (100) Shares or for a number which is not in multiples of One Hundred (100) Shares will be rejected and the accompanying cheques, bank drafts or bank guarantees will not be sent for clearing but will be returned via ordinary post at the risk of the Applicant, or in the case of Joint Applicants, the first named Applicant. The cheque or bank draft or bank guarantee or RTGS/CEFT/SLIPS transfer or payment via the payment gateway provided through the CDS Web Portal/CSE Mobile App should be issued/carried out to the exact number of New Shares applied for multiplied by the Share Issue Price. Any Application not conforming to the above requirement will be rejected and the Application monies will be returned as aforementioned.

Please refer Section 6.10 for details with respect to the mode of remittance.

6.4 IDENTIFICATION INFORMATION

All Applicants should disclose their identification/ registration information by filling in the space provided in the Application Form for this purpose.

Applicants are requested to state their residency and nationality in the appropriate spaces provided in the Application Form.

The NIC, Passport, or Company Registration Number as the case may be, must be stated in the Application Form and any Application Form which does not provide the appropriate identification information will be rejected.

Resident Applicants may use the Passport for purposes of identification only if they do not have a NIC Number.

Tabulated below is the relevant identification information that a prospective investor should provide depending on the legal status:

Table 6 1 Investor Identification Required

Citizenship/Legal Form	Identification Information			
	NIC Number	Passport Number	Company Registration Number	Common Seal or Rubber Stamp
Sri Lanka Citizens	X			
Sri Lanka Citizens with no NIC Number*		X		
Foreign Citizens**		X		
Corporate Entities***			X	X

* In the case of Sri Lankan citizens, the Passport number will be accepted only when the NIC number is not available. The CDS Account must be for the same Passport Number.

** Foreign citizens must state the Passport number in the space provided in the Application Form.

*** In case of a corporate entity, the Company Registration number must be provided. The common seal or rubber stamp should be affixed, and the Application Form duly signed as stipulated in the constitutional documents of such Applicants.

A valid CDS Account number must be stated in the Application Form. All foreign Applicants and corporate Applicants should ensure that the Passport Number/Company Registration number is stated in the relevant cages of the Application Form. All information about the Applicant (i.e., name, address, nationality and NIC or Passport Number) will be downloaded from the database of the CDS, based on the number given in the Application Form. In the event of any discrepancy between the information in the CDS and in the Application Form, the information in the CDS shall take precedence.

If the CDS Account number is not indicated in the Application Form, or the number indicated in the Application Form is found to be inaccurate/incorrect, or the account number indicated is not opened at the Issue Closing Date, such Application will be rejected, and no allotments of Shares will be made.

6.5 KEY RESPONSIBILITY OF A FOREIGN INVESTOR

Foreign Investors may be affected by the laws of the jurisdiction of their residence. If Foreign Investors wish to apply for the Shares, it is their responsibility to comply with the laws relevant to the jurisdiction of their residence and of Sri Lanka.

6.6 MARGIN TRADING

Applicants who wish to apply through their margin trading account should submit the Applications in the name of the 'margin provider / Applicant's name' signed by the margin provider.

The Applicants should state the relevant CDS account number relating to the margin trading account in the space provided for the CDS account number in the Application Form. The Shares shall be uploaded to the CDS account indicated in the Application Form.

The NIC, Passport, or Company Registration Number of the Applicant as the case may be, must be stated in the Application Form.

Resident Applicants may use the Passport for purposes of identification, only if they do not have a NIC Number.

A photocopy of the margin trading agreement must be submitted along with the Application.

Please note that the margin provider can apply under its own name and such Applications will not be construed as multiple Applications. Details regarding multiple Applications are available under Section 6.1.1.

Please note that the CSE Mobile App and CDS Web Portal do not facilitate an Application by Applicants through a margin trading facility.

6.7 APPLICATIONS MADE UNDER POWER OF ATTORNEY

In the case of Applications made under POA, a copy of the said POA, **certified by a notary public** to be a true copy of the original, should be submitted to the Registrars to the Issue along with the Application Form. **The original POA should not be attached.**

Please note that the CSE Mobile App and CDS Web Portal do not facilitate an Application by a POA.

6.8 JOINT APPLICATIONS

If the ownership of the New Shares is desired in the name of one Applicant, such Applicant should make the Application for an **individual CDS Account**. In the case of Joint Applicants, the signatures and particulars in respect of all Applicants must be given under the relevant headings in the Application Form.

Joint Application Forms are permitted only for natural persons not exceeding three (3) Applicants. Joint Applicants should note that there should not be a combination of residents of Sri Lanka and non-residents. An Applicant of a Joint Application shall not apply through a separate Application Form either individually or jointly.

Please note that the CSE Mobile App, CDS Web Portal and CDS eConnect do not facilitate an Application by Joint Applicants.

6.9 SUBMISSION OF APPLICATIONS

a) Applicants Applying via CSE Mobile App or CDS Web Portal

Application Forms properly and legibly filled in accordance with the instructions thereof, along with the applicable remittance/proof of remittance as applicable (Payment Gateway or CEFT or SLIPS or RTGS) for the full amount payable on Application Form shall be forwarded online as referred to Section 6.1.1.

b) Applicants Applying via Physical Delivery

Application Forms properly and legibly filled in accordance with the instructions thereof, along with the applicable remittance / proof of remittance as applicable (cheque or bank draft or bank guarantee or RTGS transfers (only for Application valued above and inclusive of Sri Lanka Rupees One Hundred million (LKR 100,000,000/-), for the full amount payable on Application Form may be forwarded by way of delivery (by hand or post) enclosed in a sealed envelope marked 'Capital Alliance Holdings Limited – IPO' on the top lefthand corner and be addressed and dispatched by post or courier or delivered by hand to the Registrars to the Issue at the following address **prior to 4.30 p.m. Local Time on the Issue Closing Date.**

S S P Corporate Services (Private) Limited

101, Inner Flower Road,
Colombo 03

Applications may also be handed over to the Bank and designated branches of the Bank, Managers to the Issue, Bankers to the Issue and its designated branches and, trading participants of the CSE, as set out in Annexure 4 **prior to 4.30 p.m. Local Time on the Issue Closing Date.**

In the case of Applications dispatched by post, such Applications should reach the Registrars to the Issue **not later than 4.30 p.m. Local Time on the Market Day immediately following the Issue Closing Date.**

Any Applications received after the above deadlines shall be rejected even if the courier or post mark is dated prior to the Issue Closing Date.

6.10 PAYMENT OF APPLICATION MONIES

6.10.1 CHEQUES OR BANK DRAFTS – RESIDENT SRI LANKAN INVESTORS

Cheque or Bank Drafts payments as a mode of payment are only applicable for Applicants applying **via Physical Delivery.**

Cheques or bank drafts should be drawn on any Licensed Commercial Bank in Sri Lanka and crossed **“Account Payee Only”** and made payable to **“Capital Alliance Holdings - IPO”**.

Cheques or bank drafts accompanying Application Forms made for less than Hundred (100) Shares, i.e. for a value less than Sri Lanka Rupees One Thousand (LKR 1,000) in multiples of One Hundred (100) Shares thereafter (as mentioned in Section 6.1.2) will not be sent for clearing and shall be returned via ordinary post at the risk of the Applicant or, in the case of joint Applicants, to the first named Applicant.

In the event that cheques are not realized within **Two (2) Market Days** from the date of presenting the same to the bank for clearing, the Directors reserve the right to reject the Applications and return the Application cheques. No issue of Shares will be made to such Applicants.

Cheques must be honoured on the first presentation to the bank for the application to be valid. Applications supported by cheques which are not honoured on first presentation will be rejected.

6.10.2 BANK GUARANTEES – RESIDENT SRI LANKA INVESTORS

Applications made by resident Sri Lankan investors backed by bank guarantees presented in line with the requirements set out in Section 6.2 will be accepted.

Bank guarantees will be presented to the respective banks only after the New Shares have been allotted by the Company.

Bank Guarantees as a mode of payment are only applicable for Applicants applying **via Physical Delivery**.

Bank guarantees should be issued by any Licensed Commercial Bank in Sri Lanka and in favour of **“Capital Alliance Holdings - IPO”** in a manner acceptable to the Company and payable on demand.

Please note that the original bank guarantee should be lodged with the Registrars to the Issue along with the Application Form prior to 4.30 p.m. local time on the Issue Closing Date, in order to claim funds in respect of such Applications made via bank guarantees.

Bank guarantees should be valid for a minimum of one (01) month from the date of opening of the Offer (i.e., 8th May 2025).

Applicants are advised to ensure that sufficient funds/facilities are available in order to honour the bank guarantees, inclusive of charges when called upon to do so by the Registrars to the Issue.

It is advisable that the Applicants discuss with their respective bankers the matters with regard to the issuance of bank guarantees and all charges involved. All expenses with regard to such bank guarantees should be borne by the Applicants.

6.10.3 CEFT/SLIP TRANSFERS – RESIDENT SRI LANKAN INVESTORS

In case of CEFT/SLIPS transfers (**only for Application made via the CSE Mobile App and CDS Web portal**) such transfers should be made to the credit of **“Capital Alliance Holdings - IPO”**, bearing the account number 100240011559 at Nations Trust Bank PLC, Nawam Mawatha Branch (Bank Code – 7162, Branch Code - 024) on or before the Issue Closing Date (i.e. the funds to be made available to the above account).

Applicants are required to indicate their CDS Account number or NIC number as payment reference for CEFT/SLIPS transfers. Any Applications accompanying fund transfers confirmations without the payment reference as aforementioned will be rejected.

The Applicants should obtain a confirmation from the Applicant's bank to the effect that arrangements have been made to transfer payment in full for the total value of New Shares applied for to the credit of **"Capital Alliance Holdings - IPO"** and the fund transfer confirmation should be submitted with the Application Form.

IMPORTANT: When CEFT, SLIPS transfers are made, ensure to enter the CDS Account number or the NIC number of the Applicant in the 'Beneficiary Narration/Beneficiary Remark/ Reference/Remark/Comment' field to identify the payments. If such identification details are not provided, Application will be rejected.

6.10.4 RTGS TRANSFERS – RESIDENT SRI LANKAN INVESTORS

In case of RTGS transfers, such transfers should be made to the credit of the following accounts for Applications submitted via;

1. Physical Delivery - Only for Application valued above and inclusive of Sri Lanka Rupees One Hundred Million (LKR 100,000,000/-) should be made to the credit of **"Capital Alliance Holdings - IPO"** bearing the account number 100240011559 at Nations Trust Bank PLC, Nawam Mawatha Branch (Bank Code – 7162, Branch Code - 024) on or before the Issue Closing Date (i.e., the funds to be made available to the above account).
2. CSE Mobile App or CDS Web Portal - Only for Application valued above and inclusive of Sri Lanka Rupees Five million (LKR 5,000,000/-) should be made to the credit of **"Capital Alliance Holdings - IPO"** bearing the account number 100240011559 at Nations Trust Bank PLC, Nawam Mawatha Branch (Bank Code – 7162, Branch Code - 024) on or before Issue Closing Date (i.e., the funds to be made available to the above account).

The Applicants should obtain a confirmation from the Applicant's bank to the effect that arrangements have been made to transfer payment in full for the total value of New Shares applied for to the credit of **"Capital Alliance Holdings - IPO"** for Application submitted via physical delivery or CSE Mobile App or CDS Web Portal. The fund transfer confirmation should be submitted with the Application Form.

IMPORTANT - When RTGS transfers are made, ensure to enter the CDS Account number or the NIC number of the Applicant in the 'Beneficiary Narration/Beneficiary Remark/ Reference/Remark/Comment' field to identify the payments. If such identification details are not provided, the Application will get rejected.

6.10.5 PAYMENT OPTIONS FOR CSE MOBILE APP OR CDS WEB PORTAL APPLICANTS

To make your application process smoother and convenient, CDS introduced 2 direct payment methods connected to the CSE Mobile app & CDS Web portal.

1. Payments through Helakurusuper App

CSE Mobile App and CDS Web Portal are now integrated with the HelaPay Payment App.

Only the LOCAL INDIVIDUAL applicants, with applied share values less or equal to LKR 49,900 will be able to use the HelaPay app after completing the applications on the said eIPO platform. If the applicant has already made a payment to the IPO account prior to starting the application process, such applicants should not select the 'HelaPay' option.

Customer charges of LKR 100.00 charged by 'HelaPay' will apply for such payment and to be borne by the applicants.

Please note that the applicants who wish to use the integrated HelaPay Payment App platform through the CSE Mobile App or CDS Web portal should have the 'Helakuru' Mobile App installed in their mobile devices.

Alternatively, Individual applicants who wish to use the payment modes of SLIPS, CEFTS, RTGS transfers must ensure to initiate such transfers prior to making the application using the CSE Mobile App, in order to attach the proof of payment which is a mandatory requirement in submitting their applications via CSE Mobile App.

2. Direct CDS payments through your own bank's mobile app or internet banking platform.

This is applicable only for the list of banks given below, through which Direct CDS payment is enabled up to Rs.10,000,000/- per transaction. You must complete the IPO application and submit the same. After successful submission of the application, you will receive an application reference number. You can visit your banking app/ internet banking platform and login to your account and select the IPO payments option from CDS Payment category and complete the payment by entering the received application reference number. Once we receive an automated message from your banker, that the payment was successful, you will receive an email confirming the successful submission of the IPO application.

List of Banks with Direct CDS Payments Enabled

1. Sampath Bank PLC
2. Commercial Bank PLC
3. Peoples Bank
4. Cargills Bank PLC

Alternatively, Individual applicants who wish to use the payment modes of SLIPS, CEFTS, RTGS transfers must ensure to initiate such transfers prior to making the application using the CSE Mobile App, CDS Web Portal or CDS eConnect, in order to attach the proof of payment which is a mandatory requirement in submitting their applications via online platforms.

6.10.6 AMOUNT PAYABLE AND OTHER PAYMENT CONDITIONS

The amount payable should be calculated by multiplying the number of New Shares applied for under a particular category by the Share Issue Price of Sri Lanka Rupees Ten (LKR 10.00). If there is a discrepancy in the amount payable and the amount specified in the cheque/bank draft or bank guarantee or amount deposited to IPO account via RTGS/CEFT/SLIPS transfer such Applications will be rejected.

CEFT/SLIPS transfers are subject to a maximum limit of Sri Lanka Rupees Five Million (5,000,000/-) imposed by the CBSL.

Payments for Applications via the payment gateway available on CSE Mobile App and CDS Web Portal is subject to a maximum value limit of Sri Lanka Rupees Fifty Thousand (LKR 50,000). i.e. Maximum Application value of LKR 49,900 and convenience fee of LKR 100.

Payments for Applications via Direct CDS payments through your own bank's mobile app or internet banking platform subject to a maximum value limit of Sri Lanka Rupees Ten Million (LKR 10,000,000).

In the case of cheques, bank drafts, RTGS/CEFT/SLIPS transfer and bank guarantees, Application Forms should be accompanied by only one cheque or bank draft or RTGS/CEFT/SLIPS transfer (single transfer) or bank guarantee and should be issued for the full amount indicated in the Application Form. Any Application for New Shares, accompanied by two or more cheques or bank drafts or RTGS/CEFT/SLIPS transfers or bank guarantees will be rejected at the outset.

Payments for Applications for values above and inclusive of Sri Lankan Rupees One Hundred Million (LKR 100,000,000/-) will be permitted to submit multiple Bank guarantees issued by Licensed Commercial Banks in Sri Lanka, multiple bank drafts/cheques drawn upon any Licensed Commercial Bank operating in Sri Lanka, or a single RTGS transfer directed through any Licensed Commercial Bank operating in Sri Lanka, each of which should be for values on or before Issue Closing Date.

Cash will not be accepted. Anyone wishing to pay cash should obtain a bank draft from a Licensed Commercial Bank in Sri Lanka.

6.10.7 FOREIGN CURRENCY REMITTANCES

This section is applicable to:

- Citizens of Sri Lanka who are above 18 years of age and Resident overseas.
- Corporate bodies incorporated or established outside Sri Lanka.
- Regional or country funds approved by the SEC.
- Foreign citizens (irrespective of whether they are Resident in Sri Lanka or overseas) who are above 18 years of age.

A foreign investor may invest through an IIA (previously known as a Securities Investment Account/SIA) maintained with any Licensed Commercial Bank in Sri Lanka. The procedure for arranging payments through an IIA are presented below:

- A Foreign Investor may use the services of a custodian bank as an intermediary when investing in the Sri Lankan securities market.
- The intermediary may open an IIA, on the investor's behalf.
- In conjunction with the IIA, an account with the CDS must be opened in case the investor does not already possess a valid CDS Account.
- In respect of regional or country funds investing for the first time in Sri Lanka, the intermediary will facilitate the approval process regulated by the SEC.

- **Applicants Applying via CSE Mobile App, CDS Web Portal or CDS eConnect**

- Payment for New Shares should be made through a RTGS/CEFT/SLIPS transfer against the funds arranged through the IIA and made payable to **“Capital Alliance Holdings - IPO”** bearing the account number 100240011559 at Nations Trust Bank PLC, Nawam Mawatha Branch (Bank Code – 7162, Branch Code - 024) prior to 4.30 p.m. local time on or before the Issue Closing Date. Kindly note that the foreign individual Applicants are **NOT** eligible to use the payment gateway option. Therefore, they must ensure to initiate the transfers prior to making the Application using an accepted mode of payment.

IMPORTANT - When CEFT, RTGS or SLIPS transfers are made, please ensure to enter the CDS Account number of the Applicant in the ‘Beneficiary Narration/Beneficiary Remark/ Reference/Remark/Comment’ field to identify the payments. If such identification details are not provided, the Application will be rejected.

- **Applicants Applying via Physical Delivery**

- Payment for New Shares should be made through a cheque or bank draft, or bank guarantee issued by a Licensed Commercial Bank in Sri Lanka or a RTGS transfer only for Application valued above and inclusive of Sri Lanka Rupees One Hundred Million (LKR 100,000,000/-) against the funds arranged through the IIA and made payable to **“Capital Alliance Holdings– IPO”** bearing the account number 100240011559 at Nations Trust Bank PLC, Nawam Mawatha Branch (Bank Code – 7162, Branch Code - 024) prior to 4.30 p.m. local time on or before the Issue Closing Date.

Cheques or bank drafts or bank guarantees or RTGS transfers only for Application valued above and inclusive of Sri Lanka Rupees One Hundred Million (LKR 100,000,000/-) should be endorsed by the issuing custodian bank to the effect that arrangements have been made to facilitate such payment to be made against funds available in the individual’s IIA. The endorsement must be clearly indicated on the cheque or bank draft or the bank guarantee. Alternatively, a document detailing the endorsement could be submitted along with the payment and Application.

Any refund payments to Foreign Investors are made in terms of Section 6.7 of this Prospectus.

Applications supported by foreign currency remittances should be made in conformity with requisite declarations accompanied by the documentation stipulated by the Head of the Department of Foreign Exchange of the CBSL.

6.10.8 RESTRICTIONS APPLICABLE TO FOREIGN CITIZENS RESIDENT IN SRI LANKA

Foreign citizens resident in Sri Lanka may make payments through Sri Lanka Rupee Accounts, only if they possess dual citizenship where one such citizenship is Sri Lankan. **Foreign citizens having Sri Lankan citizenship should attach a certified copy of the citizenship certificate with the Application Form. In case of an online Application, the certified copy of the citizenship certificate should be uploaded under the relevant field.**

Foreign citizens residing in Sri Lanka having valid residency visas should note that they cannot make remittances via cheques or bank drafts, or bank guarantees or RTGS/CEFT/SLIPS transfers drawn upon Sri Lanka Rupee accounts maintained with any Licensed Commercial Bank in Sri Lanka or payment gateway in the CDS Web Portal but may do so via an IIA account as detailed in Section 6.2.7 above. **Applications made by foreign citizens not in accordance with the foregoing shall be rejected.**

6.11 REJECTION OF APPLICATIONS

- i. Application Forms which are incomplete in any way and/or are not in accordance with the terms and conditions set out in this Prospectus will be rejected at the absolute discretion of the Company.
- ii. Any Application Form which does not provide the NIC, Passport (where NIC is not available) or Company Registration number as the case may be, will be rejected.
- iii. Any Application Forms accompanying fund transfers confirmations without the requisite payment references will be rejected.
- iv. Applications delivered by hand or by courier after 4.30 p.m. Local Time on the Issue Closing Date will be rejected. Applications received by post after 4.30 p.m. Local Time on the succeeding Market Day immediately following the Issue Closing Date will also be rejected even if they carry a postmark date earlier than the Issue Closing Date.
- v. Applications made for less than One Thousand (1,000) New Shares or for a number which is not in multiples of One Hundred (100) New Shares will be rejected.
- vi. An Application which does not carry a CDS Account number or indicates a number of a CDS Account which is not opened at the time of Issue Closing Date or which indicates an inaccurate/incorrect CDS Account number shall be rejected and no allotment of New Shares will be made.
- vii. Application Forms stating third party CDS Accounts instead of their own CDS Account numbers, except in the case of Margin Trading accounts, will be rejected.
- viii. Applicants should apply only through one investor category and would be permitted to submit only one Application Form. Two or more Applications submitted by the same Applicant either under the same category or under different categories will be construed as multiple Applications and will be rejected.
- ix. The Company reserves the right to reject multiple Applications and suspected multiple Applications which are not allowed, as mentioned in Section 6.2.1.
- x. Payment for Applications of New Shares accompanying two or more cheques and bank drafts or multiple direct deposits or bank guarantees or RTGS/CEFT/SLIPS transfers as mentioned in Section 6.3.6 will be rejected at the outset in the event the value of such Application is below Sri Lanka Rupee One Hundred Million (LKR 100,000,000/-)
- xi. Applications made by individuals below 18 years of age or those in the names of sole proprietorships, partnerships, unincorporated trusts and non-corporate bodies will be rejected.
- xii. Physical applications accompanying payments made via RTGS in the event the value of such Application is below Sri Lankan Rupees One Hundred million (LKR 100,000,000/-) or by way of CEFT or SLIPS will be rejected.

- xiii. Applications signed on behalf of the Applicant by an attorney under a POA that is not valid or in conformity with the applicable law will be rejected.

Notwithstanding any provision contained herein, the Board of Directors shall reserve the right to refuse any Application or to accept any Application in full or part, without any explanation and reason.

6.12 BANKING OF PAYMENTS

All cheques and bank drafts received in respect of Applications will not be banked until the Market Day following the Issue Closing Date in terms of the CSE Listing Rules.

6.13 REFUNDING/RETURNING OF FUNDS ON PARTIALLY ACCEPTED/REJECTED APPLICATIONS

Where an application is accepted only in part or rejected in its entirety, the balance/entirety of the monies received on an application, as the case may be, will be refunded. Such refunds will be made on or before the expiry of Eight (8) Market Days from the Issue Closing Date (excluding the Issue Closing Date) as required by the CSE Listing Rules. As required by Rule 2.4(l) of the CSE Listing Rules, Applicants would be entitled to receive interest at the rate of last quoted AWPLR published during the immediately preceding week by the CBSL or any other authority (in the event the CBSL ceases to publish the AWPLR) plus five per centum (5%) for the delayed period on any refunds not made by the expiry of the aforementioned period.

It is the responsibility of Foreign Investors to ensure that their IIA details are accurately provided under 'Refund Payment Instructions' on the Application Form to forward the refund to the IIA through which the Application was made.

With regard to applications which have been fully rejected due to any of the reasons specified in this Section 6, neither the Company nor the Registrars to the Issue nor CDS shall be liable for any delay on the refund of monies to the Applicant if the Applicant has paid the Application monies through a direct deposit or a RTGS/CEFT/SLIPS and has not indicated his NIC number or the CDS Account number as the payment reference.

Refund via Sri Lanka Inter-bank Payment Systems (SLIPS)

The refund payment will be made to the bank account specified by the Applicant through the SLIPS on or before the expiry of Eight (8) Market Days from the Issue Closing Date (excluding the Issue Closing Date) as required by the CSE Listing Rules and a payment advice shall be issued to the Applicant provided that the Applicant has submitted accurate and complete details of Applicant's bank account in the Application Form. However, SLIPS transfers are subject to a maximum limit of Sri Lanka Rupees Five Million (LKR 5,000,000/-) imposed by the CBSL with effect from October 29, 2010, as per Operating Instruction Circular No. 11/2010 dated October 25, 2010.

In the event of refunds over Rupees Five Million (LKR 5,000,000/-), if the Applicant has provided accurate and complete details of his bank account in the Application, refunds will be made via RTGS.

In the event the refund payment is affected via SLIPS based on the bank account details provided by the Applicant in the Application Form, but is rejected by the Applicant's bank due to inaccurate or incomplete information, such

refund payments would be made via a crossed cheque in favour of the Applicant and sent by ordinary post at the risk of the Applicant. In such instances, the bank together with the Registrars to the Issue or CDS will send the refund cheques to such Applicants at the earliest possible time and the Applicant should not hold the Company or the bank or the Registrars to the Issue or CDS Accountable for such delays.

Refunds Via Crossed Cheque

If the Applicant has not provided details of the bank account in the Application Form or has provided inaccurate or incomplete details of the bank account with respect to refunds via SLIPS, the refund payment will be made by a crossed cheque in favour of the Applicant and sent by ordinary post at the risk of the Applicant. In the case of a Joint Application, a crossed cheque will be drawn in favour of the Applicant whose name appears first on the Application Form.

6.14 SUCCESSFUL APPLICANTS AND CDS LODGMENT

The New Shares allotted will be directly uploaded to the respective CDS Accounts given in the Application Forms before the expiry of Twelve (12) Market Days from the Issue Closing Date as per the CSE Listing Rules.

Upon completion of crediting the respective CDS Accounts, a written confirmation will be sent to the shareholders within Two (2) Market Days of crediting the CDS Accounts by ordinary post to the address provided by each Applicant in their respective Applications.

Applicants have the option of having their Shares 'locked' in the CDS. Shares that are 'locked' will not be available for trading purposes and will not be visible to the participants. Such Applicants would have to fill in the relevant section in the Application Form for this purpose. If the Applicant has not specified that the Shares need to be deposited to his/her 'locked' balance in the CDS Account, the said Shares would be deposited to Applicant's 'trading' balance in the CDS Account.

Refer Section 7.6 for the definition of 'locked'.

New Shares shall not be transferable by the shareholders during the period between the date of allotment of the New Shares and up to the date of listing (excluding the date of listing) of Shares of the Company on the CSE. Further, the Company shall not allot any Shares (other than the allotment of New Shares stemming from this IPO) or register a transfer of existing Shares during the interim period between the date of the Initial Listing Application and the date of listing of the Shares of the Company.

Upon the Shares of the Company being listed on the CSE, such Shares shall be freely transferable except for those Shares mentioned in Section 7.6 of this Prospectus, which will be locked-in to be compliant with CSE Listing Rules.

6.15 DECLARATION TO THE CSE AND SECONDARY MARKET TRADING

The Company will submit to the CSE a declaration on the Market Day ("Declaration") immediately following the date on which the Applicants' CDS Accounts are credited with the New Shares. Trading of the Shares on the secondary market will commence on or before the Third (3rd) Market Day from the receipt of the a

7. THE COMPANY

7.1 OVERVIEW OF THE COMPANY

Capital Alliance Holdings Limited (CALH) serves as the parent and holding company of the Capital Alliance group, overseeing operations in primary dealer services, unit trust and private wealth management, stock brokerage, and corporate finance and investment banking. CALH holds controlling interests in international subsidiaries, including CAL Investment Consultancy FZ LLC (CALIC) based in the UAE, which manages CAL's operations in Sri Lanka and Bangladesh. The principal activities of the company are engaging in investment activities and management of subsidiaries.

Capital Alliance Holdings Limited (CALH) was established in 2003 as the holding company of the group. Its subsidiary, Capital Alliance Limited, was incorporated in October 2000 and, following its listing in 2021, changed its status to a publicly listed company, now referred to as Capital Alliance PLC (CALT). Over the past two decades, CALH has grown steadily, leveraging its industry-specific expertise to deliver exceptional investment solutions. Today, it stands as a distinguished and widely recognized investment bank in Sri Lanka, with a strong presence in frontier markets.

CALH's offerings include a broad range of integrated financial solutions across various sectors, including originating, trading, and investing in both debt and equity securities. CALH's strength lies in its deep understanding of the clients and markets it serves, combined with the use of innovative technology to build efficient capital markets.

Over the past 24 years, CALH has successfully nurtured a diverse clientele base comprising family businesses, corporates, and institutions. This growth is underpinned by CALH's unwavering dedication to building long-term relationships and delivering best-in-class services. The company's success is further reinforced by its core values of integrity, fairness, dynamism, and teamwork. CALH's mission is best expressed in its commitment: "We will not sell to you what we would not sell to our own family."

CALH leverages the collective strengths of its divisions, which include a Licensed Primary Dealer, Stockbroker, Asset Manager, and Corporate Finance and Advisory services. The Group operates through several subsidiaries, with an emphasis on offering integrated and customized financial solutions.

Capital Alliance PLC (formerly Capital Alliance Limited, a Primary Dealer) was listed on the Colombo Stock Exchange (CSE) on December 15, 2021. CALH has expanded its presence beyond Sri Lanka, establishing CAL Securities Limited, CAL Investments Limited, and CAL Bangladesh Limited in Bangladesh, and CAL Investment Consultancy FZ-LLC in the UAE. These initiatives reflect CALH's strategy to broaden its impact and capitalize on growth opportunities in other emerging markets.

MILESTONES

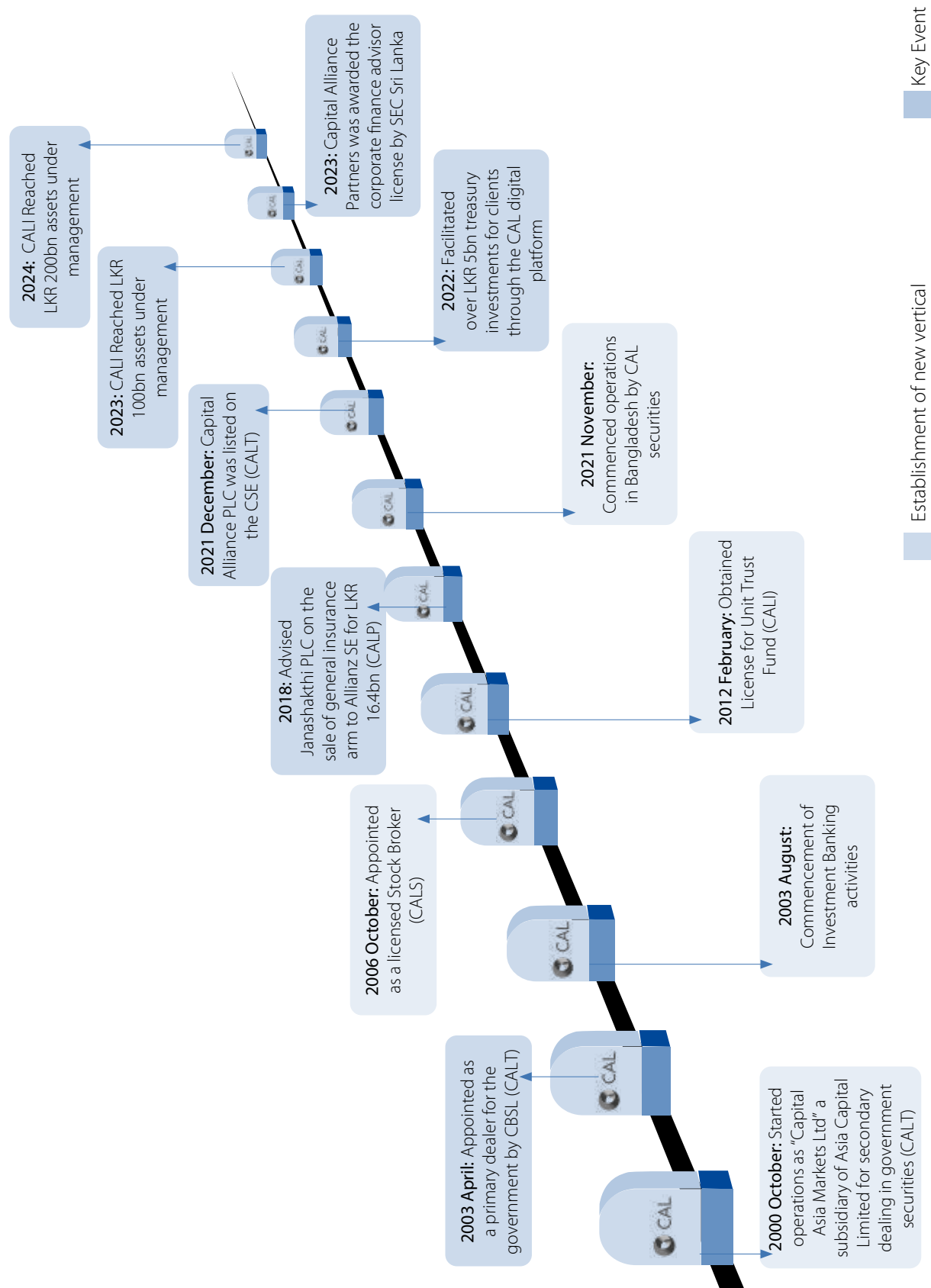


Figure 7.1 CALH Timeline of Key Events

Services Offered by CALH

- i. **Capital Alliance PLC (CALT):**
 - o **Primary Dealing in Government Securities:** As a licensed primary dealer appointed by the Central Bank of Sri Lanka, CALT engages in the trading of government securities, including Treasury bills and bonds.
- ii. **Capital Alliance Securities (Pvt) Ltd (CALS):**
 - o **Stockbroking Services:** Provides equity trading services complemented by comprehensive market research and analysis, offering clients real-time insights into capital markets.
- iii. **Capital Alliance Investments Limited (CALI):**
 - o **Asset Management:** Offers fund management and private wealth management services, catering to both individual and corporate investors. Currently manages an AUM exceeding 200 billion LKR.
- iv. **Capital Alliance Partners Limited (CALP):**
 - o **Corporate Finance and Advisory Services:** Provides advisory services for mergers and acquisitions, initial public offerings, rights issues, debt and equity financing, valuations, and both sell-side and buy-side advisory.
- v. **CAL Bangladesh Ltd / CAL Investments Ltd / CAL Securities Ltd**
 - o **Investment Banking Services:** Extends CAL's investment banking services to the Bangladeshi market, including corporate finance, advisory, stock brokering and asset management services.

Each subsidiary operates in alignment with CAL's mission to deliver exceptional investment solutions, leveraging deep market understanding and innovative technology to serve a diverse clientele.

7.1.1 GROUP STRUCTURE

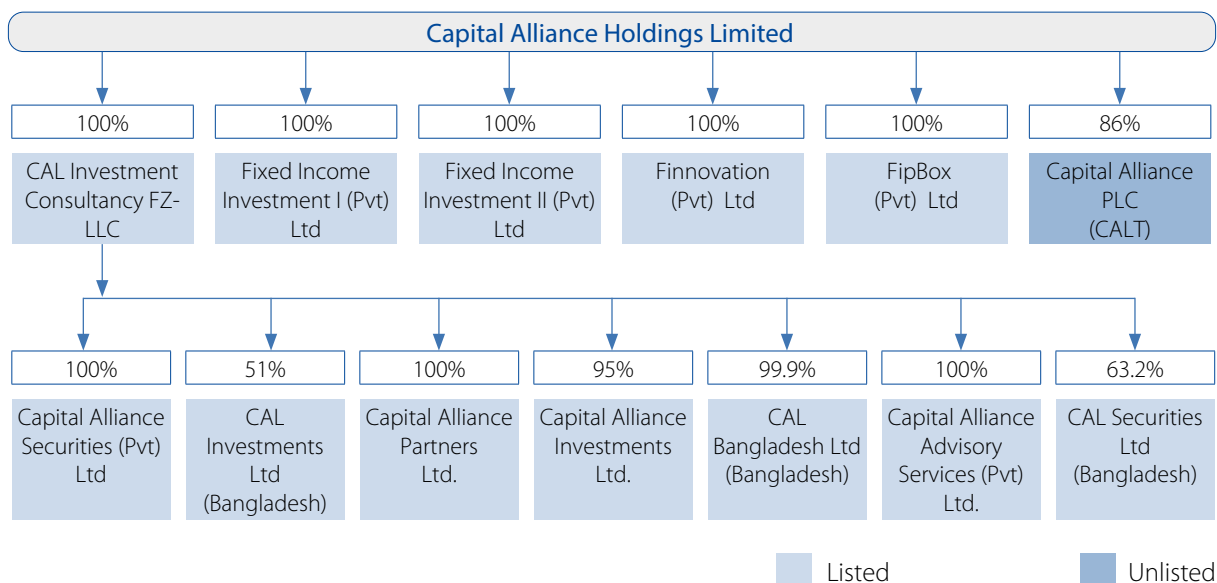


Figure 7.2 CALH Group Structure

Note: Amalgamation of Fixed Income Investment Entities: Fixed Income Investment III (Pvt) Ltd, Fixed Income Investment IV (Pvt) Ltd, Fixed Income Investment V (Pvt) Ltd, Fixed Income Investment VI (Pvt) Ltd, Fixed Income Investment VII (Pvt) Ltd, Fixed Income Investment and VIII (Pvt) Ltd have each amalgamated into Fixed Income Investment II (Pvt) Ltd, with effect from the 14th of January 2025. This initiative aims to enhance efficiency and shareholder value.

Furthermore, on 6th February 2025, Capital Alliance Holdings Limited (CALH) completed the share transfer of its 40% equity stake in Capital Alliance Securities (Pvt) Limited (CALS) to CAL Investment Consultancy FZ LLC (CALIC).

Table 7 1 CALH Subsidiaries and the Principal Activities

Name of the Subsidiary/Joint Venture	Principal Activities
Capital Alliance PLC (CALT)	The Principal Activities of the Company are dealing in Government Securities and corporate debt securities.
Capital Alliance Partners Limited (CALP)	The Principal Activities of the Company are dealing in Corporate Finance and fee-based activities.
Capital Alliance Securities (Pvt) Limited (CALS)	The Principal Activity of the Company is Stock Brokering.
Capital Alliance Investments Limited (CALI)	The Principal Activities of the Company are managing Unit Trust Funds and Private Wealth Management.
Finnovation (Pvt) Limited	The Principal Activity of the Company is providing IT services to Related Companies.
FipBox (Pvt) Limited	The Principal Activity of FipBox (Pvt) Ltd is investment holding. The company invests fee-based income it has earned from providing IT Platform / Digitalization services to CAL Group companies (CALH,CALT,CALI) in Unit Trusts.
CAL Investment Consultancy FZ LLC (CALIC)	The Principal Activities of the Company are investment holding and investment consultancy. Incorporated in the UAE.
CAL Bangladesh Limited (Bangladesh)	The Principal Activity of the Company is providing of consultancy services.
CAL Securities Limited (Bangladesh)	The Principal Activity of the Company is Stock Brokering.
CAL Investments Limited (Bangladesh)	The Principal Activity of the Company is full-fledged merchant bank activities.
Capital Alliance Advisory Services (Pvt) Ltd	The Principal Activities of the Company are advisory and consultancy services, incorporated in the Colombo Port City
Fixed Income Investments I (Pvt) Ltd	Investment Holding/Structuring Company, Fixed Income Investments I (Pvt) Ltd invests the fee-based income the company has received by providing securitization arrangements to the Unit Trusts of CALI, the income is invested in commercial paper & unit trusts.
Fixed Income Investments II (Pvt) Ltd	Structuring Company holding securitization arrangements for CALI's unit trusts.

7.1.2 KEY STRENGTHS OF CALH

A. Interest Rate Forecasting

Interest rate forecasting is a key aspect of the CALH business model across all segments. Management's experience in interest rate forecasting helps indicate the ideal times for market entry and exit, improving performance in both debt and equity markets.

CALH has its own in-house proprietary trading models which have been instrumental in forecasting interest rates in the past, contributing to its strong ROE. Given the highly dynamic nature of the industry, CALH continuously conducts research to keep up with emerging trends and refine its forecasting capabilities. The use of Big Data-driven systems helps analyse historical data and predict current market trends, allowing CALH to enhance performance across all core segments, including debt, equity, and structured finance, ultimately adding significant value to its clients.

B. Diverse and Dedicated Team & Focus Towards Human Resource Development

CALH is composed of a highly diverse team with deep expertise across multiple financial sectors, contributing significant value to each of the company's strategic segments. The company is governed by an Executive Committee (EXCO) of seasoned industry professionals with an average tenure of 11 years and a robust board, providing strategic oversight and leadership across all operational domains.

By maintaining a balance between young, dynamic members and experienced veterans, CALH ensures the effective blending of technical expertise and current market knowledge across all business lines, from bond trading to asset management. CAL Group places great emphasis on work ethic and performance across all its companies. CALH motivates its employees to excel, using an appraisal index to determine training requirements for employee success. Given the dynamic industry, CALH prioritizes training, including sales training, anti-money laundering, bonds and securities, budget management, and specialized areas like structured finance and money markets. This commitment to human capital development ensures the company is well-equipped to handle challenges across all segments.

C. Diversified Risk Management for Consistent Profitability

CALH's risk management framework ensures disciplined decision-making across all business segments, focusing on diversification to reduce sector-specific risks. By managing risk across debt, equity, and structured finance, CALH maintains a balanced risk-return profile, minimizes market volatility, and achieves stable profitability. Independent oversight and governance further strengthen this framework, ensuring accountability and adherence to best practices.

D. In-House Software Systems

CALH possesses sophisticated digital capabilities in-house, which facilitated the development of the CAL Portal. The CAL Portal serves as a comprehensive platform that seamlessly integrates all business segments, including equity, fixed income, and asset management, thereby delivering an exceptional client experience. This digital infrastructure not only enhances the customer journey but also provides real-time insights and data integration across different business lines, ensuring a holistic view for both clients and management. The advanced capabilities of the CAL Portal

allow clients to access a full suite of financial products and services with minimal friction, streamlining processes from onboarding to portfolio management. This digitalization significantly enhances operational efficiency by automating routine tasks, reducing manual errors, and providing data-driven insights for better decision-making. Furthermore, it enables CALH to scale its business operations more effectively and strategically, supporting rapid growth without compromising service quality or performance.

E. Part of an Established and Multifaceted Financial Services Group (CAL Group)

As part of the multifaceted CAL Group, CALH benefits from synergies across a wide range of financial services, from primary dealing and stockbroking to asset management and corporate advisory. This integrated approach allows for knowledge transfer and leveraging of skills across all verticals. As a result, clients benefit from comprehensive, seamless financial services, with CALH's expertise spanning debt, equity, structured finance, and advisory segments.

7.1.3 AWARDS



Capital Alliance Holdings Limited (CALH) has been recognized for its outstanding performance and commitment to fostering a supportive and high-achieving work environment. In 2022, CALH was named the Sector Winner in Investment Banking by LMD's Most Respected Entities in Sri Lanka. This award reflects CALH's dedication to delivering high-quality services and upholding strong professional standards within the investment banking industry.

Additionally, CALH has been certified as a Great Place to Work for the period from March 2024 to March 2025, emphasizing its dedication to employee satisfaction and a positive organizational culture. This recognition underscores CALH's continuous efforts to foster a work environment that values integrity, teamwork, and employee well-being.

7.1.4 VISION STATEMENT

CALH's Vision Statement is the same as the CAL Group's which is:

"To become the Preferred Investment Banking Partner in Frontier Markets."

7.1.5 MISSION STATEMENT

To drive economic growth in Frontier Markets by using capital markets to create a financial ecosystem that is a more transparent and efficient alternative to the traditional banking system.

7.1.6 VALUES

CALH follows the 4 fundamental values that are part of the CAL Group:

- **Integrity** - We only sell to our clients what we would sell to our family.
- **Fairness** - We hire for attitude and reward performance.
- **Dynamism** - We are always only two years away from irrelevance.
- **Teamwork** - We are a star team, not a team of stars.

7.2 DEGREE OF DEPENDENCY ON KEY CUSTOMERS AND SUPPLIERS

7.2.1 DEGREE OF DEPENDENCY ON KEY CUSTOMERS

CALH relies on a core group of institutional clients and family businesses for a significant portion of its clients and revenue. Maintaining strong relationships with these key customers is crucial for sustaining business growth and achieving financial targets.

Table 7.2 Customer segmental revenue breakdown

	CALS	CALT	CALI-UT	CALI- PWM	Total
Individuals	92%	86%	94%	50%	93%
Corporates	5%	10%	4%	25%	4%
Joint Accounts	3%	4%	2%	25%	3%
Total	100%	100%	100%	100%	100%

Source: CALH Management Information

7.2.2 DEGREE OF DEPENDENCY ON KEY SUPPLIERS

Considering the nature of the business carried-out by CALH, there is low dependency on suppliers for the Company's operations. However, it should be noted that CALH obtains funding from finance providers (Banks, other Primary Dealers etc.) through loan facilities and Repurchase Agreements (repos), commission payments made to money market brokers for facilitating trading of financial instruments and dependence on other corporates when looking at investment opportunities in them to provide customers with returns.

7.3 STATED CAPITAL

The Stated Capital of the Company comprised of 1,914,549,345 Ordinary Voting Shares representing a value of LKR 2,532,798,096 as at 31st December 2024. On 23rd of December 2024, the Board of Directors resolved to carry out a sub-division of shares in the ratio of 15:1 resulting in the total number of Ordinary Voting Shares in the Company increasing from 127,636,623 Ordinary Voting Shares to 1,914,549,345 Ordinary Voting Shares. This sub-division of shares does not change the value of the Stated Capital of the Company nor the percentage ownership of the existing Shareholders. The post sub-division cost per share, calculated as Stated Capital divided by the Number of Shares, is approximately LKR 1.32 per share – this computation only considers the Stated Capital component of Equity and excludes Reserves such as Retained Earnings.

In the event of liquidation of the Company, the Ordinary Shareholders shall have the right to an equal Share in any surplus assets of the Company available for distribution after paying all the creditors of the Company and all other claims and Debts in accordance with the provisions contained in the Companies Act No 7 of 2007 on liquidation.

Table 7.3 Stated Capital

Period	No. of Shares	Stated Capital
FY2023	98,258,063	23,231,471
FY2024	127,636,623	2,532,798,096
FY2025 (31st Dec 2025) – Pre share subdivision	127,636,623	2,532,798,096
FY2025 (31st Dec 2025) – Post share subdivision	1,914,549,345	2,532,798,096

7.3.1 LATEST SHAREHOLDER LIST AS AT 7TH JANUARY 2025

Table 7 4 Latest Shareholder List (post 1:15 share sub-division)

Name of Shareholder	No. of Shares	% Ownership
M/S. ASHTHI HOLDINGS (PRIVATE) LIMITED	557,044,530	29.10%
M/S. JETWING TRAVELS (PRIVATE) LIMITED	547,846,320	28.61%
MR. WIDANALAGE AJITH TERENCE FERNANDO	400,855,830	20.94%
MS. NAWALAGE THERESE MANOURI SHIROMAL COORAY	175,310,640	9.16%
MR. KANISHKE PIYANGA MANNAKKARA	57,236,370	2.99%
MR. ANDREW DESHAN PUSHPARAJAH	53,980,410	2.82%
MS. HABARAGAMURALALAGE MARY SHARMALI PERERA	32,596,560	1.70%
MR. THARINDRA KULASINGHE	22,985,025	1.20%
MR. AKILA MILANKA INDURUWAGE	16,834,230	0.88%
MR. UDEESHAN RAJITH JONAS	13,467,375	0.70%
YEHUDA INVESTMENT HOLDINGS LIMITED	7,500,000	0.39%
MR. SAMPATHAWADUGE DILAN KEVIN FERNANDO	5,507,565	0.29%
MR. ANTON DAMIEN RAYEN	5,050,290	0.26%
MR. HETTIHEWAGE GAYAN RANDESH DE SILVA	5,050,260	0.26%
MR. ASHVANTH VIJAYARAM	5,050,260	0.26%
MR. LOKUGAN HEWAGE SANURA LEVANJITH SILVA	5,050,260	0.26%
MS. PAVINI RANILA WIJESUNDARA	1,500,000	0.08%
MR. N R GOONASEKERA	1,125,000	0.06%
MR. U L B ARIYARATNA	558,420	0.03%
TOTAL	1,914,549,345	100.00%

Table 7 5 Ashthi Holdings (Private) Limited Shareholding

Full Name	No of shares
MS. THIRANYA HARSHINI FERNANDO	2,500
MS. CHANDRAMANI PADMASEELI FERNANDO	1
MR. WIDANALAGE AJITH TERENCE FERNANDO	5,001
MS. ASHWINI DHANISHA FERNANDO	2,500
TOTAL	10,002

7.3.2 NEW SHARES ISSUED

The table below represents the shares issued during the period of two (2) years immediately preceding the date of this Prospectus.

Table 7 6 Shares Issued within the last 2 years (Pre-Sub division of shares)

Name	Number of Shares (Pre-sub division)	Per Share Price (Pre-sub division)	Issuance Date
MS. A A UDESHI	897,825	46.30	26.03.2023
MR. V V BALACHANDRAN	2,002,710	46.30	30.03.2023
MR. A D PUSHPARAJAH	1,034,945	39.70	28.06.2023
MS. N PUSHPAKUMARA	448,912	46.30	06.07.2023
MS. N PUSHPAKUMARA	112,229	53.00	06.07.2023
MS. ROCHELLE MORTIER	897,825	46.30	25.07.2023
MR. D C P MUNASINGHE	897,825	46.30	10.10.2023
MR. W A T FERNANDO	3,815,758	46.30	15.11.2023
MS. H M S PERERA	675,660	46.30	15.11.2023
MS. H M S PERERA	558,849	53.00	15.11.2023
MR. A D PUSHPARAJAH	2,321,871	39.70	15.11.2023
MR. A D PUSHPARAJAH	448,903	46.30	15.11.2023
MR. MILANKA INDURUWAGE	785,597	46.30	15.11.2023
MR. MILANKA INDURUWAGE	336,685	53.00	15.11.2023
MR. GAYAN DE SILVA	224,914	46.30	15.11.2023
MR. GAYAN DE SILVA	111,770	53.00	15.11.2023
MR. UDEESHAN JONAS	897,825	46.30	15.11.2023
MR. ASHVANTH VIJAYARAM	336,684	46.30	15.11.2023
MR. SANURA SILVA	336,684	46.30	15.11.2023
MR. DAMIEN RAYEN	224,458	46.30	15.11.2023
MR. DAMIEN RAYEN	112,228	53.00	15.11.2023
MS. RANILA WIJESUNDARA	448,913	53.00	15.11.2023
MR. THARINDRA KULASINGHE	2,132,335	46.30	15.11.2023
MR. DILAN FERNANDO	673,369	46.30	15.11.2023
MR. HARSHA SRITHARAN	112,228	53.00	15.11.2023
MR. KANISHKE MANNAKKARA	3,815,758	46.30	15.11.2023
MT. ZIMRY MOHAMED	224,456	46.30	15.11.2023
MT. ZIMRY MOHAMED	112,229	53.00	15.11.2023
MR. W A T FERNANDO	7,279,650	178.00	27.11.2023
TOTAL	32,279,095		

Table 7.7 Shares Issued within the last 2 years (post-sub division of shares)

Name	Number of Shares (Post-sub division)	Per Share Price (Post-sub division)	Issuance Date
MS. A A UDESHI	13,467,375	3.09	26.03.2023
MR. V V BALACHANDRAN	30,040,650	3.09	30.03.2023
MR. A D PUSHPARAJAH	15,524,175	2.65	28.06.2023
MS. N PUSHPAKUMARA	6,733,680	3.09	06.07.2023
MS. N PUSHPAKUMARA	1,683,435	3.53	06.07.2023
MS. ROCHELLE MORTIER	13,467,375	3.09	25.07.2023
MR. D C P MUNASINGHE	13,467,375	3.09	10.10.2023
MR. W A T FERNANDO	57,236,370	3.09	15.11.2023
MS. H M S PERERA	10,134,900	3.09	15.11.2023
MS. H M S PERERA	8,382,735	3.53	15.11.2023
MR. A D PUSHPARAJAH	34,828,065	2.65	15.11.2023
MR. A D PUSHPARAJAH	6,733,545	3.09	15.11.2023
MR. MILANKA INDURUWAGE	11,783,955	3.09	15.11.2023
MR. MILANKA INDURUWAGE	5,050,275	3.53	15.11.2023
MR. GAYAN DE SILVA	3,373,710	3.09	15.11.2023
MR. GAYAN DE SILVA	1,676,550	3.53	15.11.2023
MR. UDEESHAN JONAS	13,467,375	3.09	15.11.2023
MR. ASHVANTH VIJAYARAM	5,050,260	3.09	15.11.2023
MR. SANURA SILVA	5,050,260	3.09	15.11.2023
MR. DAMIEN RAYEN	3,366,870	3.09	15.11.2023
MR. DAMIEN RAYEN	1,683,420	3.53	15.11.2023
MS. RANILA WIJESUNDARA	6,733,695	3.53	15.11.2023
MR. THARINDRA KULASINGHE	31,985,025	3.09	15.11.2023
MR. DILAN FERNANDO	10,100,535	3.09	15.11.2023
MR. HARSHA SRITHARAN	1,683,420	3.53	15.11.2023
MR. KANISHKE MANNAKKARA	57,236,370	3.09	15.11.2023
MT. ZIMRY MOHAMED	3,366,840	3.09	15.11.2023
MT. ZIMRY MOHAMED	1,683,435	3.53	15.11.2023
MR. W A T FERNANDO	109,194,750	11.87	27.11.2023
TOTAL	484,186,425		

7.3.3 DETAILS OF TRANSFER OF SHARES

The shares which had been acquired by way of transfer during the period of twelve (12) months immediately preceding the date on which the Initial Listing Application, are as follows:

Table 7 8 Details of Transfer of Shares (Pre-sub division of shares)

Date of Transfer	Transferor	Transferee	Type of Share	Number of Shares transferred	Transfer Price per share
26.11.2024	MR. HARSHA SRITHARAN	MR. N R GOONASEKERA	Voting Shares	75,000	130.00
	MR. HARSHA SRITHARAN	MR. U L B ARIYARATNA	Voting Shares	37,228	
04.10.2024	MR. A D PUSHPARAJAH	YEHUDA INVESTMENT HOLDINGS LIMITED	Voting Shares	500,000	114.00

Table 7 9 Details of Transfer of Shares (Post-sub division of shares)

Date of Transfer	Transferor	Transferee	Type of Share	Number of Shares transferred	Transfer Price per share
26.11.2024	MR. HARSHA SRITHARAN	MR. N R GOONASEKERA	Voting Shares	1,125,000	8.66
	MR. HARSHA SRITHARAN	MR. U L B ARIYARATNA	Voting Shares	558,420	
04.10.2024	MR. A D PUSHPARAJAH	YEHUDA INVESTMENT HOLDINGS LIMITED	Voting Shares	7,500,000	7.60

7.3.4 RE-PURCHASES OR REDEMPTIONS

The Company has not carried out any share re-purchase under sections 63, 64, 93 or 100 of the Companies Act, redemption of shares under sections 66 to 69 of the Companies Act or stated capital reduction exercises under section 59 of the Companies Act, in the two (2) years preceding the date of this Prospectus.

7.3.5 OUTSTANDING CONVERTIBLE DEBT SECURITIES

The Company has no outstanding Convertible Debt Securities as at the date of this Prospectus.

7.3.6 EMPLOYEE SHARE OPTION SCHEMES

As at the date of this Prospectus, CALH does not have any Employee Share Option Schemes in effect.

7.4 FREE TRANSFERABILITY OF SHARES

The Pre-IPO Shareholders shall not transfer existing Ordinary Voting Shares during the interim period between the date of Initial Listing Application and the date of listing of the Shares of the Company.

The Pre-IPO Shares held by Non-Public Shareholders will be locked-in for a period of 6 months from the date of listing of the Shares of the entity. However, the Pre-IPO Shares held by Public Shareholders will not be subject to any lock-ins. Please refer Section 7.6 for further details pertaining to the locked-in Shares.

The New Shares offered via the IPO shall not be transferable by the Shareholders during the period commencing from the date of transfer of the Offered Shares and up to the date of listing (excluding the date of listing) on the CSE.

No Ordinary Voting Shares or Other Class of Shares are subscribed or sold privately, in conjunction with the public Issue of Shares.

There are no statutory restrictions on the free transferability of shares of the Company.

There are no restrictions in respect of non-residents holding shares of the Company, subject to the statutory restrictions specified above.

7.5 DIVIDEND POLICY

CALH has paid the following dividends for its Ordinary Shares, most recently and over the past five (05) completed Financial Years immediately preceding the date of this Prospectus:

Table 7 10 Dividend Payments by the Company

Dividend Paid Year	(LKR)
2024/25*	2,042,187,568
2023/24	1,850,731,034
2022/23	-
2021/22	300,376,213
2020/21	225,647,884
2019/20	-

Source: Audited Financial Statements

**As per Unaudited Financial Statements as at 31st Dec 2024*

The actual amount and timing of dividend payments on the Ordinary Voting Shares of the Company will be recommended and approved by the Board of Directors of the Company and the Shareholders of the Company in terms of the Companies Act and the Articles of Association of the Company. The dividend policy of the Company will be based on a number of factors, including but not limited to the Company's earnings, cash flow position, future investments and funding needs, the maintenance of a sound and efficient capital structure, and any other factors which the Board of Directors of the Company may deem relevant.

7.6 DETAILS PERTAINING TO THE LOCKED-IN SHARES

7.6.1 SHAREHOLDING STRUCTURE

Given below is the shareholding structure of the Company as at the date of the Prospectus (Pre-IPO) and subsequent to the Issue (Post-IPO) assuming full subscription.

Table 7 11 Pre and Post Shareholding

Name of Shareholder	Pre-IPO		Post-IPO	
	No. of Shares	%	No. of Shares	%
M/S. ASHTHI HOLDINGS (PRIVATE) LIMITED	557,044,530	29.10%	557,044,530	26.88%
M/S. JETWING TRAVELS (PRIVATE) LIMITED	547,846,320	28.61%	547,846,320	26.44%
MR. WIDANALAGE AJITH TERENCE FERNANDO	400,855,830	20.94%	400,855,830	19.35%
MS. NAWALAGE THERESE MANOURI SHIROMAL COORAY	175,310,640	9.16%	175,310,640	8.46%
MR. KANISHKE PIYANGA MANNAKKARA	57,236,370	2.99%	57,236,370	2.76%
MR. ANDREW DESHAN PUSHPARAJAH	53,980,410	2.82%	53,980,410	2.61%
MS. HABARAGAMURALALAGE MARY SHARMALI PERERA	32,596,560	1.70%	32,596,560	1.57%
MR. THARINDRA KULASINGHE	22,985,025	1.20%	22,985,025	1.11%
MR. AKILA MILANKA INDURUWAGE	16,834,230	0.88%	16,834,230	0.81%
MR. UDEESHAN RAJITH JONAS	13,467,375	0.70%	13,467,375	0.65%
YEHUDA INVESTMENT HOLDINGS LIMITED	7,500,000	0.39%	7,500,000	0.36%
MR. SAMPATHAWADUGE DILAN KEVIN FERNANDO	5,507,565	0.29%	5,507,565	0.27%
MR. ANTON DAMIEN RAYEN	5,050,290	0.26%	5,050,290	0.24%
MR. HETTIHEWAGE GAYAN RANDESH DE SILVA	5,050,260	0.26%	5,050,260	0.24%
MR. ASHVANTH VIJAYARAM	5,050,260	0.26%	5,050,260	0.24%
MR. LOKUGAN HEWAGE SANURA LEVANJITH SILVA	5,050,260	0.26%	5,050,260	0.24%
MS. PAVINI RANILA WIJESUNDARA	1,500,000	0.08%	1,500,000	0.07%
MR. N R GOONASEKERA	1,125,000	0.06%	1,125,000	0.05%
MR. U L B ARIYARATNA	558,420	0.03%	558,420	0.03%
IPO SHARES			157,500,000	7.60%
TOTAL	1,914,549,345	100.00%	2,072,049,345	100.00%

7.6.2 LOCKED-IN SHARES (PRE-IPO NUMBER OF SHARES)

In compliance with the CSE Listing Rules, 2.1.1(d) the Shares mentioned below will be locked-in and will not be available for trading as given below from the date of listing of the Shares of the Company.

Table 7 12 Non-Public Shareholders of CALH

Name of Shareholder	Category of Shareholders*	Locked-in Shares	The time period after which the Shares will be available for trading	No. of Shares (post-sub division)	% of total number of Shares in Issue
M/S. ASHTHI HOLDINGS (PRIVATE) LIMITED	Non-Public	Locked-in	6 Months	557,044,530	26.88%
M/S. JETWING TRAVELS (PRIVATE) LIMITED	Non-Public	Locked-in	6 Months	547,846,320	26.44%
MR. WIDANALAGE AJITH TERENCE FERNANDO	Non-Public	Locked-in	6 Months	400,855,830	19.35%
MS. NAWALAGE THERESE MANOURI SHIROMAL COORAY	Non-Public	Locked-in	6 Months	175,310,640	8.46%
MR. KANISHKE PIYANGA MANNAKKARA	Non-Public	Locked-in	6 Months	57,236,370	2.76%
MS. HABARAGAMURALALAGE MARY SHARMALI PERERA	Non-Public	Locked-in	6 Months	32,596,560	1.57%
MR. THARINDRA KULASINGHE	Non-Public	Locked-in	6 Months	22,985,025	1.11%
MR. UDEESHAN RAJITH JONAS	Non-Public	Locked-in	6 Months	13,467,375	0.65%
YEHUDA INVESTMENT HOLDINGS LIMITED	Non-Public	Locked-in	12 months from the date of transfer or 06 months from date of listing, whichever is longer**	7,500,000	0.36%
MR. N R GOONASEKERA	Non-Public	Locked-in	12 months from the date of transfer or 06 months from date of listing, whichever is longer**	1,125,000	0.05%
MR. U L B ARIYARATNA	Non-Public	Locked-in	12 months from the date of transfer or 06 months from date of listing, whichever is longer**	558,420	0.03%
TOTAL				1,816,526,070	94.88%

* Public / Non-Public defined under CSE Listing Rules 2.1.1. (d)

** Shares acquired by way of a transfer by Non-Public Shareholders or Public Shareholders during the period of twelve (12) months prior to the date of the Initial Listing Application shall be locked in for a minimum period of six (6) months from the Date of Listing the shares of the Entity or twelve (12) months from the date of acquisition of such shares, whichever is longer.

Table 7 13 Pre IPO-lock-in of transferred shares

Name of Shareholder	Date of Transfer	No. of Shares (Post-sub division)
YEHUDA INVESTMENT HOLDINGS LIMITED	04.10.2024	7,500,000
MR. N R GOONASEKERA	26.11.2024	1,125,000
MR. U L B ARIYARATNA	26.11.2024	558,420

Further, no further Share allotments were carried out among the Shareholders categorized either as “Public” or “Non-Public” during the period of twelve (12) months immediately preceding the date of the Initial Listing Application.

1,807,342,650 post-subdivision ordinary voting shares will be subject to a 6-month lock-in period in accordance with CSE Listing Rule 2.1.1 (d) (i). Additionally, 9,183,420 post-subdivision ordinary voting shares will be subject to a lock-in period 12 months from the date of transfer or 06 months from date of listing, whichever is longer, in line with CSE Listing Rule 2.1.1 (d) (iii).

Pre-IPO Public holding (number of Pre-IPO Shares held by the ‘Public’ as a percentage of the total Pre-IPO number of Shares), as per the ‘public’ definition provided in the CSE listing rules is 5.12%.

The Company hereby confirms that the information furnished herewith shall remain unchanged until the date of listing.

7.6.3 LOCKED-IN SHARE SUMMARY

Table 7 14 Pre IPO-Locked-in Share Summary

Category of Shareholders	Locked-in Shares	Lock-in Period	No. of Shares	% of Total
Non-Public Shareholders	Locked-in	6 Months	1,807,342,650	94.40%
Public Shareholders	Not Locked-in	N/A	98,023,275	5.12%
Non-Public Shareholders (Transferred Shares)	Locked-in	12 months from the date of transfer or 06 months from date of listing, whichever is longer		
Total			1,914,549,345	100.00%

Table 7 15 Post IPO Locked-in Share Summary

Category of Shareholders	Locked-in Shares	Lock-in Period	No. of Shares	% of Total
Non-Public Shareholders	Locked-in	6 Months	1,807,342,650	87.22%
IPO Shares	Not Locked-in	N/A	157,500,000	7.60%
Public Shareholders	Not Locked-in	N/A	98,023,275	4.73%
Non-Public Shareholders (Transferred Shares)	Locked-in	12 months from the date of transfer or 06 months from date of listing, whichever is longer	9,183,420	0.44%
Total			2,072,049,345	100.00%

**Non-Public Shareholders defined under CSE Listing Rules 2.1.1.(d)*

Post-IPO Public holding (number of Post IPO Shares held by the 'Public' as a percentage of the total Post IPO number of Shares), on the assumption that the parties who subscribe to the IPO shall be Public Shareholders (as per the 'Public Holding' definition provided in the CSE Listing Rules) is 12.33%.

7.7 TAKEOVER OFFERS

There has been no take-over offers by third parties in respect of the Company's Shares during the past two (02) years. Further, the Company has not made any takeover offers in respect of Shares of a third party.

7.8 FUTURE STRATEGIES

A. Digitisation Drive

CALH has commenced its digitalisation initiative to enhance digital infrastructure, strategically positioning itself as an early entrant in the sector. The company continues to refine the digital experience with dual aims of minimizing onboarding costs and augmenting customer convenience, employing either the development of new systems or the acquisition and customization of existing platforms to meet evolving market demands.

B. Frontier Market Expansion

As a financial institution dedicated to addressing the unique needs of frontier markets, CALH has developed substantial expertise in Sri Lanka and extended its operations into Bangladesh, with forthcoming plans to enter into other frontier markets. This strategic expansion is anticipated to significantly increase CALH's addressable market. Over the next five years, CALH intends to establish a presence in at least five frontier markets, thereby enhancing its footprint and leveraging its competencies in these emerging economies.

C. Introduction of New Products to the Market

Sri Lanka's private sector derivatives market is underdeveloped, with limited hedging products for corporates and few instruments for market speculation. CALH, experienced in debt structuring, plans to expand into innovative products keeping with CALH's track record of being at the forefront as a market leader. Anticipating regulatory advancements, CALH is committed to being fully prepared for growth as the market and policies evolve.

7.8.1 ASSUMPTIONS ASSOCIATED WITH FUTURE STRATEGIES

A. Increased demand for non-banking investment instruments

The shift in investor preferences towards non-deposit-based investment instruments underscores a growing appetite for alternatives offering higher returns, liquidity, and diversification compared to traditional savings accounts. Products such as money market funds, unit trusts, equity funds and fixed-income securities continue to gain traction. CALH's capability to design and market innovative solutions tailored to these trends positions it to capitalize on this demand.

B. Enhanced Participation in Frontier Markets

CALH anticipates a surge in investor interest in frontier markets as these economies exhibit robust growth potential and diversification benefits. With its proven ability to navigate complex regulatory frameworks and market dynamics, CALH is uniquely positioned to attract institutional and retail investors. As regional economic integration and infrastructure development progress, CALH aims to be at the forefront of these transformative changes, offering compelling investment opportunities.

C. Regulatory Support for Financial Innovation

The company assumes that regulatory frameworks will continue to evolve in ways that encourage financial innovation. This includes fostering the growth of innovative financial products and digital trading platforms. CALH's proactive collaboration with regulators and steadfast commitment to compliance ensures its readiness to lead and innovate in this environment, positioning the company as a trusted partner in shaping the future of financial services.

D. Interest Rate Stability

CALH assumes a reasonably stable economic environment and interest rate regime in the short to medium term, reducing the likelihood of extreme trading losses or negative capital gains.

7.8.2 RISKS ASSOCIATED WITH THE FUTURE STRATEGIES

A. Investor appetite for new products

CALH recognizes that while the introduction of new financial products aligns with market needs, limited financial literacy among the broader investor base could hinder adoption. To address this challenge, CALH plans to implement targeted investor education programs and robust marketing campaigns to build awareness, understanding, and trust in these offerings.

B. Market Cycle Volatility

Although CALH employs a diversified portfolio approach to mitigate the impact of market fluctuations, individual business segments may be susceptible to adverse effects during periods of high volatility. CALH will focus on agile decision-making and enhanced risk management practices to minimize disruptions and optimize performance across all segments.

C. Exposure to change in government regulations

As a financial institution CALH is heavily exposed to the change in financial regulations by CBSL. This may present itself as a financial and legal risk to the entity if it is unable to maintain high levels of compliance to the laws and regulations of the country

7.9 LEGAL, LITIGATION AND DISPUTES

The Company has not been involved, nor is it currently involved in any legal, arbitration or mediation proceedings, which may have had significant effects on the Company's financial position and profitability.

Further, there have been no penalties imposed by regulatory and state authorities on the Company in the recent past, as at the date of this Prospectus.

There have been no recent amendments to any statutes or regulations applicable to the Company that have had, or are expected to have, a material impact on the business operations, financial condition, or results of operations of the Company.

7.10 CONTINGENT LIABILITIES

As of 31st December 2024, there were no other contingent liabilities that would affect the current and future profits of the Company.

7.11 TAXATION APPLICABLE TO THE COMPANY**Corporate Income Taxation**

The Company is liable to pay tax at the rate of 30% in accordance with the Inland Revenue Act, No. 24 of 2017 and the Inland Revenue (Amendment) Act, No. 10 of 2021.

Value Added Tax (VAT) on Financial Services

Based on the Tax Consultant's opinion, the Board of the Directors of the Company is of the view that CALH is liable for VAT on Financial Services.

Tax Concessions or Tax Exemptions

The Company does not qualify for any tax concessions or tax exemptions as at the submission of the listing application.

7.12 ANALYSIS OF RECENT FINANCIAL INFORMATION

As a fully-fledged investment bank CALH has an exposure to income in the form of net interest income dependent on prevailing interest rates and fee-based income dependent on the assets under management.

Table 7 16 Comparison of Audited Financial Information for Years Ended 31 March 2023 and 2024

Financial Statement Item	FY23 (LKR)	FY24 (LKR)	YoY
Interest Income	4,933,953,995	10,741,758,453	118%[1]
Interest Expense	(3,320,326,008)	(6,759,307,512)	104%
Net Interest Income	1,613,627,987	3,982,450,941	147%
Fee Based Income	1,179,733,009	2,291,380,619	94%
Net Gain from Trading	623,824,930	19,060,617,107	2955%[2]
Net Fair Value Gains from Financial Assets at FVTPL	2,659,289,479	882,129,474	(67%)
Other Income	11,620,083	73,378,918	531%
Personnel Expense	(1,231,545,577)	(3,579,266,059)	191%[3]
Other Operating expense	(981,891,988)	(1,845,627,578)	88%
Profit After Tax	2,775,523,700	14,090,973,504	408%
Trade and Other Receivables	2,177,793,399	2,975,864,325	37%
Trade and Other Payables	1,933,500,669	3,912,195,041	102%
Financial Assets Measured at FVTPL	37,907,840,487	60,881,033,014	61%
Financial Assets Measured at FVOCI	7,402,021	-	(100%)
Financial Assets Measured at Amortised cost	776,635,029	1,157,988,494	49%
Financial Liabilities Measured at Amortised cost	31,897,725,903	37,914,225,387	19%
Financial Ratios			
Debt to Equity	83.6%	70.7%	-
Current Asset Ratio	1.38	1.06	-

[1] Group interest income surged by 118%, driven primarily by a 272% increase in interest income from Treasury Bonds, which rose from LKR 2.4 billion in FY 2023 to LKR 9.1 billion in FY 2024, largely contributed by Capital Alliance PLC (CALT). Additionally, interest income from securities purchased under resale agreements grew by 98%, increasing from LKR 42 million in FY 2023 to LKR 84 million in FY 2024.

[2] Group net gains from trading surged by 2,955%, primarily driven by a 3,177% increase in realized gains from Treasury Bonds, which rose from LKR 573 million in FY 2023 to LKR 18,782 million in FY 2024, contributed by Capital Alliance PLC. This significant increase was a result of the Company's strategic decision to reduce its trading portfolio in response to the decline in interest rates for government securities during FY 2024, leading to substantially higher realized trading gains compared to FY 2023.

[3] Group personnel expenses increased by 191%, driven by a 192% rise in salaries and other staff benefits, which grew from LKR 1,154 million in FY 2023 to LKR 3,373 million in FY 2024. This increase was primarily due to both an expansion in workforce size and higher remuneration levels.

Group total income recorded a significant increase, primarily driven by Capital Alliance PLC's exceptional profitability, which was fuelled by a substantial rise in net trading gains and interest income from government securities, benefiting from favourable market conditions. Additionally, the strong performance of the CAL Group's core businesses further contributed to the overall income growth.

Net Interest income witnessed a significant improvement in FY24 (compared to FY23) as a result of the declining interest rates during the year. The declining interest rates also supported the growth in CALHs net gains from supporting the Government of Sri Lanka's financing activities in the primary debt.

Furthermore, CALH's Profit After Tax in FY24 stood at LKR 14.1bn compared to the Profit After Tax figure of LKR 2.2bn– due to the change in the macroeconomic environment; further illustrating the dependence on the macroeconomic environment and the volatile nature of the industry, and, as a result, of the Company.

Company dividend income surged by 2,351%, primarily driven by LKR 2,121 million in dividend income received from Capital Alliance PLC in FY 2024. In contrast, no dividend income was declared by Capital Alliance PLC in FY 2023.

Group interest on securities sold under repurchase agreements increased by 114%, driven by Capital Alliance PLC, which facilitated CALT in lending more securities under repurchase agreements at a lower cost, benefiting from the decline in market interest rates.

Group management fee income increased by 168%, totalling LKR 1,496 million in FY 2024. This was primarily driven by Capital Alliance Investments Limited, which generated LKR 1,332 million in management fees, benefiting from significant growth in Assets Under Management (AUM) across its Unit Trust Funds and private wealth management portfolios. Additionally, Fixed Income Investment I (Pvt) Ltd, Fixed Income Investment II (Pvt) Ltd, Fixed Income Investment III (Pvt) Ltd, and Fixed Income Investment V (Pvt) Ltd contributed LKR 141 million in fee income, as FY 2024 marked their first year of operations, whereas no management fees were earned from these entities in FY 2023.

Group net capital gain on Treasury Bonds surged by 3,178%, driven by the Company's strategic decision to reduce its trading portfolio in response to the decline in interest rates for government securities during FY 2024. This led to a significant increase in realized gains from Treasury Bonds compared to FY 2023.

Company placement fee income declined by 99%, reflecting the inherent variability of these non-recurring revenue streams, which are subject to fluctuations.

Group remeasurement gain on government securities decreased by 65%, totalling LKR 936 million in FY 2024, primarily contributed by Capital Alliance PLC. This includes gains from Treasury bills and bonds. The Company's strategic decision to reduce its trading portfolio in response to the decline in interest rates for government securities during FY 2024 resulted in a lower remeasurement gain on the government securities portfolio as of March 31, 2024, compared to FY 2023.

Group provisions and accrued expenses increased by 314%, reaching LKR 2,963 million in FY 2024. Of this, LKR 2,631 million was allocated for staff bonuses and incentives, primarily from Capital Alliance PLC.

Reason for the negative cashflow in FY 2023, CALH has given an intercompany loan of LKR 1 billion provided to Capital Alliance PLC (CALT). Additionally, term loans were net settled by LKR 300 million, resulting in a negative net cash movement of LKR 52 million for the year.

Reason for the negative cashflow in FY 2024, CALH invested LKR 1,312 million in shares of Capital Alliance PLC, purchasing them from Mr. W. A. T. Fernando, a Director of CALT. As a result, CALH's ownership percentage in CALT increased from 79.41% to 86%. Furthermore, CALH fully settled its commercial paper borrowings of LKR 1,684 million and increased its share portfolio to LKR 129 million by making a net investment of LKR 96 million in FY 2024. Consequently, a negative cash and cash equivalent movement of LKR 38 million was recorded for the year.

Table 7 17 Comparison of Unaudited Financial Information for the 9 Months Ended 31 December 2023 & 2024

Financial Statement Item	for 9 months ended 31 December 2023 (LKR)	for 9 months ended 31 December 2024 (LKR)	YoY
Interest Income	8,282,370,843	6,793,114,270	(18%)
Interest Expense	(5,329,932,230)	(4,271,003,227)	(20%)
Net Interest Income	2,952,438,613	2,522,111,043	(15%)
Fee Based Income	1,483,992,264	1,928,711,983	30%
Net Gain from Trading	14,792,834,336	4,920,972,001	(67%)
Net Fair Value Gains from Financial Assets at FVTPL	2,662,732,473	(414,535,842)	(116%)
Other Income	27,242,010	60,164,106	121%
Personnel Expense	(1,543,686,543)	(1,216,417,394)	(21%)
Other Operating expense	(846,606,953)	(1,754,917,253)	107%
Profit After Tax	13,348,226,778	3,943,602,694	(70%)
Trade and Other Receivables	2,736,368,473	4,482,184,004	64%
Trade and Other Payables	1,474,637,224	2,769,245,108	88%
Financial Assets Measured at FVTPL	74,085,013,420	103,350,215,615	40%
Financial Assets Measured at FVOCI	7,402,021	-	(100%)
Financial Assets Measured at Amortised cost	169,261,861	5,482,309,287	3139%
Financial Liabilities Measured at Amortised cost	51,557,218,442	88,163,260,344	71%

The Net Interest Income for the 9 months ended 31 December 2024 saw a decline to LKR 2.5bn This was primarily due to the normalization of interest rates.

The steep drop in interest rates has significantly boosted CALH's profitability in recent quarters. However, as interest rates normalize in the coming quarters, the exceptional profits observed during the sharp rate declines are unlikely to continue. Instead, the more gradual decline in rates is expected to bring profitability to a more stable level, though it will still positively contribute to the group's overall earnings.

The extraordinary profits achieved from bond trading in FY2024 were predominantly due to exceptional economic conditions in Sri Lanka during the period. The sharp increase followed by normalization in interest rates created unique market dynamics, enabling Capital Alliance Holdings Limited to realize supernormal gains. These circumstances were specific to the macroeconomic environment at the time and may not recur under normal economic conditions.

7.13 DETAILS OF BENEFITS PAID TO PROMOTERS

No benefits have been paid or given within the two (02) years preceding the Issue and there is no benefit intended to be paid or given to any Promoter.

7.14 DETAILS OF COMMISSION PAID

CALH has not paid any commission in the two (02) years preceding the Issue, nor are any commissions payable for subscribing or agreeing to subscribe or procure or agreeing to procure subscription for any Shares of the Company apart from the brokerage payable on the IPO, as detailed in Section 1.11 of this Prospectus.

7.15 INTERESTS IN TRANSACTIONS RELATING TO PROPERTY OF THE COMPANY

There were no transactions relating to the property of the Company completed within the two (02) preceding years in which any vendor of the property to the Company or any person, is or was at the time of the transaction, a promoter or a director or proposed director of the Company having any interest, direct or indirect.

7.16 MATERIAL CONTRACTS

As at the date of the Prospectus there were no material contracts entered into or any agreements entered into with other parties by the Company within the preceding two (02) years, other than those contracts entered into as part of the ordinary course of business of the Company.

7.17 MANAGEMENT AGREEMENTS

There are no management agreements presently in force or currently being considered by the Company.

8. CORPORATE GOVERNANCE

8.1 STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

The Company hereby confirms that it has duly complied with all applicable requirements of Corporate Governance (CG) as stipulated under Rule 9 of the CSE Listing Rules.

8.2 BOARD OF DIRECTORS

The Board of Directors of CALH comprises nine (09) Directors of whom four (04) are Non-Executive Independent Directors and five (05) are Non-Executive Non-Independent Directors .

The Company confirms that its Directors and Chief Executive Officer (CEO) meet the Fit and Proper criteria as set out under Rule 9.7 of the CSE Listing Rules (as amended).

The Company confirms that no alternate directors have been appointed to the Board of Directors as of the date of this Prospectus.

The Company confirms that the Independent Directors mentioned herein meet the criteria of independence as stipulated under Rule 9.8.3 of the CSE Listing Rules

As at the date of Prospectus the composition of the Board of Directors is as follows:

Table 8 1 Board of Directors

Name	Designation
Mr. Dinesh Ajit De Zoysa	Chairman – Non-Executive Non-Independent Director
Mr. Widanalage Ajith Terence Fernando	Non-Executive Non-Independent Director
Mr. Rajadurai James Arasaratnam	Non-Executive Non-Independent Director
Ms. Nawalage Therese Manouri Shiromal Cooray	Non-Executive Non-Independent Director
Mr. Thilanka Jeevan William	Non-Executive Independent Director
Mr. Conganige Sextus Roland Sanjeewa Anthony	Non-Executive Non-Independent Director
Ms. Rajitha Surangani Jayasuriya	Non-Executive Independent Director
Ms. Kasturi Angela Chellaraja Wilson*	Non-Executive Independent Director
Ms. Withanage Thusitha Vipuli Perera	Non-Executive Independent Director

* Ms. Kasturi Angela Chellaraja tendered her resignation from the board effective 1st May 2023. Subsequently, she was reappointed as a board member with effect from 18th July 2024.

8.3 PROFILES OF THE BOARD OF DIRECTORS

Table 8.2 Director Profiles

Name and Designation	Business Experience
Mr. Dinesh Ajit De Zoysa (Chairman – Non-Executive Non-Independent Director)	<p>Mr. De Zoysa has been a Director since 2003 and currently serves as the Chairman of Capital Alliance Holdings Limited.</p> <p>He is the Managing Director of AEC Ltd., and Deputy Chairman and Managing Director of ADZIB Insurance Broker bringing over 30 years of industry experience.</p> <p>In addition, Mr. De Zoysa serves as a board member across various sectors, hospitality and travel, real estate development HR consulting and Education.</p> <p>Mr. De Zoysa is Trustee and board member of Musaeus College, Colombo. He holds a Bachelor of Business (Finance and IT) from the University of Technology, Sydney, and an MSc in Insurance and Sustainable Risk Management from Glasgow Caledonian University, London.</p>
Mr. Widanalage Ajith Terence Fernando (Non-Executive Non-Independent Director)	<p>Mr. Ajith Fernando has served in the capacity of Executive Director since founding the Company in October 2000, up until his transition to a Non-Executive Non-Independent Director in 2024. He has over 30 years of experience in the Primary Dealing industry. Mr. Fernando also serves as the Chairman of Logicare (Private) Limited, Sri Lanka Technology Campus (Pvt) Ltd, CAL Securities Limited (Bangladesh) and as a Director of Ceylon Tea Brokers PLC.</p> <p>He is a Fellow of the Chartered Institute of Management Accountants (UK) and holds an MA in Financial Economics from the University of Colombo.</p>
Mr. Rajadurai James Arasaratnam (Non-Executive Non-Independent Director)	<p>Mr. Arasaratnam hails from the field of Accountancy prior to embarking on a career in the Travel Trade and counts over 40 years of experience in the field of Travel, Tour Operations and other Travel Related Fields.</p> <p>Mr. Arasaratnam is the Executive Director of Jetwing Travels. He specialises in the Marketing Functions of the Group.</p>
Ms. Nawalage Therese Manouri Shiromal Cooray (Non-Executive Non-Independent Director)	<p>Ms. Shiromal Cooray is the Chairman & Managing Director of Jetwing Travels (Private) Ltd, one of the leading Destination Management Companies in Sri Lanka. With diverse experience in a number of industries, Shiromal also holds directorates in hotels, finance, investment banking and Commodity brokering.</p> <p>Hailing from a background in finance and management, Shiromal holds an MBA from the University of Colombo, is a Fellow Member of the Chartered Institute of Management Accountants UK, and a former Finance Director of J. Walter Thompson Ltd (Colombo) along with work experience in the UK and Hong Kong. She is past Chairman of the Sri Lanka Institute of Directors (SLID), and past President of the Sri Lanka Association of Inbound Tour Operators. Shiromal currently is an Independent Non-Executive Director of Commercial Bank PLC and Allianz Insurance Lanka Ltd.</p>

Name and Designation	Business Experience
Mr. Thilanka Jeevan William (Non-Executive Independent Director)	Mr. Jeevan William has over twenty-seven years of investment banking and capital markets experience in senior positions with leading global investment banks, which includes Bank of America and Morgan Stanley in London, San Francisco, Hong Kong and Sydney. His industrial expertise complements and further strengthens CAL's well-earned reputation and pre-eminent leading positions in Corporate Finance, Advisory, Debt Capital Markets and Funds Management.
Mr. Conganige Sextus Roland Sanjeewa Anthony (Non-Executive Non-Independent Director)	Mr. Sanjeewa Anthony is an Attorney-at-Law of the Supreme Court of the Democratic Socialist Republic of Sri Lanka, Notary Public, Commissioner for Oaths and a Registered Company Secretary. He is also a Fellow Member of the Chartered Institute of Management Accountants (FCMA) UK, Chartered Global Management Accountant (CGMA), an Associate Member of the Institute of the Chartered Accountants of Sri Lanka (ACA), a Fellow Member of The Institute of Certified Management Accountants of Sri Lanka (FCMA) and a Fellow Member of Certified Professional Managers (FCPM). He commenced his career at PricewaterhouseCoopers, prior to joining Jetwing Hotels Limited as Finance Manager in 1996 and is currently the Executive Director. He is also serving on several Directorates including two Publicly Quoted companies. Sanjeewa is a Life Member of the Bar Association of Sri Lanka ("BASL").
Ms. Rajitha Surangani Jayasuriya (Non-Executive Independent Director)	Ms. Rajitha Jayasuriya is a Board Director of MAS and heads the overall legal operation of MAS Holdings. Having established the organization's legal function in 2004, Rajitha provides strategic advice to the shareholders, the Board and the Executive teams of the apparel industry leader, negotiating and managing cross border ventures across new business verticals, including innovation, startup acquisitions, brands and IT solutions. She draws from a two-decade long career in enterprise-driven legal functions spanning corporate governance, intellectual property management, local / cross border acquisitions and divestitures, contracts, banking finance, compliance and global structuring. Rajitha is an Attorney-at-Law of the Supreme Court of Sri Lanka and holds a Master of Laws (LL.M) from Monash University Melbourne, Australia. She is also an alumnus of the prestigious Stanford University Business School and the National University Singapore Business School.

Name and Designation	Business Experience
Ms. Kasturi Angela Chellaraja Wilson (Non-Executive Independent Director)	<p>Ms. Kasturi Angela Wilson is the Chief Operating Officer (Head of APAC) of 5hour International Corporation, with over 30 years of experience in leadership and corporate strategy. She was the Group CEO of Hemas Holdings PLC from 2020 to 2024, becoming the first female CEO of a listed conglomerate in Sri Lanka. A Harvard Business School alumna and Fellow of CIMA, Kasturi began her career as an Audit Trainee at Someswaran Jayawickrema & Co (now Deloitte) in 1988. She joined Hemas in 2002 and held key leadership roles, driving growth in Hemas Pharmaceuticals, Surgicals, Diagnostics, and Mobility sectors.</p> <p>Kasturi also serves on several boards, including National Development Bank PLC, Mercantile Services and Provident Society, and the Ceylon Chamber of Commerce. She was named a Top Women Change-Maker by the Parliament of Sri Lanka and is a Regional Champion for the World Bank and UNICEF Sri Lanka Business Council. Additionally, she is a dual-sport national athlete, having represented Sri Lanka in netball and basketball.</p>
Ms. Withanage Thusitha Vipuli Perera (Non-Executive Independent Director)	<p>Ms. Thusitha Perera has many years of local and international experiences in International Finance, managing Global Business Services, Financial Planning, Business development and People Development. She counts 24 years of experience with two Global multinationals Holcim and Michelin. She gained living and work experiences in multiple countries in South East Asia, Australia and Switzerland in addition to working in Sri Lanka. She held diverse financial roles as the Commercial Controller, Regional Controller for South East Asia, Head of Shared services in the Philippines and Sri Lanka and Finance Director in the Philippines and Sri Lanka. Her previous role was as the CFO/Executive Director of Michelin Lanka Pvt Ltd up to August 2024. Thusitha is a passionate contributor to people development, Diversity and Process excellence. Thusitha Perea is a Member of CPA Australia and holds a Master's Degree from QUT Australia on International Business. Her Bachelor's degree is from the University of Colombo. She has participated in many international development programs.</p>

OTHER DIRECTORSHIPS HELD BY THE DIRECTORS

Table 8 3 Other Directorships held by the Directors

Name and Designation	Other Directorships
Mr. Dinesh Ajit De Zoysa	<p>Associated Electrical Corporation Ltd</p> <p>ADZ Insurance Brokers (Pvt) Ltd</p> <p>A E C Properties (Pvt) Ltd</p> <p>Commercial Agencies (Ceylon) (Pvt) Ltd</p> <p>Capital Alliance PLC</p> <p>Ajita De Zoysa and (Company) (Pvt) Ltd</p> <p>Corporate Druids (Pvt) Ltd</p> <p>Wizard Entertainment (Pvt) Ltd</p> <p>Aurora Amicitia (Pvt) Ltd</p> <p>Pepper Life (Pvt) Ltd</p> <p>Trusted Door (Pvt) Ltd</p> <p>SLT Campus (Pvt) Ltd</p> <p>Tempest Two (Pvt) Ltd</p> <p>Park Street Social (Pvt) Ltd</p> <p>Granite Capital (Pvt) Ltd</p> <p>Finco Holdings (Pvt) Ltd</p> <p>Associated Resort Developers (Private) Limited</p> <p>Jungle Beach Resort (Private) Limited</p> <p>Uga Escapes (Private) Limited</p> <p>Uga Escapes Colombo (Private) Limited</p> <p>Uga Escapes Hatton (Private) Limited</p> <p>Uga Escapes Management (Private) Limited</p> <p>Uga Escapes Negombo (Private) Limited</p> <p>Uga Escapes Sigiriya (Private) Limited</p> <p>Uga Escapes Yala (Private) Limited</p> <p>Ulagalla Walawwa Resort (Private) Limited</p> <p>Yala Holiday Resorts (Private) Limited</p>

Name and Designation	Other Directorships
Mr. Widanalage Ajith Terence Fernando	ADZ Insurance Brokers (Pvt) Ltd Ashthi Holdings (Pvt) Ltd CAL Bangladesh Limited CAL Investment Consultancy FZ-LLC Hemas Holdings PLC Capital Alliance PLC Rockland Distilleries (Pvt) Ltd SLT Campus (Pvt) Ltd The Metal Factor Logicare (Pvt) Ltd – Chairman Ceylon Tea Brokers PLC CAL Securities Ltd
Mr. Rajadurai James Arasaratnam	Capital Alliance PLC Jetwing Travels (Pvt) Ltd Jetwing Air (Pvt) Ltd Jetwing Eco Holidays Go Vacation Sri Lanka Total Holiday Options
Ms. Nawalage Therese Manouri Shiromal Cooray	Negombo Hotels Ltd Jetwing Hotels Ltd Jetwing Travels (Pvt) Ltd Jetwing Hotels Management Services (Pvt) Ltd The Lighthouse Hotel PLC Jetwing Air (Pvt) Ltd Yarl Hotels (Pvt) Ltd Lanka Houseboat (Pvt) Ltd Jetwing Symphony PLC Jet Enterprises (Pvt) Ltd Go vacations Lanka (Pvt) Ltd Ceylon Tea Brokers PLC Commercial Bank of Ceylon PLC Allianz Insurance Lanka Ltd Allianz Life Insurance Lanka Ltd Saman Villas Ltd
Mr. Thilanka Jeevan William	Granite Capital (Pvt) Ltd Fortude (Pvt) Limited The Risk Board, Brandix Lanka Ltd Magma Capital Partners (Principal)

Name and Designation	Other Directorships
Mr. Conganige Sextus Roland Sanjeewa Anthony	Jetwing Hotels Limited The Lighthouse Hotel PLC Negombo Landmark (Pvt) Ltd The First Resort (Pvt) Ltd Jetwing Eco Holidays (Pvt) Ltd Jetwing Relief Fund (Guarantee) (Pvt) Ltd Ranagala Hotels (Pvt) Ltd Jetwing Kiwi Ltd Jetwing Kiwi Management Ltd Thalahena Villas (Pvt) Ltd Jetwing Zinc Journeys Lanka (Pvt) Ltd Jetwing Kaduruketha (Pvt) Ltd Jet Enterprises (Pvt) Ltd Jetwing Academy (Pvt) Ltd Capital Alliance PLC
Ms. Rajitha Surangani Jayasuriya	MAS Capital (Pvt) Ltd MAS Intimates Kenya
Ms. Kasturi Angela Chellaraja Wilson	National Development Bank PLC Ceylon Chamber of Commerce Mercantile Services and Provident Society Senkadagala Finance PLC
Ms. Withanage Thusitha Vipuli Perera	Hemas Holdings PLC Vividha Options Pvt Ltd Multiplus Pvt Ltd Avinya Foundation

8.4 DIRECTORS' SHAREHOLDINGS IN THE COMPANY

The Pre-IPO Directors' shareholding in the Company is as follows:

Table 8.4 Directors' Shareholding in the Company

Name of the Director	Designation	Pre-IPO Shares Held*	% Shareholding
Mr. Widanalage Ajith Terence Fernando	Non-Executive Non-Independent Director	400,855,830	20.94%
Ms. Nawalage Therese Manouri Shiromal Cooray	Non-Executive Non-Independent Director	175,310,640	9.16%

* Pre-IPO shareholding post share sub-division

8.5 DIRECTORS' DIRECT SHAREHOLDING IN SUBSIDIARIES

Table 8.5 Direct Shareholding in Subsidiaries

Name of the Director	Pre-IPO Shares Held*	% Shareholding
Mr. Widanalage Ajith Terence Fernando		
Finnovation (Private) Limited	1	0.00%
Mr. Rajadurai James Arasaratnam		
Capital Alliance PLC	3,312	0.00%
Mr. Conganige Sextus Roland Sanjeewa Anthony		
Capital Alliance PLC	2,600	0.00%
Ms. Nawalage Therese Manouri Shiromal Cooray		
Capital Alliance PLC	12	0.00%

8.6 SALE AND PURCHASE OF CALH SHARES BY DIRECTORS

The Directors of the Company have not made any sales and/or purchases of Shares of CALH during the year immediately preceding the date of this Prospectus.

The Articles of Association of the Company do not require any shareholding qualification for directors, unless otherwise determined at a General Meeting of the Company. The Company further confirms that no such determination has been made at any General Meeting to date.

8.7 DIRECTORS' INVOLVEMENT IN LITIGATION AND OFFENCES

No Director or a person nominated to become a Director of the Company has been involved in:

- Any petition under any bankruptcy laws filed against such person or any partnership in which he was a partner or any corporation of which he/she was an Executive Officer.
- Any conviction for fraud, misappropriation or breach of trust or any other similar offence which the CSE considers a disqualification.
- No such Director was the subject of any order, judgment or ruling of any court of competent jurisdiction temporarily enjoining him/her from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

8.8 DIRECTORS INTEREST IN ASSETS

None of the Directors have any interest in any assets acquired, disposed of or leased by the Company during the past two (02) years preceding the date of this Prospectus and/or in any assets proposed to be acquired, disposed of or leased during the two (02) years succeeding the Issue.

8.8.1 DIRECTOR INTERESTS IN CONTRACTS

There are no contracts or arrangements in force as of the date of the submission of the Initial Listing Application to which the Directors are materially interested in relation to the business of the Company.

8.9 CORPORATE GOVERNANCE PRACTICES

8.9.1 AUDIT COMMITTEE

The Audit Committee takes an independent stance when it comes to providing advice and assistance regarding internal functions of the Company. The Audit Committee regularly reviews the performance of the Company through discussions with the Directors and Senior Management, and reviews the Internal Audits carried out by the Internal Auditors. The Audit Committee also monitors all audit activities and ensures compliance with Financial Standards and Statutory regulations.

Members of the CALH Audit Committee are as follows:

- Ms. Withanage Thusitha Vipuli Perera (Chair) - Non-Executive Independent Director
- Ms. Kasturi Angela Chellaraja Wilson - Non-Executive Independent Director
- Mr. Conganige Sextus Roland Sanjeewa Anthony - Non-Executive Non-Independent Director

8.9.2 REMUNERATION COMMITTEE

The Remuneration Committee is responsible to make remuneration policy recommendations to the Board of CALH and as such works closely with the members of the Board. In terms of the Articles of Association of the Company, remuneration of the Directors must be a sum the Board determines as being fair and reasonable to the Company.

The Committee ensures transparency and fairness in remuneration policy, as no Director is able to decide their remuneration and they review policy frameworks set out by the Company's Human Resources and Finance. They also ensure that compensation payments to any Executive Directors or members of Senior Management are followed through in accordance with the legal context of the country. The Remuneration Committee's primary objective is to attract and retain a highly qualified and experienced workforce and reward their performance.

Members of the CALH Remuneration Committee are as follows:

- Ms. Kasturi Angela Chellaraja Wilson (Chair) - Non-Executive Independent Director
- Ms. Rajitha Surangani Jayasuriya - Non-Executive Independent Director
- Ms. Nawalage Therese Manouri Shiromal Cooray - Non-Executive Non-Independent Director
- Mr. Widanalage Ajith Terence Fernando - Non-Executive Non-Independent Director
- Mr. Dinesh Ajit De Zoysa - Non-Executive Non-Independent Director

The aggregate remuneration paid to the executive and non-executive directors for the period 1st April 2024 to 31st December 2024 is equal to LKR 6,600,000

Capital Alliance Holdings (CALH) confirms the existence of a comprehensive Rewards Policy. All decisions related to remuneration and benefits are reviewed and deliberated by the Remuneration Committee. These processes are outlined in the Terms of Reference for the Remuneration Committee, which CALH has established.

For the purpose of this Prospectus, the term “remuneration” shall refer to all cash and non-cash benefits received in consideration of employment with the Listed Entity, excluding statutory entitlements such as contributions to the Employees’ Provident Fund (EPF) and Employees’ Trust Fund (ETF).

8.9.3 RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The objective of the Related Party Transactions Review Committee is to ensure there is firm adherence to the guidelines surrounding related party transactions. The Committee oversees that industry best practices are followed and that the interests of all stakeholders are considered.

Members of the CALH Related Party Transactions Review Committee are as follows:

- Ms. Kasturi Angela Chellaraja Wilson (Chair) - Non-Executive Independent Director
- Ms. Withanage Thusitha Vipuli Perera - Non-Executive Independent Director
- Mr. Conganige Sextus Roland Sanjeewa Anthony - Non-Executive Non-Independent Director

8.9.4 NOMINATIONS AND GOVERNANCE COMMITTEE

The objective of the Nominations and Governance Committee is to ensure effective board composition and governance practices. This includes nominating qualified board members, overseeing succession planning, and ensuring adherence to corporate governance standards. The committee also promotes diversity and evaluates board performance to support strong leadership and ethical decision-making.

Members of the CALH Nominations and Governance Committee are as follows:

- Ms. Rajitha Surangani Jayasuriya - Non-Executive Independent Director
- Ms. Kasturi Angela Chellaraja Wilson - Non-Executive Independent Director
- Mr. Dinesh Ajit De Zoysa - Non-Executive Non-Independent Director

9.0 HUMAN RESOURCES

9.1 EMPLOYEES

As at 8th November 2024, there are 180 employees at CALH. There are no labour unions within the Company nor within the CAL Group.

9.2 CHIEF EXECUTIVE OFFICER/MANAGING DIRECTOR

Table 9 1 CEO/Managing Director's Profile

Name	Mr. Kanishke Mannakkara
Business Experience	Mr. Kanishke Mannakkara is the Group Chief Executive Officer and Chairman of Capital Alliance Investments Ltd. He has over 15 years' experience in capital markets. He has been with CAL since April 2018. Prior to that, he served in a number of positions at the MAS Group in Sri Lanka and the UK over 13 years, including as the global head of corporate finance, treasury and strategy. Kanishke was responsible for setting up the treasury function at MAS in 2007, and managed the reserves of MAS in multiple debt and equity portfolios across multiple currencies during the period from 2007-2013.

The Chief Executive Officer/Managing Director has not been involved in:

- Any petition under any bankruptcy laws filed against such person or any partnership in which he was a partner or any corporation of which he was an Executive Officer.
- Any conviction for fraud, misappropriation or breach of trust or any other similar offence which the CSE considers a disqualification.

9.3 SENIOR MANAGEMENT

The Senior Management of the Company specified in this section of the Prospectus are common to the CAL Group and, as such, carries out their specified duties across multiple entities including CALH.

Table 9 2 Senior Management Profiles

Designation and Name	Business Experience
Chief Information Officer – CAL Group Mr. Tharindra Kulasinghe	Mr. Kulasinghe spearheads the digital transformation of CAL Group, driving innovation across technology infrastructure, software, and product development to harness global market opportunities. With an MEng in Mechanical Engineering and Business Management, a BEng in Mechanical Engineering, and PRINCE2 certification, he brings extensive expertise in managing complex technology initiatives. Having held key roles at MillenniumIT (now LSEG Technology) and Brandix i3 (now Fortude), he integrates cutting-edge solutions to streamline CAL's operations and redefine financial services. Under his leadership, CAL continues to disrupt industry norms and chart new paths for growth.

Designation and Name	Business Experience
Chief Human Resources Officer – CAL Group Ms. Anushi Jayasinghe	<p>Mrs. Jayasinghe is a well experienced HR leader with expertise in talent management, employee engagement, and aligning HR with business strategy. Currently the Chief Human Resources Officer at Capital Alliance Holdings, she has held key roles at Hela Apparel Holdings, Heineken Lanka, and MAS Holdings, leading HR functions across multiple countries. With an MBA from the University of Colombo and executive training from Stanford, she brings strategic insight and a commitment to fostering growth and positive workplace culture.</p>
Head of Finance – CAL Group Mr. Nishantha Adhikari	<p>Mr. Nishantha Adhikari holds a Bachelor of Science in Accounting (Special) from the University of Sri Jayewardenepura, along with an MBA from the University of Southern Queensland, providing a strong foundation in both technical accounting and strategic management. He is also a distinguished member of CA Sri Lanka, ACCA, and CMA Sri Lanka, reflecting his commitment to professional excellence and adherence to high ethical standards in finance.</p> <p>With over 11 years of experience, he has held significant positions, including as a Manager at KPMG Sri Lanka, where he mastered his skills in audit, financial Management, Tax, and regulatory compliance. He also served as the Financial Controller at Ceylon Tea Brokers PLC, where he was instrumental in overseeing financial operations and contributing to the company's strategic financial goals.</p>

10. DECLARATIONS

10.1 DECLARATION BY THE DIRECTORS

We, the undersigned being the Directors of Capital Alliance Holdings Limited, hereby declare and confirm that we have read the provisions of the Companies Act No. 7 of 2007 relating to the issue of the Prospectus and that those provisions have been complied with.

This Prospectus has been seen and approved by us and we collectively and individually accept full responsibility for the accuracy of the information given and confirm that the provisions of the Listing Rules of the Colombo Stock Exchange and the Companies Act No. 7 of 2007 and any amendments made thereto from time to time, have been complied with and after making all reasonable inquiries and to the best of our knowledge and belief, there are no other facts the omission of which would make any statement herein misleading or inaccurate. Where representations regarding the future performance of the Company have been given in the Prospectus, such representations have been made after due and careful inquiry of the information available to the Company and making assumptions that are considered to be reasonable at the present point in time and according to our best judgments.

We further declare that the profit forecasts have been included in this Prospectus after due and careful inquiry of the information available with the Company and assumptions that are considered to be reasonable at the present point in time and according to our best judgments.

Table 10 1 Declaration by The Directors

Name of the Director	Designation	Signature
Mr. Dinesh Ajit De Zoysa	Chairman – Non-Executive Non-Independent Director	Sgd.
Mr. Widanalage Ajith Terence Fernando	Non-Executive Non-Independent Director	Sgd.
Mr. Rajadurai James Arasaratnam	Non-Executive Non-Independent Director	Sgd.
Ms. Nawalage Therese Manouri Shiromal Cooray	Non-Executive Non-Independent Director	Sgd.
Mr. Thilanka Jeevan William	Non-Executive Independent Director	Sgd.
Mr. Conganige Sextus Roland Sanjeewa Anthony	Non-Executive Non-Independent Director	Sgd.
Ms. Rajitha Surangani Jayasuriya	Non-Executive Independent Director	Sgd.
Ms. Kasturi Angela Chellaraja Wilson	Non-Executive Independent Director	Sgd.
Ms. Withanage Thusitha Vipuli Perera	Non-Executive Independent Director	Sgd.

10.2 DECLARATION BY THE COMPANY

We, Capital Alliance Holdings Limited, having our Registered office at Level 2, "Millennium House", 46/58, Nawam Mawatha, Colombo 02, hereby declare that to the best of our knowledge and belief this Prospectus constitutes full and fair disclosure of all material facts about the Offer and the Company.

An application has been made to the Colombo Stock Exchange for permission to deal in and for a listing for all of the Ordinary Voting Shares Offered by the Company, and those Ordinary Voting Shares are the subject of this Offer. Such permission will be granted when the Ordinary Voting Shares are listed on the Colombo Stock Exchange. The Colombo Stock Exchange assumes no responsibility for the correctness of any of the statements or omissions made in this Prospectus. Listing on the Colombo Stock Exchange is not to be taken as an indication of the merits of the Company or of the Shares Offered.

Sgd.
Director

Sgd.
Director

10.3 DECLARATION BY THE MANAGERS AND FINANCIAL ADVISORS TO THE OFFER

We, Capital Alliance Partners Limited of Level 2, "Millennium House", 46/58, Nawam Mawatha, Colombo 02 hereby declare that to the best of our knowledge and belief this Prospectus constitutes full and true disclosure of all material facts about the Offer and the Company and we have satisfied ourselves that the profit forecasts had been stated by the Directors after due and careful inquiry.

We, Capital Alliance Holdings Limited (Company), declare that, Capital Alliance Partners Limited (the Managers and Financial Advisors to the Issue) is the only related entity that is a party to the Issue. Therefore, we hereby confirm that, the Company has no conflict of interest with the parties to the Issue who are expected/considered to be independent.

Sgd.
Director

Sgd.
Director

10.4 DECLARATION BY THE INDEPENDENT VALUERS TO THE OFFER

We, Deloitte FAS (Pvt) Ltd having our registered office at 100 Braybrooke Place, Colombo 02, Sri Lanka hereby declare that we are neither a related party to Capital Alliance Holdings Limited, as defined in the Sri Lankan Accounting Standards, nor have a significant interest or financial connection with Capital Alliance Holdings Limited and/or the Group.

We declare that we are a member of good standing in a professional association relevant to the valuation assignment undertaken and have the necessary skills and resources available at our disposal to arrive at a competent independent opinion in determining the IPO Price.

Furthermore, we also declare that we have made all the inquiries that we believe are desirable and appropriate in order to arrive at a competent independent opinion.

Sgd.
Director

Sgd.
Director

11. ANNEXURES

11.1 ANNEXURE 1 – Accountant's Report and five-year summary



KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
Colombo 00300, Sri Lanka.

Tel +94 - 11 542 6426
Fax +94 - 11 244 5872
+94 - 11 244 6058
Internet www.kpmg.com/lk

06th January 2025

The Board of Directors,
Capital Alliance Holdings Limited,
Level 5, "Millennium House",
46/58, Nawam Mawatha,
Colombo 02,
Sri Lanka.

Dear Sirs,

**ACCOUNTANTS' REPORT FOR THE INCLUSION IN THE PROSPECTUS OF
CAPITAL ALLIANCE HOLDINGS LIMITED ISSUED IN CONNECTION WITH THE
INITIAL PUBLIC OFFER TO SUBSCRIBE UP TO A MAXIMUM NO. OF 157,500,000
ORDINARY SHARES**

This report has been prepared for the inclusion in the Prospectus issued in connection with the Initial Public Offer to subscribe up to a maximum no. of 157,500,000 ordinary shares of Capital Alliance Holdings Limited ("the Company").

1 INCORPORATION

The Company was incorporated on 25th March 2003 and commenced its commercial operations on 07th April 2003.

2 FINANCIAL STATEMENTS

We have examined the Financial Statements of Capital Alliance Holdings Limited for the financial years ended 31st March 2020 to 31st March 2024 and report as follows:

2.1 Five Years Summary of Audited Financial Statements

A Summary of Statements of Profit or Loss and Other Comprehensive Income, Statements of Financial Position, Statements of Changes in Equity and Statements of Cash Flows of Capital Alliance Holdings Limited for the years ended 31st March 2020 to 31st March 2024, based on the audited financial statements of the Group and Company are set out in Annexure 1 of the prospectus.

KPMG, a Sri Lankan partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

C.P. Jayatilake FCA
Ms. S. Joseph FCA
R.M.D.B. Rajapaksa FCA
M.N.M. Shamsud FCA
Ms. P.M.K. Sumanasekera FCA

T.J.S. Rajakarier FCA
W.K.D.C. Abeyaratne FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA
R.W.M.D.W.D.B. Rathnayakara FCA

W.W.J.C. Perera FCA
G.A.U. Karunaratne FCA
R.H. Rajan FCA
A.M.R.P. Alahakoon ACA

Principals: S.R.L. Perera FCMA (UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R. Ziyad FCMA (UK), FCIT, K. Sornasundaram ACMA (UK), R. G. H. Raddella ACA, Ms. D. Corea Dharmaratne



2.2 Audited Financial Statements for the year ended 31st March 2024

Statement of Financial Position as at 31st March 2024, the related Statement of Profit or Loss and Other Comprehensive Income, Changes in Equity and Cashflows for the year then ended and summary of material accounting policies and other explanatory notes are included in Annexure 2 of the Prospectus.

We have audited these Financial Statements and our audit report thereon dated 26th November 2024 is also enclosed.

2.3 Audit Reports

We have audited the Financial Statements of Capital Alliance Holdings Limited for the years ended 31st March 2020 to 31st March 2024. Unmodified opinions have been expressed on the said Financial Statements.

2.4 Application of Accounting Standards and Accounting Policies

The Financial Statements of the Group and Company for the years ended 31st March 2020 to 31st March 2024 comply with Sri Lanka Accounting Standards.

The accounting policies of the Group and Company are disclosed in the audited Financial Statements of the Group and Company for the years ended 31st March 2020 to 31st March 2024.

There were no material changes in the accounting policies of the Group and Company for the years ended 31st March 2020 to 31st March 2024.

2.5 Dividends paid

The Company has paid dividend during the years ended 31st March 2020 to 31st March 2024 as follows:

Year	Dividend paid (LKR)	Dividend Per Share (LKR)
2019/2020	-	-
2020/2021	225,647,884	2.37
2021/2022	300,376,213	3.15
2022/2023	-	-
2023/2024	1,850,731,034	14.50

2.6 Events after Reporting date

There were no significant events occurred after the last audit report date.



2.7 Restriction on use

This report is made solely for the purpose of inclusion in the prospectus issued in connection with the Initial Public Offering of 157,500,000 ordinary shares by Capital Alliance Holdings Limited.

Yours faithfully,

A handwritten signature in blue ink, appearing to be 'KIM', written over a faint, stylized KPMG logo.

CHARTERED ACCOUNTANTS

CAPITAL ALLIANCE HOLDINGS LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH,

GROUP	2024 Rs.	2023 Rs.	2022 Rs.	2021 Rs.	2020 Rs.
Interest Income	10,741,758,453	4,933,953,995	662,249,284	1,171,893,216	1,544,525,187
Interest Expense	(6,759,307,512)	(3,320,326,008)	(421,859,171)	(851,805,274)	(1,270,632,385)
Net Interest Income/ (Expense)	3,982,450,941	1,613,627,987	240,390,113	320,087,942	273,892,802
Fee Based Income	2,291,380,619	1,179,733,009	1,463,557,411	1,029,089,634	500,574,966
Net Gains / (losses) from Trading	19,060,617,107	623,824,930	(181,598,626)	1,327,197,460	890,677,273
Net Fair Value Gains/(Losses) from Financial Assets at FVTPL	882,129,474	2,659,289,479	(5,549,284)	(103,843,844)	107,186,939
Direct Expenses	(68,752,133)	(16,912,618)	(7,516,770)	(17,883,924)	(22,182,385)
Other Income / (Expense)	73,378,918	11,620,083	29,154,519	16,559,574	8,561,172
Total Operating Income	26,221,204,926	6,071,182,870	1,538,437,363	2,571,206,842	1,758,710,767
Personnel Expenses	(3,579,266,059)	(1,231,545,577)	(836,229,001)	(729,915,805)	(444,823,033)
Depreciation & Amortization	(103,487,344)	(79,092,245)	(62,127,370)	(59,592,188)	(55,614,860)
Other Operating Expenses	(1,845,627,578)	(981,891,988)	(350,465,908)	(246,345,033)	(295,507,010)
(Impairment) / reversals of Subsidiaries	-	-	-	-	-
Operating Profit/ (Loss)	20,692,823,945	3,778,653,060	289,615,084	1,535,353,816	962,765,864
Share of Profit from Equity accounted Investee (Net of Tax)	21,070,301	4,540,470	5,784,768	(3,747,114)	5,399,871
Profit/(Loss) Before Income Tax	20,713,894,246	3,783,193,530	295,399,852	1,531,606,702	968,165,735
Income Tax (Expense) / Reversal	(6,622,920,742)	(1,007,669,830)	(158,484,026)	(418,916,878)	(282,054,585)
Profit / (Loss) for the year	14,090,973,504	2,775,523,700	136,915,826	1,112,689,824	686,111,150
Profit / (Loss) attributable to:					
Owners of the Company	11,337,769,357	2,239,277,079	171,040,767	1,020,774,715	615,174,884
Non-Controlling Interests	2,753,204,147	536,246,621	(34,124,941)	91,915,109	70,936,266
Profit / (Loss) for the year	14,090,973,504	2,775,523,700	136,915,826	1,112,689,824	686,111,150
Basic Earnings / (Loss) per Share (Rs.)	103.97	23.48	1.79	10.73	6.49



CAPITAL ALLIANCE HOLDINGS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH

GROUP	2024 Rs.	2023 Rs.	2022 Rs.	2021 Rs.	2020 Rs.
Profit / (Loss) for the Year	14,090,973,504	2,775,523,700	136,915,826	1,112,689,824	686,111,150
Other Comprehensive Income /(Expense)					
Items that will not be reclassified to Profit or Loss					
Financial Asset Measured at FVOIC - Reclassified to Profit or Loss	-	-	-	-	(36,092,750)
Foreign currency translation differences of foreign operations	(201,223,460)	(201,301,471)	192,575,364	15,931,618	(2,726,278)
Items that will not be reclassified to Profit or Loss					
Defined Benefit Plan Actuarial Gains / (Losses)	(21,246,305)	(9,677,461)	23,745,180	(13,770,802)	2,103,704
Deferred Tax on Actuarial Gains / (Losses)	6,051,625	2,807,266	(4,667,130)	3,331,912	(363,655)
Loss on Investment measured at FVTOCI	-	(773,695)	-	-	(174,695)
Share of other comprehensive income from equity accounted investees (net of tax)	(314,812)	3,739,718	9,835,846	2,131,111	78,468
Other Comprehensive Income / (Expense) for the year	(216,732,952)	(205,205,643)	221,489,260	7,623,839	(37,175,206)
Total Comprehensive Income / (Expense) for the year	13,874,240,552	2,570,318,057	358,405,086	1,120,313,663	648,935,944
Total Comprehensive Income/(Expense) attributable to:					
Owners of the Company	11,195,271,631	2,126,920,396	356,534,315	1,028,745,110	581,349,275
Non-controlling interests	2,678,968,921	443,397,661	1,870,771	91,568,553	67,586,669
Total Comprehensive Income/(Expenses) for the year	13,874,240,552	2,570,318,057	358,405,086	1,120,313,663	648,935,944



CAPITAL ALLIANCE HOLDINGS LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31ST MARCH

GROUP	2024 Rs.	2023 Rs.	2022 Rs.	2021 Rs.	2020 Rs.
ASSETS					
Cash and Cash Equivalents	1,136,890,360	458,381,381	593,890,648	249,680,756	202,231,787
Financial Assets Measured at FVTPL	60,881,033,014	37,907,840,487	8,231,084,853	12,018,231,512	13,848,017,798
Financial Assets Measured at FVOCI	-	7,402,021	112,670,228	9,175,716	9,175,716
Financial Assets Measured at Amortized Cost	1,157,988,494	776,635,029	40,167,893	293,194,530	1,182,251,235
Trade and Other Receivables	2,975,864,325	2,177,793,399	2,466,656,990	1,856,119,326	569,848,922
Amounts Due from Related Entities	-	2,006,562	186,206	1,416,506	2,000,000
Investment in Subsidiaries	-	-	-	-	-
Investment in Joint Venture	-	86,361,754	78,122,307	62,501,693	64,117,696
Intangible Assets	149,708,614	157,032,206	89,097,689	60,782,174	80,742,827
Right of use Assets	102,801,321	137,045,860	129,498,322	59,974,804	14,067,267
Equipment	140,845,836	87,653,382	41,279,402	47,046,416	47,732,216
Deferred Tax Assets	45,622,443	26,294,177	50,182,230	14,278,467	57,942,264
Income Tax Recoverable	-	-	-	-	8,733,754
Total Assets	66,590,754,407	41,824,446,258	11,832,836,768	14,672,401,900	16,086,861,482
EQUITY AND LIABILITIES					
Liabilities					
Bank Overdrafts	-	-	-	80,106,617	208,467,202
Financial Liabilities Measured at Amortised Cost	37,914,225,387	31,897,725,903	6,886,954,879	10,169,835,183	12,953,143,944
Trade and Other Payables	3,912,195,041	1,933,500,669	1,002,714,901	967,184,199	276,251,740
Income Tax Payable	4,992,449,148	894,753,052	106,975,240	200,948,840	336,941,021
Amounts Due to Related Entities	-	-	-	-	250,017
Lease Liability	115,012,852	147,542,646	133,120,410	60,450,750	16,070,487
Deferred Tax Liability	180,298	1,439,962	1,387,910	2,271,858	-
Retirement Benefit Obligations	148,402,712	104,664,498	82,841,298	95,145,054	64,574,240
Total Liabilities	47,082,465,438	34,979,626,730	8,213,994,638	11,575,942,501	13,855,698,651
Equity					
Stated Capital	2,532,798,096	223,231,471	88,936,700	88,936,700	61,250,030
Special Risk Reserve	2,316,818,030	927,499,681	644,799,017	644,799,017	548,150,903
Fair Value Reserve	-	20,033,695	17,067,672	7,231,826	5,100,715
Retained Earnings	11,808,827,473	3,962,188,781	2,034,715,805	2,087,649,855	1,415,012,116
Foreign Currency Translation Reserve	(67,506,497)	61,298,454	170,747,153	13,205,340	(2,726,278)
Equity attributable to owners of the Company	16,590,937,102	5,194,252,082	2,956,266,347	2,841,822,738	2,026,787,486
Non Controlling Interest	2,917,351,867	1,650,567,446	662,575,783	254,636,661	204,375,345
Total Equity	19,508,288,969	6,844,819,528	3,618,842,130	3,096,459,399	2,231,162,831
Total Liabilities and Equity	66,590,754,407	41,824,446,258	11,832,836,768	14,672,401,900	16,086,861,482
 Net Assets Value per Share (Rs.)	 129.99	 52.86	 31.00	 29.80	 21.38



CAPITAL ALLIANCE HOLDINGS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST MARCH

GROUP	Stated Capital Rs.	Fair Value Reserve Rs.	Foreign Currency Translation reserve Rs.	Special Risk Reserve Rs.	Retained Earnings Rs.	Total Rs.	Non Controlling Interests Rs.	Total Rs.
Balance as at 01 st April 2019	61,250,030	32,829,522	-	474,411,715	996,859,659	1,565,350,966	189,944,700	1,755,295,666
Impact on adoption of IFRIC 23	-	-	-	-	(99,271,821)	(99,271,821)	(10,542,140)	(109,813,961)
Adjusted Balance as at 01 st April 2019	61,250,030	32,829,522	-	474,411,715	897,587,878	1,466,079,145	179,402,560	1,645,481,705
Total comprehensive income for the year	-	-	-	-	615,174,884	615,174,884	70,936,266	686,111,150
Other comprehensive Income for the year	-	(27,728,807)	(2,726,278)	-	(3,370,524)	(33,825,609)	(3,349,397)	(37,175,206)
Total Comprehensive Expense	-	(27,728,807)	(2,726,278)	-	611,804,360	581,349,276	67,586,670	648,935,944
Transferred To the Special Risk Reserve	-	-	-	73,739,188	(73,739,188)	-	-	-
Transactions with equity holders	-	-	-	-	-	-	-	-
Adjustment due to changes in holding	-	-	-	-	(20,913,063)	(20,913,063)	(15,802,407)	(36,715,470)
Adjustment due to loss of Control	-	-	-	-	272,129	272,129	(29,311,486)	(29,039,358)
Issue of Shares (Pending Allotment)	-	-	-	-	-	-	2,500,010	2,500,010
Total Transactions with owners of the Company	-	-	-	-	(20,640,934)	(20,640,934)	(42,613,883)	(63,254,818)
Balance as at 31 st March 2020	61,250,030	5,100,715	(2,726,278)	548,150,903	1,415,012,116	2,026,787,487	204,375,347	2,231,162,831
Balance as at 01 st April 2020	61,250,030	5,100,715	(2,726,278)	548,150,903	1,415,012,116	2,026,787,486	204,375,345	2,231,162,831
Shares issued during the year	27,686,670	-	-	-	-	27,686,670	-	27,686,670
Total comprehensive income for the year	-	-	-	-	1,020,774,715	1,020,774,715	91,915,109	1,112,689,824
Other comprehensive Income for the year	-	2,171,111	15,931,618	-	(10,092,334)	7,970,395	(346,556)	7,623,839
Total Comprehensive Expense	-	2,171,111	15,931,618	-	1,010,682,381	1,028,745,111	91,568,554	1,120,313,664
Transferred To the Special Risk Reserve	-	-	-	96,648,114	(96,648,114)	-	-	-
Dividends Payment	-	-	-	-	(225,647,880)	(225,647,880)	(29,369,215)	(255,017,095)
Transactions with equity holders	-	-	-	-	-	-	-	-
Adjustment due to changes in holding	-	-	-	-	(15,748,648)	(15,748,648)	(11,938,022)	(27,686,670)
Total Transactions with owners of the Company	-	-	-	-	(15,748,648)	(15,748,648)	(11,938,022)	(27,686,670)
Balance as at 31 st March 2021	88,936,700	7,231,826	13,205,340	644,799,017	2,087,649,855	2,841,822,739	254,636,661	3,096,459,399
Balance as at 01 st April 2021	88,936,700	7,231,826	13,205,340	644,799,017	2,087,649,855	2,841,822,739	254,636,661	3,096,459,399
Shares issued during the year	-	-	-	-	-	-	497,378,390	497,378,390
Total comprehensive income for the year	-	-	-	-	171,040,767	171,040,767	(34,124,941)	136,915,826
Other comprehensive Income for the year	-	9,835,846	157,541,813	-	18,115,889	185,493,548	35,995,712	221,489,260
Total Comprehensive Income	-	9,835,846	157,541,813	-	189,156,656	356,534,315	1,870,771	358,405,086
Transferred To the Special Risk Reserve	-	-	-	-	-	-	-	-
Dividend paid during the year	-	-	-	-	(300,376,215)	(300,376,215)	(33,024,530)	(333,400,745)
Transactions with equity holders	-	-	-	-	-	-	-	-
Adjustment due to changes in holding	-	-	-	-	58,285,509	58,285,509	(58,285,509)	-
Total Transactions with owners of the Company	-	-	-	-	58,285,509	58,285,509	(58,285,509)	-
Balance as at 31 st March 2022	88,936,300	17,067,672	170,747,153	644,799,017	2,034,715,805	2,956,266,347	662,575,783	3,618,842,130
Balance as at 01 st April 2022	88,936,300	17,067,672	170,747,153	644,799,017	2,034,715,805	2,956,266,347	662,575,783	3,618,842,131
Shares issued during the year	134,294,771	-	-	-	-	134,294,771	-	134,294,771
Acquisition of subsidiary during the year	-	-	-	-	-	-	524,563,476	524,563,476
Total comprehensive income for the year	-	-	-	-	2,239,277,079	2,239,277,079	536,246,621	2,775,523,700
Other comprehensive Income for the year	-	2,966,023	(109,448,699)	-	(5,874,007)	(112,356,683)	(92,848,960)	(205,205,643)
Total Comprehensive Income	-	2,966,023	(109,448,699)	-	2,233,403,072	2,126,920,396	443,397,661	2,570,318,057
Transferred To the Special Risk Reserve	-	-	-	282,700,664	(282,700,664)	-	-	-
Dividend paid during the year	-	-	-	-	-	-	(3,198,906)	(3,198,906)
Transactions with equity holders	-	-	-	-	-	-	-	-
Adjustment due to changes in holding	-	-	-	-	(23,229,432)	(23,229,432)	23,229,432	-
Adjustment due to Loss of Control	-	-	-	-	-	-	-	-
Issue of Shares (Pending Allotment)	-	-	-	-	-	-	-	-
Total transactions with owners of the Company	-	-	-	-	(23,229,432)	(23,229,432)	23,229,432	-
Balance as at 31 st March 2023	223,231,471	20,033,695	61,298,454	927,499,681	3,962,188,781	5,194,252,082	1,650,567,446	6,844,819,528



Balance as at 01 st April 2023	223,231,471	20,033,695	61,298,454	927,499,681	3,962,188,781	5,194,252,082	1,650,567,446	6,844,819,528
Shares issued during the year	2,309,566,625	-	-	-	-	2,309,566,625	-	2,309,566,625
Disposal of equity accounted investee during the year	-	(15,391,863)	-	-	(21,725,380)	(17,117,243)	-	(47,117,243)
Total comprehensive income for the year	-	-	-	-	11,333,769,357	11,332,769,357	2,753,204,147	14,090,472,904
Loss for the year	-	-	-	-	(13,377,962)	(147,497,726)	(74,235,220)	(216,722,908)
Other comprehensive income/ (Expenses) for the year	-	(314,812)	(128,804,951)	-	(13,377,962)	(147,497,726)	(74,235,220)	(216,722,908)
Total Comprehensive Expense	-	(314,812)	(128,804,951)	-	11,324,391,394	11,195,271,631	2,678,968,927	13,874,240,552
Transferred To the Special Risk Reserve	-	-	-	1,389,318,349	(1,389,318,349)	-	-	-
Reclassification of Fair Value Reserve	-	(4,327,020)	-	-	4,327,020	-	-	-
Dividends Payment	-	-	-	-	(1,850,731,034)	(1,850,731,034)	(506,887,187)	(2,357,618,221)
Transactions with equity holders	-	-	-	-	(210,304,959)	(210,304,959)	210,304,959	-
Adjustment due to changes in holding	-	-	-	-	-	-	(1,312,585,481)	(1,312,585,481)
Investment in Subsidiary	-	-	-	-	-	-	196,983,208	196,983,208
Issue of Shares (Pending Allotment)	-	-	-	-	-	-	-	-
Total transactions with owners of the Company	-	-	-	-	(210,304,959)	(210,304,959)	(905,297,314)	(1,115,602,273)
Balance as at 31 st March 2024	2,532,798,096	-	(67,506,497)	2,316,818,030	(1,808,827,473)	16,590,937,102	2,917,351,866	19,508,288,968



CAPITAL ALLIANCE HOLDINGS LIMITED

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31ST MARCH

GROUP

CASH FLOWS FROM OPERATING ACTIVITIES

	2024 Rs.	2023 Rs.	2022 Rs.	2021 Rs.	2020 Rs.
Profit / (Loss) before Income Tax Expense	20,713,894,246	3,783,193,530	295,399,852	1,531,606,702	968,165,735
<i>Adjustments For,</i>					
Depreciation of Property Plant & Equipment	42,760,936	20,433,819	17,802,374	16,027,715	13,195,231
Amortization of Intangible Assets	12,148,195	15,264,278	23,023,673	26,394,294	23,663,274
Provision for Retiring Gratuity	34,507,409	22,771,739	15,095,168	17,335,003	15,626,188
Loss on Disposals of Property Plant & Equipment and Intangible Assets	4,896,303	1,429,415	2,233,651	111,552	652,991
Share of (profit)/loss of equity accounted investees (net of tax)	(21,070,301)	(4,540,470)	(5,784,768)	3,747,114	(5,399,871)
Disposal Gain on Sale of Associate	(1,945)	-	-	-	-
Provision for impairment of trade receivables	12,758,179	6,095,043	1,900,710	5,986,467	4,921,343
Write off Investment in Un quoted Shares	7,402,021	-	-	-	-
Provision for Investment in Un quoted Shares	20,872,440	-	-	-	-
Provision for impairment of Financial Assets Measured At FVOCI	-	-	1,000,000	-	-
Impairment of Subsidiary	-	-	-	-	-
Write off of debtors	-	-	4,669,988	1,593,263	920,714
Depreciation of ROU Assets	48,578,212	43,394,148	21,301,323	17,170,179	18,756,355
Finance Cost on ROU Assets	11,349,707	11,741,754	6,614,016	1,903,021	3,100,952
Net Fair Value Gains/(Losses) from Financial Assets at FVTPL	(882,129,474)	(2,659,289,479)	5,549,284	103,843,844	(107,186,939)
Net Capital (Gain)/ Losses on sale Investment in Shares	8,987,090	14,799,249	(55,737,420)	2,064,204	17,779,819
Net Capital Gains on Investment in Unit Trusts	(58,943,785)	(22,504,959)	(17,862,097)	(17,179,604)	(7,584,610)
Net Capital Gain on Debentures	-	-	-	-	(2,895,978)
Dividend Income	(21,296,934)	(3,814,385)	(8,573,019)	(4,604,464)	(2,940,744)
Net Capital Gain/ (Losses) on Treasury Bills, Bonds and Sovereign Bonds	(19,010,660,412)	(616,119,220)	255,198,143	(1,312,082,060)	(854,576,004)
Interest Income	(10,741,758,453)	(4,933,953,995)	(662,249,284)	(1,127,853,113)	(1,544,525,187)
Interest Expense	6,747,957,805	3,308,584,254	415,245,155	849,902,253	1,267,531,433
Operating Profit / (Loss) before Changes in Operating Activities	(3,069,748,761)	(1,012,515,279)	314,826,749	115,966,371	(190,795,297)
(Increase) / Decrease in Securities Purchase under Resale Agreements	(643,071,732)	(332,661,714)	938,547	812,178,509	989,003,462
(Increase) / Decrease in Financial Assets measured at FVTPL	(1,170,065,235)	(26,334,339,601)	2,921,618,786	3,486,210,719	(3,565,769,462)
(Increase) / Decrease in Trade and Other Receivables	(812,929,433)	29,670,623	(556,213,349)	(1,320,911,174)	(120,963,311)
(Increase) / Decrease in Amounts Due from Related Entities	2,006,562	(1,820,356)	1,230,300	583,494	(2,000,000)
Increase / (Decrease) in Securities Sold Under Repurchase Agreements	7,386,675,801	24,569,617,769	(3,034,866,847)	(3,494,025,527)	1,541,636,769
Increase / (Decrease) in Amounts Due to Related Entities	-	-	-	(250,017)	250,017
Increase / (Decrease) in Trade & Other Payables	1,978,694,372	946,186,190	34,088,607	690,932,458	184,110,001
	3,671,561,574	(2,135,862,368)	(318,377,207)	290,684,833	(1,164,527,821)
Tax Paid	(2,534,075,531)	(240,202,579)	(291,587,640)	(465,187,080)	(67,187,700)
Gratuity Paid	(12,015,500)	(10,626,000)	(3,653,744)	(535,000)	(6,458,750)
Net cash Generated from/ (Used in) Operating Activities	1,125,470,543	(2,386,690,947)	(613,618,591)	(175,037,248)	(1,238,174,271)

CASH FLOWS FROM INVESTING ACTIVITIES

Net Investment in Shares	(1,095,383,289)	(3,020,264)	363,280,525	(134,374,248)	56,149,845
Net Investment in Commercial Papers	-	-	241,834,522	203,668,082	(237,846,369)
Proceeds from Disposal of Associate	107,434,000	-	-	-	-
Investment in Subsidiaries	(1,115,602,273)	-	-	-	(72,180,256)
Net Cash outflow on divestment of Subsidiary	-	-	-	-	(27,551,596)
Investment in Joint Venture	-	-	-	-	(59,400,000)
Investment in Financial Assets Measured at FVOCI	(20,872,440)	-	-	-	-
Sale Proceeds from Disposal of Property, Plant & Equipment	-	4,388,480	2,118,482	-	130,899
Acquisition of Subsidiary, Net of Cash Acquired	-	820,804,201	-	-	-
Acquisition of Property, Plant and Equipment	(103,250,834)	(71,241,557)	(14,523,246)	(15,453,467)	(42,239,465)
Acquisition of Software	(14,833,280)	(12,695,082)	(37,101,520)	(6,433,641)	(32,547,460)
Net (Investment)/Redemption in Debentures	-	-	6,157,101	(4,897,410)	708,311,162
Net (Investment) in shares investments in Beta One	-	-	(104,494,512)	-	-
Net (Investment)/ withdrawal of Placement with Banks	261,718,267	(403,805,422)	6,077,935	-	-
Net (Investment) in Available for sale financial assets- Treasury Bonds	-	-	-	-	424,763,400
Net (Investment) in Long Term Deposit	-	-	-	-	(5,717,439)
Net (Investment)/Redemption in Unit Trust Funds	(765,476,051)	(43,335,172)	315,099,438	(298,696,569)	239,769,106
Dividend Received	21,296,934	3,814,385	8,573,019	4,604,464	2,940,744
Interest Income Received	10,741,758,453	4,933,953,995	660,267,815	1,006,052,985	1,289,334,162
Net cash Generated from Investing Activities	8,016,789,487	5,228,863,564	1,447,289,559	754,470,198	2,243,916,734

CASH FLOWS FROM FINANCING ACTIVITIES

Net Issue / (settlement) of Commercial Papers	(1,697,209,787)	814,921,865	(239,860,239)	(91,148,225)	271,723,101
Net settlement of Term Loans	140,000,000	(541,500,000)	(53,600,000)	705,100,000	(25,000,000)
Interest Paid	(6,560,924,335)	(3,140,852,864)	(369,591,578)	(757,889,218)	(1,147,589,480)
Lease Rental Paid	(57,235,986)	(53,065,067)	(25,116,951)	(20,600,476)	(19,854,087)
Shares issued during the year	2,309,566,625	134,294,771	497,378,390	-	-
Dividend Paid	(2,357,618,221)	(3,198,906)	(353,400,745)	(235,017,095)	-
Net cash Generated From / (used in) Financing Activities	(8,223,421,704)	(2,789,400,201)	(524,191,123)	(419,555,014)	(920,720,466)
Net increase/(decrease) in Cash and Cash equivalents	918,838,326	52,772,416	309,479,845	159,877,936	85,021,996
Cash and Cash equivalents at the beginning of the year	458,381,381	593,890,648	169,574,139	(6,235,415)	(88,531,134)
Effect of movement in exchange rates	(240,329,347)	(188,281,683)	114,836,664	15,931,618	(2,270,988)
Cash and Cash equivalents at the end of the year	1,136,890,360	458,381,381	593,890,648	169,574,139	85,021,996



CAPITAL ALLIANCE HOLDINGS LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH,

COMPANY	2024 Rs	2023 Rs.	2022 Rs.	2021 Rs.	2020 Rs.
Interest Income	76,988,878	53,155,676	22,073,919	49,688,616	104,907,402
Interest Expense	(176,518,025)	(279,176,510)	(109,639,822)	(137,993,298)	(175,390,352)
Net Interest Income/ (Expense)	(99,529,147)	(226,020,834)	(87,565,903)	(88,304,682)	(70,482,950)
Fee Based Income	3,913,143	57,666,900	23,104,704	43,983,482	77,059,614
Net Gains / (losses) from Trading	19,512,068	19,609,671	10,911,441	(5,904,906)	(13,175,917)
Net Fair Value Gains/(Losses) from Financial Assets at FVTPL	9,021,051	(9,236,868)	10,367,775	28,776,087	29,553,196
Direct Expenses	-	-	-	(15,620)	-
Other Income / (Expense)	2,182,564,022	89,909,873	595,132,017	312,960,082	2,887,848
Total Operating Income / (Expense)	2,115,481,137	(68,071,258)	551,950,034	291,494,443	25,841,791
Personnel Expenses	(53,515,849)	(49,792,264)	(12,136,537)	(16,338,108)	(19,147,052)
Depreciation & Amortization	(7,147,301)	(8,014,034)	(9,147,214)	(8,474,417)	(6,252,386)
Other Operating Expenses	(123,024,964)	(42,608,093)	(70,143,099)	(39,737,305)	(25,642,484)
(Impairment) / reversals of Subsidiaries	3,914,626	7,195,573	11,666,411	16,286,850	(3,956,339)
Operating Profit/ (Loss)	1,935,707,649	(161,290,076)	472,189,595	243,231,463	(29,156,470)
Share of Profit from Equity accounted Investee (Net of Tax)	-	-	-	-	-
Profit/(Loss) Before Income Tax	1,935,707,649	(161,290,076)	472,189,595	243,231,463	(29,156,470)
Income Tax (Expense) / Reversal	864,576	2,953,245	(45,686,896)	(57,647,352)	-
Profit / (Loss) for the year	1,936,572,225	(158,336,831)	426,502,699	185,584,111	(29,156,470)
Profit / (Loss) attributable to:					
Owners of the Company	1,936,572,225	(158,336,831)	426,502,699	185,584,111	(29,156,470)
Non-Controlling Interests	-	-	-	-	-
Profit / (Loss) for the year	1,936,572,225	(158,336,831)	426,502,699	185,584,111	(29,156,470)
Basic Earnings / (Loss) per Share (Rs.)	17.76	(1.66)	4.47	1.95	(0.31)



CAPITAL ALLIANCE HOLDINGS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH

COMPANY	2024 Rs	2023 Rs	2022 Rs	2021 Rs	2020 Rs
Profit / (Loss) for the Year	1,936,572,225	(158,336,831)	426,502,699	185,584,111	(29,156,470)
Other Comprehensive Income / (Expense)					
Items that will not be reclassified to Profit or Loss					
Defined Benefit Plan Actuarial Gains / (Losses)	(3,462,159)	1,271,933	1,593,587	38,989	521,618
Deferred Tax on Actuarial Gains / (Losses)	1,038,648	(381,580)	(382,461)	(9,357)	(174,695)
Loss on Investment measured at FVTOCI	-	(773,695)			
Other Comprehensive Income / (Expense) for the year	(2,423,511)	116,658	1,211,126	29,632	346,923
Total Comprehensive Income / (Expense) for the year	1,934,148,714	(158,220,173)	427,713,826	185,613,743	(28,809,547)
Total Comprehensive Income/(Expense) attributable to:					
Owners of the Company	1,934,148,714	(158,220,173)	427,713,826	185,613,743	(28,809,547)
Non-controlling interests	-	-	-	-	-
Total Comprehensive Income/(Expenses) for the year	1,934,148,714	(158,220,173)	427,713,826	185,613,743	(28,809,547)



CAPITAL ALLIANCE HOLDINGS LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31ST MARCH

	2024 Rs.	2023 Rs.	2022 Rs.	2021 Rs.	2020 Rs.
COMPANY					
ASSETS					
Cash and Cash Equivalents	11,399,645	49,412,397	101,770,128	15,065,040	3,838,079
Financial Assets Measured at FVTPL	473,366,448	29,245,420	145,833,401	322,630,754	221,565,423
Financial Assets Measured at FVOCI	-	7,402,021	8,175,716	8,175,716	8,175,716
Other Investments	-	-	-	246,010,155	405,695,890
Trade and Other Receivables	76,093,412	201,148,275	221,252,614	468,066,242	199,434,530
Amounts Due from Related Entities	144,733,691	70,130,984	27,932,069	13,990,170	46,004,576
Loan given to Related Company	-	1,023,143,836	-	-	-
Investment in Subsidiaries	2,269,287,082	1,029,898,502	1,432,234,529	1,202,103,816	805,570,799
Investment in Joint Venture	-	60,000,000	60,000,000	60,000,000	60,000,000
Intangible Assets	3,787,829	5,220,733	5,547,213	6,097,475	3,906,391
Property, Plant and Equipment	1,987,009	6,459,460	13,440,686	24,895,372	22,622,196
Deferred Tax Assets	4,775,705	2,872,481	300,816	-	51,054,986
Income Tax Receivable	9,656,037	9,656,037	-	-	5,650,947
Total Assets	2,995,086,858	2,494,590,146	2,016,487,171	2,367,034,740	1,833,519,533
EQUITY AND LIABILITIES					
Liabilities					
Bank Overdrafts	-	-	-	-	188,384,581
Financial Liabilities Measured at Amortised Cost	-	1,808,524,688	1,409,320,442	1,877,210,804	1,174,140,525
Trade and Other Payables	35,649,314	30,926,621	18,390,663	12,536,235	13,514,655
Income Tax Payable	-	-	4,282,967	558,951	-
Amounts Due to Related Entities	3,379,501	98,600,190	13,822,034	31,037,812	327,599
Deferred Tax Liability	-	-	-	391,825	-
Retirement Benefit Obligations	17,456,276	10,921,185	1,128,201	3,093,862	2,599,451
Total Liabilities	56,485,091	1,948,972,684	1,446,944,307	1,924,829,489	1,378,966,811
Equity					
Stated Capital	2,532,798,096	223,231,471	88,936,700	88,936,700	61,250,030
Fair Value Reserve	-	4,327,020	5,100,715	5,100,715	5,100,715
Retained Earnings	405,803,671	318,058,971	475,505,449	348,167,836	388,201,977
Total Equity	2,938,601,767	545,617,462	569,542,864	442,205,251	454,552,722
Total Liabilities and Equity	2,995,086,858	2,494,590,146	2,016,487,171	2,367,034,740	1,833,519,533
Net Assets Value per Share (Rs.)	23.02	5.55	5.97	4.64	4.79



CAPITAL ALLIANCE HOLDINGS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST MARCH

COMPANY	Stated Capital Rs.	Fair Value Reserve Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 01 st April 2019	61,250,030	5,275,411	416,836,827	483,362,268
Total comprehensive income for the year	-	-	(29,156,470)	(29,156,470)
Loss for the year	-	(174,695)	521,618	346,923
Other comprehensive Income for the year	-	(174,695)	521,618	346,923
Total Comprehensive Expense	-	(174,695)	(28,634,852)	(28,809,547)
Balance as at 31 st March 2020	61,250,030	5,100,715	388,201,977	454,552,722
Balance as at 01 st April 2020	61,250,030	5,100,715	388,201,977	454,552,722
Shares issued during the year	27,686,670	-	-	27,686,670
Total comprehensive income for the year	-	-	185,584,111	185,584,111
Profit for the year	-	-	29,632	29,632
Other comprehensive Income for the year	-	-	29,632	29,632
Total Comprehensive Income	-	-	185,613,743	185,613,743
Dividend paid during the year	-	-	(225,647,884)	(225,647,884)
Balance as at 31 st March 2021	88,936,700	5,100,715	348,167,836	442,205,251
Balance as at 01 st April 2021	88,936,700	5,100,715	348,167,836	442,205,251
Total comprehensive income for the year	-	-	426,502,699	426,502,699
Profit for the year	-	-	1,211,126	1,211,126
Other comprehensive Income for the year	-	-	1,211,126	1,211,126
Total Comprehensive Income	-	-	427,713,826	427,713,826
Dividend paid during the year	-	-	(300,376,213)	(300,376,213)
Balance as at 31 st March 2022	88,936,700	5,100,715	475,505,449	569,542,864
Balance as at 01 st April 2022	88,936,700	5,100,715	475,505,449	569,542,864
Shares issued during the year	134,294,771	-	-	134,294,771
Total comprehensive income for the year	-	-	(158,336,831)	(158,336,831)
Loss for the year	-	(773,695)	890,353	116,658
Other comprehensive Income/ (Expenses) for the year	-	(773,695)	890,353	116,658
Total Comprehensive Expense	-	(773,695)	(157,446,478)	(158,220,173)
Balance as at 31 st March 2023	223,231,471	4,327,020	318,058,971	545,617,462
Balance as at 01 st April 2023	223,231,471	4,327,020	318,058,971	545,617,462
Shares issued during the year	2,309,566,625	-	-	2,309,566,625
Total comprehensive income for the year	-	-	1,936,572,225	1,936,572,225
Profit for the year	-	-	(2,423,511)	(2,423,511)
Other comprehensive Expenses for the year	-	-	(2,423,511)	(2,423,511)
Total Comprehensive Income	-	-	1,934,148,714	1,934,148,714
Reclassification of Fair Value Reserve	-	(4,327,020)	4,327,020	-
Dividend Paid during the year	-	-	(1,850,731,034)	(1,850,731,034)
Balance as at 31 st March 2024	2,532,798,096	-	405,803,671	2,938,601,767



CAPITAL ALLIANCE HOLDINGS LIMITED
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31ST MARCH

COMPANY	2024 Rs.	2023 Rs.	2022 Rs.	2021 Rs.	2020 Rs.
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit / (Loss) before Income Tax Expense	1,935,707,649	(161,290,076)	472,189,595	243,231,463	(29,156,470)
<i>Adjustments For,</i>					
Depreciation of Property Plant & Equipment	4,830,451	5,691,702	6,930,752	5,892,559	3,868,447
Amortization of Intangible Assets	2,316,850	2,322,332	2,216,462	2,581,857	2,383,939
Provision for Retiring Gratuity	3,072,932	962,417	547,926	533,400	1,067,963
Loss on Disposals of Property Plant & Equipment and Intangible Assets	502,337	1,377,365	2,238,424	-	658,597
Disposal Gain/ (Loss) on Sale of Subsidiary Shares	49,205,312	-	1,253,096	-	-
Disposal Gain on Sale of Associate	(47,434,000)	-	-	-	-
Impairment of Investment in Subsidiaries	(3,914,626)	(7,195,573)	(11,666,411)	(16,286,850)	3,956,339
Provision for impairment of trade receivables	(467,296)	713,579	342,296	-	775,867
Write off of debtors	-	-	-	335,825	420,714
Write off Investment in Un quoted Shares	7,402,021	-	-	-	-
Provision for Investment in Un quoted Shares	20,872,440	-	-	-	-
Net Fair Value Gains/(Losses) from Financial Assets at FVTPL	(9,021,051)	9,236,868	(10,367,775)	(28,776,087)	(29,553,196)
Net Capital (Gain)/ Losses on sale Investment in Shares	(263,868)	794,400	(3,433,265)	6,620,534	17,779,819
Net Capital Gains on Investment in Unit Trusts	(19,248,200)	(20,404,071)	(7,478,176)	(715,628)	(1,609,312)
Net Capital Gain on Debentures	-	-	-	-	(2,994,590)
Dividend Income	(2,181,988,248)	(89,027,874)	(596,597,427)	(312,273,903)	(2,940,744)
Interest Income	(76,988,878)	(53,155,676)	(22,073,919)	(49,688,616)	(104,907,402)
Interest Expense	176,518,025	279,176,510	109,639,822	137,993,298	175,390,352
Operating Loss before Changes in Operating Activities	(138,898,150)	(30,798,097)	(56,258,600)	(10,552,148)	35,140,322
(Increase) / Decrease in Securities Purchase under Resale Agreements	-	-	-	-	92,280,216
(Increase) / Decrease in Trade and Other Receivables	125,522,159	19,391,160	246,471,332	(268,967,538)	(85,650,202)
(Increase) / Decrease in Amounts Due from Related Entities	(74,602,707)	(32,096,415)	(13,941,898)	32,014,406	(9,529,633)
Increase / (Decrease) in Securities Sold Under Repurchase Agreements	-	-	-	-	(663,278,332)
Increase / (Decrease) in Amounts Due to Related Entities	(95,220,689)	84,778,156	(17,215,778)	30,710,213	(52,969,738)
Increase / (Decrease) in Trade & Other Payables	4,722,693	12,535,958	5,854,428	(978,420)	16,092,795
	(178,476,694)	53,810,762	164,909,484	(217,773,487)	(667,914,571)
Tax Paid	-	(13,939,004)	(43,037,982)	-	-
Gratuity Paid	-	-	(920,000)	-	(1,072,500)
Net cash Generated from/ (Used in) Operating Activities	(178,476,694)	39,871,758	120,951,502	(217,773,487)	(668,987,071)
CASH FLOWS FROM INVESTING ACTIVITIES					
Net Investment in Shares	(96,467,408)	4,969,281	115,598,393	71,090,222	56,149,845
Net Investment in Commercial Papers	-	-	241,834,521	203,668,082	(237,849,751)
Loan given to related party	1,023,143,836	-	-	-	-
Proceeds from Disposal of Associate	107,434,000	-	-	-	-
Investment in Subsidiaries	(1,312,585,481)	409,531,600	(219,717,398)	(352,559,497)	(218,898,570)
Investment in Joint Venture	-	-	-	-	(59,400,000)
Sale Proceeds from Disposal of Property, Plant & Equipment	-	-	2,330,936	-	64,000
Acquisition of Property, Plant and Equipment	(358,000)	-	(45,426)	(8,165,735)	(25,070,300)
Acquisition of Software	(1,386,283)	(2,084,094)	(1,666,200)	(4,772,941)	(1,671,810)
Proceeds from Disposal of Subsidiary	27,906,215	-	-	-	-
Investment in Financial Assets Measured at FVOCI	(20,872,440)	-	-	-	-
Net (Investment)/Redemption in Debentures	-	-	6,157,101	(4,897,410)	681,963,958
Net (Investment)/Redemption in Unit Trust Funds	(319,120,501)	121,991,503	82,478,176	(149,284,372)	251,609,263
Dividend Received	2,181,988,248	89,027,874	596,597,427	312,273,903	2,940,744
Interest Income Received	76,988,878	30,011,840	20,092,453	10,603,681	582,452
Net cash Generated from Investing Activities	1,666,671,064	653,448,004	843,659,983	77,955,933	450,419,871
CASH FLOWS FROM FINANCING ACTIVITIES					
Net Issue / (settlement) of Commercial Papers	(1,683,524,688)	475,004,371	(337,124,485)	197,673,874	282,319,280
Loan Given to Related Company	-	(1,000,000,000)	-	-	-
Net settlement of Term Loans	(125,000,000)	(300,000,000)	(200,000,000)	400,000,000	(25,000,000)
Interest Paid	(176,518,025)	(54,976,635)	(40,405,699)	(32,596,893)	(59,212,656)
Shares Issued	2,309,566,625	134,294,771	-	-	-
Dividend Paid	(1,850,731,034)	-	(300,376,213)	(225,647,885)	-
Net cash Generated From / (used in) Financing Activities	(1,526,207,122)	(745,677,493)	(877,906,397)	339,429,096	198,106,623
Net increase/(decrease) in Cash and Cash equivalents	(38,012,752)	(52,357,731)	86,705,088	199,611,542	(20,460,577)
Cash and Cash equivalents at the beginning of the year	49,412,397	101,770,128	15,065,040	(184,546,502)	(164,085,925)
Cash and Cash equivalents at the end of the year	11,399,645	49,412,397	101,770,128	15,065,040	(184,546,502)



11.2 ANNEXURE 2 – Audited Financial Statements for the year ended 31st March 2024

CAPITAL ALLIANCE HOLDINGS LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST MARCH 2024



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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF CAPITAL ALLIANCE HOLDINGS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Capital Alliance Holdings Limited ("the Company") and the consolidated financial statements of the company and its subsidiaries ("the Group") which comprise the statement of financial position as at March 31st, 2024, and the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at March 31st, 2024, and of its financial performance and its 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. These financial statements do not include the other information.

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

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



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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

A further description of the auditor's responsibilities for the audit of the financial statements is located at Sri Lanka Accounting and Auditing Standards website at: <http://slaasc.com/auditing/auditorsresponsibility.php>. This description forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

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

CHARTERED ACCOUNTANTS

Colombo, Sri Lanka
26th November 2024



CAPITAL ALLIANCE HOLDINGS LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH,

	Note	GROUP		COMPANY	
		2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Income	5	33,049,264,571	9,408,421,496	2,291,999,162	211,105,252
Interest Income	6	10,741,758,453	4,933,953,995	76,988,878	53,155,676
Interest Expense	7	(6,759,307,512)	(3,320,326,008)	(176,518,025)	(279,176,510)
Net Interest Income/ (Expense)		3,982,450,941	1,613,627,987	(99,529,147)	(226,020,834)
Fee Based Income	8	2,291,380,619	1,179,733,009	3,913,143	57,666,900
Net Gains from Trading	9.1	19,060,617,107	623,824,930	19,512,068	19,609,671
Net Fair Value Gains/(Losses) from Financial Assets at FVTPL	9.2	882,129,474	2,659,289,479	9,021,051	(9,236,868)
Direct Expenses	10	(68,752,133)	(16,912,618)	-	-
Other Income	11	73,378,918	11,620,083	2,182,564,022	89,909,873
Total Operating Income		26,221,204,926	6,071,182,870	2,115,481,137	(68,071,258)
Personnel Expenses		(3,579,266,059)	(1,231,545,577)	(53,515,849)	(49,792,264)
Depreciation & Amortization		(103,487,344)	(79,092,245)	(7,147,301)	(8,014,034)
Other Operating Expenses		(1,845,627,578)	(981,891,988)	(123,024,964)	(42,608,093)
Reversals of Impairment of Subsidiaries	21.1	-	-	3,914,626	7,195,573
Operating Profit/ (Loss)	12	20,692,823,945	3,778,653,060	1,935,707,649	(161,290,076)
Share of Profit from Equity accounted Investee (Net of Tax)	22.1	21,070,301	4,540,470	-	-
Profit/(Loss) Before Income Tax		20,713,894,246	3,783,193,530	1,935,707,649	(161,290,076)
Income Tax (Expense)/ Reversal	13.1	(6,622,920,742)	(1,007,669,830)	864,576	2,953,245
Profit / (Loss) for the year		14,090,973,504	2,775,523,700	1,936,572,225	(158,336,831)
Profit / (Loss) attributable to:					
Owners of the Company		11,337,769,357	2,239,277,079	1,936,572,225	(158,336,831)
Non-Controlling Interests		2,753,204,147	536,246,621	-	-
Profit / (Loss) for the year		14,090,973,504	2,775,523,700	1,936,572,225	(158,336,831)
Basic Earnings / (Loss) per Share (Rs.)	14	103.97	23.48	17.76	(1.66)

The Accounting Policies and explanatory notes form an integral part of these Financial Statements.

Figures in brackets indicate deductions.



CAPITAL ALLIANCE HOLDINGS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH

	Note	GROUP		COMPANY	
		2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Profit / (Loss) for the Year		14,090,973,504	2,775,523,700	1,936,572,225	(158,336,831)
Other Comprehensive Income /(Expense)					
Items that are or may be reclassified to Profit or Loss					
Foreign currency translation differences of foreign operations		(201,223,460)	(201,301,471)	-	-
Items that will not be reclassified to Profit or Loss					
Defined Benefit Plan Actuarial Gains / (Losses)	30.3	(21,246,305)	(9,677,461)	(3,462,159)	1,271,933
Deferred Tax on Actuarial Gains / (Losses)	13.7.2	6,051,625	2,807,266	1,038,648	(381,580)
Loss on Investment measured at FVTOCI		-	(773,695)	-	(773,695)
Share of other comprehensive income/ (Expense) from equity accounted investees (net of tax)	22.2	(314,812)	3,739,718	-	-
Other Comprehensive Income / (Expense) for the year		(216,732,952)	(205,205,643)	(2,423,511)	116,658
Total Comprehensive Income / (Expense) for the year		13,874,240,552	2,570,318,057	1,934,148,714	(158,220,173)
Total Comprehensive Income/(Expense) attributable to:					
Owners of the Company		11,195,271,631	2,126,920,396	1,934,148,714	(158,220,173)
Non-controlling interests		2,678,968,921	443,397,661	-	-
Total Comprehensive Income/(Expenses) for the year		13,874,240,552	2,570,318,057	1,934,148,714	(158,220,173)

The Accounting Policies and explanatory notes form an integral part of these Financial Statements.
Figures in brackets indicate deductions.



CAPITAL ALLIANCE HOLDINGS LIMITED

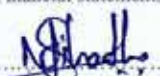
STATEMENT OF FINANCIAL POSITION

AS AT 31ST MARCH

STATEMENT OF FINANCIAL POSITION		GROUP		COMPANY	
AS AT 31 ST MARCH		2024	2023	2024	2023
	Note	Rs.	Rs.	Rs.	Rs.
ASSETS					
Cash and Cash Equivalents	15.1	1,136,890,360	458,381,381	11,399,645	49,412,397
Financial Assets Measured at FVTPL	16	60,881,033,014	37,907,840,487	473,366,448	29,245,420
Financial Assets Measured at FVOCI	17	-	7,402,021	-	7,402,021
Financial Assets Measured at Amortised Cost	18	1,157,988,494	776,635,029	-	-
Trade and Other Receivables	19	2,975,864,325	2,177,793,399	76,093,412	201,148,275
Amounts Due from Related Entities	20.1	-	2,006,562	144,733,691	70,130,984
Loan given to Related Company	20.2	-	-	-	1,023,143,836
Investment in Subsidiaries	21	-	-	2,269,287,082	1,029,898,502
Investment in Joint Venture	22	-	86,361,754	-	60,000,000
Intangible Assets	23	149,708,614	157,032,206	3,787,829	5,220,733
Right-of-use Assets	24	102,801,321	137,045,860	-	-
Property, Plant and Equipment	25	140,845,836	87,653,382	1,987,009	6,459,460
Deferred Tax Assets	13.7.1	45,622,443	26,294,177	4,775,705	2,872,481
Income Tax Receivable	13.3	-	-	9,656,037	9,656,037
Total Assets		66,590,754,407	41,824,446,258	2,995,086,858	2,494,590,146
EQUITY AND LIABILITIES					
Liabilities					
Financial Liabilities Measured at Amortised Cost	26	37,914,225,387	31,897,725,903	-	1,808,524,688
Trade and Other Payables	27	3,912,195,041	1,933,500,669	35,649,314	30,926,621
Income Tax Payable	13.3	4,992,449,148	894,753,052	-	-
Amounts Due to Related Entities	28	-	-	3,379,501	98,600,190
Lease Liability	29	115,012,852	147,542,646	-	-
Deferred Tax Liability	13.7	180,298	1,439,962	-	-
Retirement Benefit Obligations	30	148,402,712	104,664,498	17,456,276	10,921,185
Total Liabilities		47,082,465,438	34,979,626,730	56,485,091	1,948,972,684
Equity					
Stated Capital	31	2,532,798,096	223,231,471	2,532,798,096	223,231,471
Special Risk Reserve	32.1	2,316,818,030	927,499,681	-	-
Fair Value Reserve	32.2	-	20,033,695	-	4,327,020
Retained Earnings		11,808,827,473	3,962,188,781	405,803,671	318,058,971
Foreign Currency Translation Reserve	32.3	(67,506,497)	61,298,454	-	-
Equity attributable to owners of the Company		16,590,937,102	5,194,252,082	2,938,601,767	545,617,462
Non-controlling interests		2,917,351,867	1,650,567,446	-	-
Total Equity		19,508,288,969	6,844,819,528	2,938,601,767	545,617,462
Total Liabilities and Equity		66,590,754,407	41,824,446,258	2,995,086,858	2,494,590,146
Net Assets Value per Share (Rs.)					
		129.99	52.86	23.02	5.55


Accounting Policies and Notes form an integral part of these Financial Statements.

These Financial statements have been prepared in accordance with the requirements of the Companies Act No. 07 of 2007.


Vice President - Finance

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

These Financial Statements were approved and signed for and on behalf of the Directors of Capital Alliance Holdings Limited.


Director


Director

26th November 2024
Colombo



CAPITAL ALLIANCE HOLDINGS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31st MARCH 2024
IN RUPES

	Attributable to owners of the Company					Non-Controlling Interests	Total Equity
	Statutory Capital Rs.	Fair Value Reserve Rs.	Foreign currency Translation reserve Rs.	Special Risk Reserve Rs.	Retained Earnings Rs.		
Balance as at 01 st April 2022	88,936,700	17,067,672	170,747,153	644,799,017	2,034,715,895	2,966,266,547	6,618,842,120
Shares issued during the year	134,294,771	-	-	-	-	-	134,294,771
Disposal of subsidiary during the year	-	-	-	-	-	524,363,478	524,363,478
Net comprehensive income for the year	-	-	-	-	2,239,277,079	534,246,621	2,773,523,700
Profit for the year	-	2,946,023	(109,448,699)	-	(5,874,007)	(92,448,969)	(205,205,643)
Net comprehensive income for the year	-	2,946,023	(109,448,699)	-	2,233,903,072	443,397,661	2,970,318,057
Transferred To the Special Risk Reserve	-	-	-	282,700,664	(282,700,664)	-	-
Dividends Payment	-	-	-	-	-	(7,198,904)	(3,198,904)
Transactions with equity holders	-	-	-	-	(23,229,432)	27,729,432	-
Adjustment due to changes in holding	-	-	-	-	(23,229,432)	27,729,432	-
Net transactions with owners of the Company	-	-	-	-	(23,229,432)	20,000,526	(3,198,906)
Balance as at 31 st March 2023	223,231,471	20,013,695	61,298,454	927,499,681	3,962,188,781	3,196,567,446	6,844,819,528
Balance as at 01 st April 2023	223,231,471	20,013,695	61,298,454	927,499,681	3,962,188,781	3,196,567,446	6,844,819,528
Shares issued during the year	2,309,566,625	-	-	-	-	-	2,309,566,625
Disposal of equity accounted investee during the year	-	(15,391,363)	-	-	(31,723,389)	(47,117,243)	(47,117,243)
Net comprehensive income for the year	-	-	-	-	11,337,769,357	2,733,204,147	14,099,973,504
Profit for the year	-	(314,812)	(128,804,951)	-	(13,377,963)	(24,233,226)	(216,732,952)
Net comprehensive income for the year	-	(314,812)	(128,804,951)	-	11,324,391,394	2,678,968,921	13,874,240,552
Transferred To the Special Risk Reserve	-	-	-	1,289,318,349	(1,319,318,349)	-	-
Amortisation of Fair Value Reserve	-	(4,327,020)	-	-	4,327,020	-	-
Dividends Payment	-	-	-	-	(1,830,731,034)	(360,897,187)	(2,357,018,223)
Transactions with equity holders	-	-	-	-	(210,304,959)	210,304,959	-
Adjustment due to changes in holding	-	-	-	-	(210,304,959)	210,304,959	-
Disposal of subsidiary	-	-	-	-	-	(1,312,585,481)	(1,312,585,481)
Share of Shares (Pending Allotment)	-	-	-	-	-	196,983,208	196,983,208
Net transactions with owners of the Company	-	-	-	-	(210,304,959)	(905,207,314)	(1,115,602,173)
Balance as at 31 st March 2024	2,532,798,096	-	(67,806,497)	2,316,818,030	11,868,827,473	2,917,351,867	19,538,288,969

Accounting policies and notes to the Financial Statements form an integral part of these Financial Statements.
Figures in brackets indicate deductions.



CAPITAL ALLIANCE HOLDINGS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST MARCH 2024

COMPANY

	Stated Capital Rs.	Fair Value Reserve Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 01 st April 2022	88,936,700	5,100,715	475,505,449	569,542,864
Shares issued during the year	134,294,771	-	-	134,294,771
Total comprehensive income for the year				
Loss for the year	-	-	(158,336,831)	(158,336,831)
Other comprehensive Income/ (Expenses) for the year	-	(773,695)	890,353	116,658
Total Comprehensive Expense	-	(773,695)	(157,446,478)	(158,220,173)
Balance as at 31st March 2023	223,231,471	4,327,020	318,058,971	545,617,462
Balance as at 01 st April 2023	223,231,471	4,327,020	318,058,971	545,617,462
Shares issued during the year	2,309,566,625	-	-	2,309,566,625
Total comprehensive income for the year				
Profit for the year	-	-	1,936,572,225	1,936,572,225
Other comprehensive Expenses for the year	-	-	(2,423,511)	(2,423,511)
Total Comprehensive Income	-	-	1,934,148,714	1,934,148,714
Reclassification of Fair Value Reserve	-	(4,327,020)	4,327,020	-
Dividend Paid during the year			(1,850,731,034)	(1,850,731,034)
Balance as at 31st March 2024	2,532,798,096	-	405,803,671	2,938,601,767

The Accounting policies and notes to the Financial Statements form an integral part of these Financial Statements.
Figures in brackets indicate deductions.



CAPITAL ALLIANCE HOLDINGS LIMITED
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31ST MARCH

STATEMENT OF CASH FLOW		GROUP		COMPANY	
FOR THE YEAR ENDED 31 ST MARCH		2024	2023	2024	2023
	Note	Rs.	Rs.	Rs.	Rs.
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit / (Loss) before Income Tax Expense		20,713,894,246	3,783,193,530	1,935,707,649	(161,290,076)
Adjustments For,					
Depreciation of Property Plant & Equipment	25	42,760,936	20,433,819	4,830,451	5,691,702
Amortization of Intangible Assets	23	12,148,195	15,264,278	2,316,850	2,322,332
Provision for Retiring Gratuity	30	34,507,409	22,771,739	3,072,932	962,417
Loss on Disposals of Property Plant & Equipment and Intangible Assets	11	4,896,303	1,429,415	802,337	1,377,365
Disposal Loss on Sale of Subsidiary Shares	11	-	-	49,205,312	-
Disposal Gain on Sale of Joint Venture	11	-	-	(47,434,000)	-
Share of (profit)/loss of equity accounted investee (net of tax)	22	(21,070,301)	(4,540,470)	-	-
Impairment of Investment in Subsidiaries	21	-	-	(3,914,626)	(7,195,573)
Provision for impairment of trade receivables	19	12,758,179	6,095,043	(467,296)	713,579
Write off Investment in Un quoted Shares	12	7,402,021	-	7,402,021	-
Provision for Investment in Un quoted Shares		20,872,440	-	20,872,440	-
Depreciation of ROU Assets	24	48,578,212	43,394,148	-	-
Finance Cost on ROU Assets	7	11,349,707	11,741,754	-	-
Net Fair Value Gains/(Losses) from Financial Assets at FVTPL	9.2	(882,129,474)	(2,659,289,479)	(9,021,051)	9,236,868
Net Capital (Gain)/ Losses on sale Investment in Shares	9.1	8,987,090	14,799,249	(263,868)	794,400
Net Capital Gains on Investment in Unit Trusts	9.1	(58,943,785)	(22,504,959)	(19,248,200)	(20,404,071)
Net Capital Gains/ (Losses) on Treasury Bills, and Bonds	9.1	(19,010,660,412)	(616,119,220)	-	-
Dividend Income	11	(21,296,934)	(3,814,385)	(2,181,988,248)	(89,027,874)
Interest Income	6	(10,741,758,453)	(4,933,953,995)	(76,988,878)	(53,155,676)
Interest Expense	7	6,747,957,805	3,308,584,254	176,518,025	279,176,510
Operating Profit before Changes in Operating Activities		(3,069,746,816)	(1,012,515,279)	(138,898,150)	(30,798,097)
(Increase) / Decrease in Securities Purchase under Resale Agreements		(643,071,732)	(332,661,714)	-	-
(Increase) / Decrease in Government securities measured at FVTPL		(1,170,065,235)	(26,334,339,601)	-	-
(Increase) / Decrease in Trade and Other Receivables		(812,929,433)	29,670,623	125,522,159	19,391,160
(Increase) / Decrease in Amounts Due from Related Entities		2,006,562	(1,820,356)	(74,602,707)	(32,096,415)
Increase / (Decrease) in Securities Sold Under Repurchase Agreements		7,386,675,801	24,569,617,769	-	-
Increase / (Decrease) in Amounts Due to Related Entities		-	-	(95,220,689)	84,778,156
Increase / (Decrease) in Trade & Other Payables		1,978,692,427	946,186,190	4,722,693	12,535,958
		3,671,561,574	(2,135,862,368)	(178,476,694)	53,810,762
Tax Paid	13.2	(2,534,075,531)	(240,202,579)	-	(13,939,004)
Gratuity Paid	30	(12,015,500)	(10,626,000)	-	-
Net cash Used in Operating Activities		1,125,470,543	(2,386,690,947)	(178,476,694)	39,871,758
CASH FLOWS FROM INVESTING ACTIVITIES					
Net Investment in Shares	16.3	(1,095,383,289)	(3,020,264)	(96,467,408)	4,969,281
Loan given to related party		-	-	1,023,143,836	-
Proceeds from Disposal of Associate		107,434,000	-	107,434,000	-
Investment in Subsidiaries		(1,115,602,273)	-	(1,312,585,481)	409,531,600
Sale Proceeds from Disposal of Property, Plant & Equipment		-	4,388,480	-	-
Acquisition of Subsidiary, Net of Cash Acquired		-	820,804,201	-	-
Acquisition of Property, Plant and Equipment	25	(103,250,834)	(71,241,557)	(358,000)	-
Acquisition of Software	23.2	(14,833,280)	(12,695,082)	(1,386,283)	(2,084,094)
Proceeds from Disposal of Subsidiary		-	-	27,906,215	-
Investment in Financial Assets Measured at FVOCI		(20,872,440)	-	(20,872,440)	-
Net Investment in withdrawal of Placement with Banks		261,718,267	(403,805,422)	-	-
Net (Investment)/Redemption in Unit Trust Funds	16.2.1	(765,476,051)	(43,335,172)	(319,120,501)	121,991,503
Dividend Received	11	21,296,934	3,814,385	2,181,988,248	89,027,874
Interest Income Received		10,741,758,453	4,933,953,995	76,988,878	30,011,840
Net cash generated from Investing Activities		8,016,789,487	5,228,863,564	1,666,671,064	653,448,004
CASH FLOWS FROM FINANCING ACTIVITIES					
Net Issue /(settlement) of Commercial Papers	26.3	(1,697,209,787)	814,921,865	(1,683,524,688)	475,004,371
Loan Given to Related Company		-	-	-	(1,000,000,000)
Net settlement of Term Loans	26.2	140,000,000	(541,500,000)	(125,000,000)	(300,000,000)
Interest Paid		(6,560,924,335)	(3,140,852,864)	(176,518,025)	(54,976,635)
Lease rental Paid	29.1	(57,235,986)	(53,065,067)	-	-
Shares Issued		2,309,566,625	134,294,771	2,309,566,625	134,294,771
Dividend Paid		(2,357,618,221)	(3,198,906)	(1,850,731,034)	-
Net cash From /(used in) Financing Activities		(8,223,421,704)	(2,789,400,201)	(1,526,207,122)	(745,677,493)
Net increase/(decrease) in Cash and Cash equivalents		918,838,326	52,772,416	(38,012,752)	(52,357,731)
Cash and Cash equivalents at the beginning of the year	15	458,381,381	593,890,648	49,412,397	101,770,128
Effect of movement in exchange rates		(240,329,347)	(188,281,683)	-	-
Cash and Cash equivalents at the end of the year	15	1,136,890,360	458,381,381	11,399,645	49,412,397

Notes to the Financial Statements form an integral part of these Financial Statements.
Figures in brackets indicate deductions.



CAPITAL ALLIANCE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

1. REPORTING ENTITY

The Capital Alliance Holdings Limited is a Limited Liability Company incorporated and domiciled in Sri Lanka under the Companies Act No. 7 of 2007. The Registered Office of the Company is situated at Level -5, "Millennium House", No. 46/58, Nawam Mawatha, Colombo 2 where the principal business is carried out.

The Consolidated Financial Statements of Capital Alliance Holdings Limited for the year ended 31st March 2024 comprises those of the Company (Parent company), its Subsidiaries and Joint Venture Company (together referred to as the 'Group').

1.1. Date of incorporation and commencement of commercial operations

The Company was incorporated on 25th March 2003 and commenced its commercial operations on 7th April 2003.

1.2. Principal activities and nature of operations

1.2.1. The principal activities of the Company

The Principal Activities of the Company continued to be engaging in investment activities and management of subsidiaries.

1.2.2. The principal activities of subsidiaries are as follows;

Name of the Subsidiary/Joint Venture	Principal Activities
Capital Alliance PLC (Formerly Capital Alliance Limited)	The Principal Activities of the Capital Alliance PLC are dealing in Government Securities and corporate debt securities.
Capital Alliance Partners Limited	The Principal Activities of the Capital Alliance Partners Limited are dealing in Corporate Finance and fee-based activities.
Capital Alliance Securities (Pvt) Limited	The Principal Activity of the Capital Alliance Securities (Pvt) Limited is Stock Brokering.
Capital Alliance Investments Limited	The Principal Activities of the Capital Alliance Investments Limited are managing Unit Trust Funds and Private Wealth Management.
Finnovation (Pvt) Limited	The Principal Activity of the Finnovation (Pvt) Limited is providing IT services to Related Companies.
Tempest PE Partners (Pvt) Limited (Joint Venture)	The Principal Activities of the Company are financing private equity related services. The shares owned by the Capital Alliance Holdings Limited were fully transferred to Insite Holdings (Private) Limited on 14 th March 2024.
FipBox (Pvt) Limited	The Principal Activity of the FipBox (Pvt) Ltd is to promote digitalized transactions for investment related products.
CAL Investment Consultancy FZ LLC (Formerly CAL Investment Holdings Limited)	The Principal Activity of the Company is investment holding and investment consultancy.
CAL Bangladesh Limited	The Principal Activity of the Company is provision of Consultancy services.
CAL Securities Limited	The Principal Activity of the Company is Stock Brokering.



CAPITAL ALLIANCE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2024

1.2. Principal activities and nature of operations (Contd...)

1.2.2 The principal activities of the Company (Contd...)

CAL Investments Limited	The Principal Activity of the Company is full-fledged Merchant bank activities.
Fixed Income Investment I (Private) Limited	The Principal Activities of the Company are investment holding, fund management and securitization.
Fixed Income Investment II (Private) Limited	The Principal Activities of the Company are investment holding, fund management and securitization.
Fixed Income Investment III (Private) Limited	The Principal Activities of the Company are investment holding, fund management and Securitization.
Fixed Income Investment V (Private) Limited (Formerly CAL Property Fund (Private) Limited)	The Principal Activities of the Company are investment holding, fund management and Securitization.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The Financial Statements of the Company and those consolidated with such comprise the Statements of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows together with the Accounting Policies and Notes to the Financial Statements.

These Statements are prepared in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS), adopted by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the requirements of the Companies Act No. 07 of 2007 and Sri Lanka Accounting and Auditing Standards Act No.15 of 1995. These Financial Statements, except for information on cash flows have been prepared following the accrual basis of accounting.

The Group did not adopt any inappropriate accounting treatment, which is not in compliance with the requirements of the SLFRSs and LKASs, regulations governing the preparation and presentation of the Financial Statements.

2.2. Approval of financial statements by Directors

The financial statements of the Group and the Company for the year ended 31st March 2024 were approved and authorised for issue by the Board of Directors on 26th November 2024.

2.3. Responsibility for Financial Statements

The board of directors are responsible for preparation and presentation of the financial statements of the Company and the Group as per the provision of Companies Act No. 07 of 2007 and Sri Lanka Accounting Standards.

2.4. Reporting date

The financial statements of all companies in the group are prepared for a common financial year, which end on 31st March 2024.



CAPITAL ALLIANCE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

2.5. Basis of Measurement

The Consolidated Financial Statements have been prepared on historical cost basis except for the following material items in the Statement of Financial Position.

Item	Basis of Measurement	Note Number
Financial assets at Fair Value through Profit or Loss (FVTPL)	Measured at fair Value	16
Financial assets at Fair Value through Other Comprehensive Income (FVOCI)	Measured at fair Value	17
Defined Benefit Obligations	Measured at the present value of the defined benefit obligation	30

2.6. Functional and Presentation Currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates (the Functional Currency), which is the Sri Lankan Rupees.

The financial statements of the Group are presented in Sri Lankan Rupees (LKR) which is the functional currency of the Group entities other than for the companies listed below where the functional currency is either based on the country of incorporation of the respective Company or elements that could influence in determining its functional currency.

Company	Country of Incorporation	Functional Currency
CAL Investment Consultancy FZ LLC (Formerly CAL Investment Holdings Limited)	United Arab Emirates (UAE)	USD
CAL Bangladesh Limited	Bangladesh	BDT
CAL Securities Limited	Bangladesh	BDT
CAL Investments Limited	Bangladesh	BDT

Foreign currency transactions

All foreign exchange transactions are converted to functional currency, at the rates of exchange prevailing at the time the transactions are affected.

Monetary assets and liabilities denominated in foreign currency are retranslated to functional currency equivalents at the spot exchange rate prevailing at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. The gain or loss arising on translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference.

Foreign Operations

Subsidiaries incorporated outside Sri Lanka are treated as foreign operations. The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated at the rate of exchange prevailing on the reporting date. Income and expenses of the foreign entities are translated at exchange rate approximating to the actual rate at the time of the transaction.



CAPITAL ALLIANCE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2024**Foreign Operations (Contd.)**

Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. On the partial disposal of a subsidiary that includes a foreign operation, the relevant proportion of such cumulative amount is reattributed to non-controlling interest, in any other partial disposal of foreign operation, the relevant proportion is reclassified to profit or loss.

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognised in other comprehensive income in the foreign currency translation reserve.

2.7. Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non- financial assets and liabilities. Group regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, Group assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SLFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When available, the company measures the fair value of an instrument using quoted prices in an active market for that instrument. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair values are categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

2.8. Use of Estimates and Judgments

The preparation of consolidated financial statements in conformity with Sri Lanka Accounting Standards requires management to make judgments, estimates and assumptions that affects the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgement about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.



CAPITAL ALLIANCE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

2.8. Use of Estimates and Judgments (Contd.)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or the period of the revision and future periods if the revision affects both current and future periods.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the Consolidated financial statements is included in following notes.

Critical accounting assumptions and estimation uncertainties	Note
Useful lifetime of the property, plant and equipment	3.2.1.4
Impairment on non-financial assets	3.5.2
Measurement of defined benefit obligation: key actuarial assumptions	30.5
Impairment measurement of financial assets: determination of inputs into the ECL measurement model, including key assumptions and incorporation of forward-looking information	3.5.1
Measurement of Deferred tax liabilities	13.7

2.9. Comparative Information

Comparative information including quantitative, narrative, and descriptive information is disclosed in respect of the previous period in the Financial Statements to enhance the understanding of the current period's Financial Statements and to enhance the inter period comparability. The presentation and classification of the Financial Statements of the previous year are amended, where relevant for better presentation and to be comparable with those of the current year.

2.10. Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial. Notes to the Financial Statements are presented in a systematic manner which ensures the understandability and comparability of Financial Statements of the Group and the Company. Understandability of the Financial Statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

2.11. Rounding

The amounts in the Financial Statements have been rounded-off to the nearest rupees, except where otherwise indicated as permitted by the Sri Lanka Accounting Standard - LKAS 1 on 'Presentation of Financial Statements'.

2.12. Going Concern

The Group has prepared the financial statements for the year ended 31st March 2024 on the basis that it will continue to operate as a going concern. In determining the basis of preparing the financial statements for the year ended 31st March 2024, based on available information, the management has assessed the prevailing macroeconomic conditions and its effect on the Group companies and the appropriateness of the use of the going concern basis.

In management's view, the Group will have sufficient resources to continue for a future period. Management concluded that the range of possible outcomes considered at arriving at this judgment does not give rise to material uncertainties related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Consolidated Financial Statements of the Group continued to be prepared on a going concern basis.



CAPITAL ALLIANCE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2024**3. SIGNIFICANT ACCOUNTING POLICIES**

The Group and the Company has consistently applied the following accounting policies to all periods presented in these Consolidated Financial Statements.

3.1. BASIS OF CONSOLIDATION

The Group's financial statements comprise of the financial statements of the Company its subsidiaries prepared in terms of Sri Lanka Accounting standard (SLFRS -10) - Consolidated Financial Statements and share of profit and loss and net assets of equity accounted investees prepared in terms of Sri Lanka Accounting standard (LKAS 28) - Investments in Associates and Joint Ventures.

3.1.1. Business Combination

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

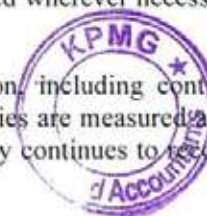
If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

3.1.2. Subsidiaries

Subsidiaries are those entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Adjustments required to the accounting policies of Subsidiary have been changed wherever necessary to align them with the policies adopted by the Group.

The cost of an acquisition is measured at the fair value of the consideration, including contingent consideration. The acquired identifiable assets, liabilities and contingent liabilities are measured at their fair value at the date of acquisition. Subsequent to the acquisition, the Company continues to recognize the investment in the subsidiary at cost.



CAPITAL ALLIANCE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

3.1.3. Non-Controlling Interest

The proportion of the profits or losses after taxation applicable to outside shareholders of subsidiary companies is included under the heading “Non – controlling interest” in the Consolidated Income Statement. Losses applicable to the non-controlling interests in a subsidiary is allocated to the non-controlling interest even if doing so causes the non- controlling interests to have a deficit balance.

The interest of the minority shareholders in the net assets employed of these companies are reflected under the heading “Non – controlling interest” in the Consolidated Statement of Financial Position.

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. Adjustments to non-controlling interest arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

3.1.4. Loss of Control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

3.1.5. Interests in equity-accounted investees

The Group’s interests in equity-accounted investees comprise interests in joint ventures.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Interests in joint venture are accounted for using the equity method in the Consolidated financial statement. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group’s share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

3.1.6. Intra-group Transactions

Transfer prices between Group entities are set on an arms-length basis in a manner similar to transactions with third parties.

3.1.7. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group’s interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2. ASSETS AND THE BASE OF THEIR VALUATION

Assets classified as current assets in the Statement of Financial Position are cash and those which are expected to be realised in cash during the normal operating cycle of the Group’s business or within one year from the date of the Statement of Financial Position whichever is shorter. Assets other than current assets are those which the Group intends to hold beyond a period of one year from the reporting date.



CAPITAL ALLIANCE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2024**3.2.1. Plant & Equipment****3.2.1.1. Recognition and Measurement**

Items of Plant and Equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of Plant & Equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. The cost of self-constructed assets includes the cost of materials, direct labour, and any other costs directly attributable to bringing the asset to the working condition for its intended use.

All items of property, plant and equipment are recognised initially at cost.

Gains and losses on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal of with the carrying amount of property, plant and equipment and are recognised net within other income in income statement.

3.2.1.2. Subsequent Costs

The cost of replacing part of an item of Plant & Equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within that part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized in accordance with the derecognition policy given below. The costs of the day-to-day Plant & Equipment are recognized in profit or loss as incurred.

3.2.1.3. Derecognition

The carrying amount of an item of Plant & Equipment is derecognized on disposal, or when no future economic benefits are expected from its use. Gains or losses on derecognition are recognized in the Statement of Profit or Loss and other Comprehensive income and gains are not classified as revenue.

3.2.1.4. Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost less its residual value. Depreciation is recognized in the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of each part of an item of Equipment.

The estimated useful lives are as follows:

Asset Category	Useful Life (Years)	Depreciation Rate (%)
Furniture and Fittings	5 years	20%
Office Equipment	4 years	25%
Computer Hardware	3 years	33.33%
Motor Vehicle	2 years	50%
Communication Devices	1 year	100%

Capital Alliance Securities (Pvt) Ltd, Capital Alliance Investments Limited

Asset Category	Useful Life (Years)	Depreciation Rate (%)
Computer Equipment	4 years	25%

Items of Equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use.



CAPITAL ALLIANCE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

3.2.2. Intangible Assets

An Intangible Assets is recognized if it is probable that economic benefits are attributable to the assets will flow to the entity and cost of the assets can be measured reliably and carried at cost less accumulated amortization and accumulated impairment losses.

Separately acquired intangible assets are measured on initial recognition at cost.

The cost of intangible assets acquired in a business combination is the fair value of the asset at the date of acquisition.

The cost of an internally generated intangible asset arising from the development phase of an internal project which is capitalised includes all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by the Management. Other development expenditure and expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding is expensed in the income statement as and when incurred.

3.2.2.1. Computer Software

All computer software cost incurred, which are not internally related to associate hardware, which can be clearly identified, reliably measured and its probable that they will lead to future economic benefits, are included in the Statement of Financial Position under the category of intangible assets and carried at cost less accumulated amortization and any accumulated impairment losses.

Asset Category	Useful Life (Years)	Depreciation Rate (%)
Computer Software	4 years	25%

3.2.2.2. Goodwill

Goodwill arising on an acquisition represents the excess of the cost of acquisition over the fair value of net assets acquired. Goodwill is measured at cost less accumulated impairment losses.

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets, the policy on measurement of goodwill is at initial recognition.

Negative goodwill arising on an acquisition represents the excess of the fair value of the net assets acquired over the cost of acquisition. Negative goodwill is recognized immediately in the Statement of Comprehensive Income.

3.2.3. Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SLFRS 16.

3.2.3.1 As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.



CAPITAL ALLIANCE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2024**3.2.3. Leases (Contd.)**

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'right-of-use assets and lease liabilities in 'lease liability' in the Statement of Financial Position.



CAPITAL ALLIANCE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

Lease modifications

The Group shall account for a lease modification as a separate lease if both:

- a. the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- b. the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification the Group shall:

- a) allocate the consideration in the modified contract
- b) determine the lease term of the modified lease
- c) remeasure the lease liability by discounting the revised lease payments using a revised discount rate. The revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee's incremental borrowing rate at the effective date of the modification, if the interest rate implicit in the lease cannot be readily determined.

For a lease modification that is not accounted for as a separate lease, the Group shall account for the remeasurement of the lease liability by:

- a) decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. The lessee shall recognise in profit or loss any gain or loss relating to the partial or full termination of the lease.
- b) making a corresponding adjustment to the right-of-use asset for all other lease modifications.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are defined as cash in hand, demand deposits and short-term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of Statement of Cash Flows, cash and cash equivalents consist of cash in hand and deposits held in banks net of outstanding bank overdrafts.

Investments with short term maturities are also treated as cash and cash equivalents.



CAPITAL ALLIANCE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2024**3.4. FINANCIAL INSTRUMENTS****3.4.1. Financial Assets****Recognition and initial measurement**

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument. This includes purchases or sale of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement of financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) - debt investment; fair value through other comprehensive income (FVOCI) - equity investment; or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.



CAPITAL ALLIANCE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

Financial assets - Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets -Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.



CAPITAL ALLIANCE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2024

Financial assets - Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

3.4.2. Financial Liability

Initial Recognition and Measurement

On initial recognition, the Group classifies financial liabilities, other than financial guarantees and loan commitments, into one of the following categories:

- Financial liabilities at amortised cost; and
- Financial liabilities at fair value through profit or loss

Classification and Subsequent Measurement of Financial Liabilities

The subsequent measurement of financial liabilities depends on their classification.

Financial Liabilities at Amortised Cost

Financial Liabilities issued by the Group that are not designated at fair value through profit or loss are recognised initially at fair value plus any directly attributable transaction costs, by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the Effective Interest Rate. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

The EIR amortisation is included in 'Interest expense' in the Statement of Profit or Loss and Other Comprehensive Income. Gains and losses too are recognised in the Statement of Profit or Loss and Other Comprehensive Income. when the liabilities are derecognised as well as through the EIR amortisation process.



CAPITAL ALLIANCE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss include derivative liabilities held for risk management purposes.

3.4.3. Derecognition

(a) Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

(b) Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

3.4.4. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.5. IMPAIRMENT

3.5.1. Non-derivative Financial Assets

Financial instruments and contract assets

Loss allowances for trade receivables is always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.



CAPITAL ALLIANCE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2024**3.5. IMPAIRMENT (CONTD...)**

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures to recovery of amounts due.

3.5.2. Non-financial assets

The carrying amount of the Group's non-financial assets other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, or when annual impairment testing for an asset is required, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.



CAPITAL ALLIANCE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

3.5. IMPAIRMENT (CONTD...)

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. An impairment loss is recognized if the carrying amount of an asset or cash generating unit (CGU) exceeds its recoverable amount. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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 or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable amount.

Impairment losses are recognized in Profit or Loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.6. PROVISIONS

Provisions are recognised when the Group has a binding present obligation. This may be either legal because it derives from a contract, legislation or other operation of law, or constructive because the Group created valid expectations on the part of third parties by accepting certain responsibilities. To record such an obligation, it must be probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation. The amount recognized as a provision and the indicated time range of the outflow of economic benefits are the best estimate (most probable outcome) of the expenditure required to settle the present obligation at the reporting date, considering the risks and uncertainties surrounding the obligation. Non-current provisions are discounted if the impact is material.

3.7. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company and the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation.

A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company and the Group does not recognize a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company and the Group. The Company and the Group does not recognize contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain. In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest.



CAPITAL ALLIANCE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2024**3.8. RETIREMENT BENEFIT COSTS****(i) Defined Benefit Plan – Retirement Gratuity**

A defined Benefit Plan is a post-employment benefit plan other than a Defined Contribution Plan. The liability recognized in the Statement of Financial Position in respect of a Defined Benefit Plan is the present value of the defined benefit obligation at the Statement of Financial Position date. The defined benefit obligation is calculated annually by independent actuaries, using the projected unit credit method, as recommended by LKAS 19, “Employee Benefits”.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that apply to the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability. The assumptions based on which the results of the actuarial valuation were determined are included in the note 30 to the Financial Statements. This liability is not externally funded, and the item is grouped under Non-Current Liabilities in the Statement of Financial Position.

The qualifying remuneration of all permanent employees is considered in the calculation of the defined benefit obligation. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of five years of continued service. Liabilities are computed on the basis of half a month's salary for each year of completed service. The Company's obligations under the said Act is determined based on an actuarial valuation using the projected unit credit method carried out by a professional actuary.

Remeasurements of the defined benefit liability, which comprise actuarial gains and losses, are recognised immediately in OCI. The Group determines the interest expense on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then defined benefit liability, taking into account any changes in the defined benefit liability during the period as a result of benefit payments. Interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(ii) Defined Contribution Plan – Employees' Provident Fund & Employee's Trust Fund

All employees who are eligible for Employees' Provident Fund Contribution and Employees' Trust Fund Contribution are covered by relevant contribution funds in line with respective Statutes and Regulations.

Contributions to Provident Fund and Trust Fund covering the employees are recognized as an expense in the Statement of Comprehensive Income.

(iii) Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.



CAPITAL ALLIANCE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

3.8. RETIREMENT BENEFIT COSTS (CONTD...)

(iv) Termination benefits

Termination benefits are recognized as an expense when the Company and the Group is demonstrably committed, without a realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Company and the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

(v) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service rendered by the employee and the obligation can be measured reliably.

3.9. STATED CAPITAL

As per the Companies Act No. 07 of 2007, section 58 (1), stated capital in relation to a Group means the total of all amounts received by the Group or due and payable to the Group in respect of the issue of shares and in respect of call-in arrears.

3.10. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

3.10.1. Revenue

3.10.1.1. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue and the associated costs incurred or to be incurred can be reliably measured. The Group recognises revenue when it transfers control over a service to a customer.

3.10.1.1.1. Interest Income

Interest income is recognized on an accrual basis.

3.10.1.1.2. Capital Gains

Income from capital gains on sale of government debt securities and other security dealings is recognized at the point of trading.



CAPITAL ALLIANCE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2024

3.10.1.1.3. Fee Income

Type of product/ service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition
Corporate Finance Fee Income	Corporate Finance fee is calculated based on the terms of the agreement.	Revenue is recognized point in time as the services are provided in accordance with the terms of the contract.
Management Fees	Management fee is calculated based on net Assets Under Management and is attributed to the services provided during the period.	Revenue is recognized over time as the services are provided in accordance with the terms of the asset management contract.

3.10.1.1.4. Dividend income

Dividend income is recognized when the Group's right to receive the dividend is established.

3.10.1.1.5. Brokering Commission

Brokering commission is recognized on an accrual basis.

3.10.1.1.6. Other Income

Other income is recognized on an accrual basis.

3.10.2. Expenditure Recognition

3.10.2.1. Operating Expenses

All expenses incurred in day-to-day operations of the business and in maintaining the plant and equipment in a state of efficiency has been charged to the Statement of Comprehensive Income in arriving at the profit/(loss) for the year. Provision has also been made for impairment of financial assets, slow moving stocks, all known liabilities and depreciation on plant and equipment.

3.10.3. Taxation

Income tax expense comprises both current and deferred tax. Income tax expense is recognized in income statement except to the extent that it relates to items recognized directly in equity, in which case is recognized in the statement of comprehensive income or statement of changes in equity, in which case it is recognized directly in the respective statements.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under LKAS 37 Provisions, Contingent Liabilities and Contingent Assets.

3.10.3.1. Current Taxes

Current Income tax liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the Commissioner General of Inland Revenue. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

The provision for income tax on Sri Lankan operation is based on the elements of income and expenditures reported in the Financial Statements and computed in accordance with the provisions of the Inland Revenue Act.



CAPITAL ALLIANCE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

3.10.3.2. Deferred Taxation

Deferred taxation is provided, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and carry forward of unused tax losses / credits 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 the related tax benefit will be realized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if legally enforceable right exists to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax assets and liabilities recognised by individual companies within the Group are disclosed separately as assets and liabilities in the Group statement of financial position and are not offset against each other.

3.10.3.3. Tax exposures

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events.

New information may become available that causes the Company and the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact the tax expense in the period that such a determination is made.

3.10.4. Finance cost

Finance cost comprises interest expenses on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest rate method.

3.11. RELATED PARTY TRANSACTIONS

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies/decisions of the other, irrespective of whether a price is being charged or not.

The relevant details are disclosed in the respective notes to the Financial Statements.

3.12. STATEMENT OF CASH FLOWS

Interest received and dividends received are classified as operating cash flows, while dividend paid and interest paid, is classified as financing cash flows for the purpose of presentation of Statement of Cash Flows which has been prepared using the 'Indirect Method'.



CAPITAL ALLIANCE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2024**3.13. EARNING PER SHARE**

The Group presents Basic and Diluted Earnings Per Share (EPS) and for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.14. DIVIDEND ON ORDINARY SHARES

Dividend on Ordinary Shares are recognized as a liability and deducted from equity when they are approved by the Company's Directors and for the final dividend once the shareholders' approval is received.

3.15. CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

Capital commitments and contingencies which exist as at the Statement of Financial Position date are disclosed in the respective notes to the Financial Statement.

3.16. EVENTS AFTER THE REPORTING PERIOD

Events after the reporting period are those events favorable and unfavorable that occurs between the end of the reporting period and the date when the financial statements are authorized for issue.

The materiality of the events occurring after the reporting period is considered and appropriate adjustments to or disclosures are made in the Financial Statements, where necessary.

4. NEW ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE AS AT REPORTING DATE

A number of new standards are effective for annual periods beginning on or after 1st January 2024 and earlier application is permitted. However, the Company has not early adopted the new or amended standards in preparing these financial statements.

SLFRS S1 - Sustainability Disclosure Standard- General Requirements for Disclosure of Sustainability-related Financial Information,

The objective of SLFRS S1 General Requirements for Disclosure of Sustainability related Financial Information is to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

An entity shall apply this Standard in preparing and reporting sustainability related financial disclosures in accordance with SLFRS Sustainability Disclosure Standards.

An entity may apply SLFRS Sustainability Disclosure Standards irrespective of whether the entity's related general purpose financial statements (referred to as 'financial statements') are prepared in accordance with Sri Lanka Accounting Standards or other generally accepted accounting principles or practices (GAAP).



CAPITAL ALLIANCE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

SLFRS Sustainability Disclosure Standard - Climate-related Disclosures

The objective of SLFRS S2 Climate-related Disclosures is to require an entity

To disclose information about its climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

This Standard applies to:

- (a) climate-related risks to which the entity is exposed, which are:
 - (i) climate-related physical risks; and
 - (ii) climate-related transition risks; and
- (b) climate-related opportunities available to the entity.

Climate-related risks and opportunities that could not reasonably be expected to affect an entity's prospects are outside the scope of this Standard has context menu

Classification of Liabilities as Current or Non-Current (Amendments to LKAS 1)

The amendments, as issued in 2020, aim to clarify the requirements on determining whether a liability is current or non-current and apply for annual reporting periods beginning on or after 1st January 2023. However, the IASB has subsequently proposed further amendments to LKAS 1 and the deferral of the effective date of the 2020 amendments to no earlier than 1st January 2024. Due to these ongoing developments, the Company is unable to determine the impact of these amendments on the financial statements in the period of initial application. The Company is closely monitoring the developments.

Supplier Finance Arrangements (Amendments to LKAS 7 and SLFRS 7)

The amendments introduce new disclosures relating to supplier finance arrangements that assist users of the financial statements to assess the effects of these arrangements on an entity's liabilities and cash flows and on an entity's exposure to liquidity risk. The amendments apply for annual periods beginning on or after 1 January 2024.

Other accounting standards

The following new and amended accounting standards are not expected to have a significant impact on the financial statements.

- Lease Liability in a Sale and Leaseback (Amendments to SLFRS 16)
- Lack of Exchangeability (Amendments to LKAS 21)



CAPITAL ALLIANCE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH,

5 INCOME

	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Interest Income (Note 6)	10,741,758,453	4,933,953,995	76,988,878	53,155,676
Fee Based Income (Note 8)	2,291,380,619	1,179,733,009	3,913,143	57,666,900
Net Gains/ (Losses) From Trading (Note 9.1)	19,060,617,107	623,824,930	19,512,068	19,609,671
Net Gain/(Loss) From Remeasurement of Financial Assets at FVTPL (Note 9.2)	882,129,474	2,659,289,479	9,021,051	(9,236,868)
Other Income (Note 11)	73,378,918	11,620,083	2,182,564,022	89,909,873
	33,049,264,571	9,408,421,496	2,291,999,162	211,105,252

6 INTEREST INCOME

Financial Assets measured at FVTPL

Interest on Treasury Bills	1,242,672,969	2,239,451,447	-	-
Interest on Treasury Bonds	9,180,310,714	2,465,940,607	-	-
	10,422,983,683	4,705,392,054	-	-

Financial Assets measured at Amortised Cost

Interest on Securities Purchased under Resale Agreements	84,240,007	42,450,057	23,078,246	-
Interest on Related Party Loans	-	-	53,738,029	52,860,334
Interest on Deposits with Banks	26,763,410	15,927,732	-	-
Interest Income on Loans to Corporates	172,603	2,824,211	172,603	295,342
Interest income on credit extended to clients and early settlements	207,598,750	167,359,941	-	-
	318,774,770	228,561,941	76,988,878	53,155,676
	10,741,758,453	4,933,953,995	76,988,878	53,155,676

7 INTEREST EXPENSE

Interest on Securities Sold Under Repurchase Agreements	6,469,811,101	3,024,502,515	-	-
Interest expense from Bank loan	81,217,173	95,947,603	36,012,440	38,847,466
Interest on Commercial Papers	183,798,867	167,731,390	130,729,936	224,199,875
Finance Cost- lease	11,349,707	11,741,754	-	-
Bank Charges - Overdraft	13,130,664	20,402,746	9,775,649	16,129,169
	6,759,307,512	3,320,326,008	176,518,025	279,176,510

8 FEE BASED INCOME

Placement Fee Income	171,435,452	143,629,174	750,000	54,388,886
Management Fee	1,496,135,062	558,324,985	-	-
Other Fee Based Income	53,936,251	41,776,333	-	-
Brokerage Fee	510,032,966	412,378,754	-	-
Consultancy & Advisory Fee	59,840,888	23,623,763	3,163,143	3,278,014
	2,291,380,619	1,179,733,009	3,913,143	57,666,900

9 GAINS AND LOSSES ARISE FROM FINANCIAL ASSETS

9.1 Net Gains/ (Losses) From Trading

Net Capital Gain/ (Loss) on Treasury Bills	228,094,739	43,106,729	-	-
Net Capital Gain/ (Loss) on Treasury Bonds	18,782,565,673	573,012,491	-	-
Net Capital Gain/ (Loss) on Investment in Unit Trusts (Note 16.2.1)	58,943,785	22,504,959	19,248,200	20,404,071
Net Capital Gain/(Loss) on sale Investment in Shares (Note 16.3)	(8,987,090)	(14,799,249)	263,868	(794,400)
	19,060,617,107	623,824,930	19,512,068	19,609,671

9.2 Net Gain/(Loss) From Remeasurement of Financial Assets at FVTPL

Remeasurement Gain/ (Loss) on Government Securities	936,779,822	2,655,724,613	-	-
Remeasurement Gain on Shares (Note 16.3)	(63,017,421)	7,746,064	3,700,795	2,342,648
Remeasurement Gain/(Loss) on Unit Trusts (Note 16.2.1)	8,367,073	(4,181,198)	5,320,256	(11,579,516)
	882,129,474	2,659,289,479	9,021,051	(9,236,868)



CAPITAL ALLIANCE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH,**10 DIRECT EXPENSES**

	GROUP		COMPANY	
	2024	2023	2024	2023
	Rs.	Rs.	Rs.	Rs.
Brokerage Commission	33,074,086	11,006,189	-	-
Other Direct Expenses	35,678,047	5,906,429	-	-
	68,752,133	16,912,618	-	-

11 OTHER INCOME

Dividend Income	21,296,934	3,814,385	2,181,988,248	89,027,874
Brokerage fee on IPO / Debentures	-	1,174,065	-	-
Interest income - Staff Loans	1,861,932	2,272,078	1,790,189	2,190,299
Sundry Income	7,682,355	5,788,970	1,059,234	69,065
Disposal Gain on Sale of Joint Venture	47,434,000	-	47,434,000	-
Disposal Loss on Sale of Subsidiary	-	-	(49,205,312)	-
Loss on disposal of Property Plant and Equipment and Intangible assets	(4,896,303)	(1,429,415)	(502,337)	(1,377,365)
	73,378,918	11,620,083	2,182,564,022	89,909,873

12 OPERATING PROFIT/ (LOSS)*Is stated after charging all expenses including the following:*

	GROUP		COMPANY	
	2024	2023	2024	2023
	Rs.	Rs.	Rs.	Rs.
Directors' Fees	9,250,000	7,450,000	6,050,000	4,100,000
Auditor's Remuneration - Statutory Audit (KPMG)	4,919,125	3,297,000	1,150,000	915,000
'- Statutory Audit (Other auditors)	2,774,471	2,650,753	-	-
'- Non audit services	5,277,780	2,440,633	1,646,621	397,894
Consultancy Fee	21,349,865	29,192,487	3,653,864	28,197,775
Write off of Trade and Other Receivables	2,518,859	-	1,364,446	-
Provision for Impairment on Trade Receivables	34,785,032	6,095,043	19,040,698	713,579
Donations	15,000,000	25,002,252	-	-
Impairment/(Reversal) of Investment in Subsidiaries	-	-	3,914,626	(7,195,573)

Depreciation and Amortisation includes;

Depreciation on Property, Plant, and Equipment	42,760,936	20,433,819	4,830,451	5,691,702
Amortizations of Intangible Assets	12,148,195	15,264,278	2,316,850	2,322,332
Depreciation of Right-of-use Asset	48,578,212	43,394,148	-	-
	103,487,343	79,092,245	7,147,301	8,014,034

Staff Cost includes;

Salaries & Other benefits	3,478,281,180	1,153,911,711	46,205,628	44,987,162
Defined Benefit Plan - Gratuity	34,507,409	22,771,739	3,072,932	962,417
Defined Contribution Plans - EPF	53,221,949	43,889,700	3,389,831	3,074,148
- ETF	13,255,521	10,972,427	847,458	768,537
	3,579,266,059	1,231,545,577	53,515,849	49,792,264

13 INCOME TAX EXPENSE**13.1 Income tax recognised in Profit or Loss**

	GROUP		COMPANY	
	2024	2023	2024	2023
	Rs.	Rs.	Rs.	Rs.
Current Taxation (Note 13.4)	6,655,262,806	978,300,393	-	-
Under/(Over) provision	(17,719,009)	1,667,674	-	-
	6,637,543,797	979,968,067	-	-

Deferred Tax Expense

Reduction in tax rate (Note 13.7.2)	-	(44,414,896)	-	75,205
Deferred Taxation Charge/(Reversal) (Note 13.7.2)	(14,623,055)	72,116,659	(864,576)	(3,028,450)
	(14,623,055)	27,701,763	(864,576)	(2,953,245)

Total Income Tax Recognised in the Statement of Profit or Loss	6,622,920,742	1,007,669,830	(864,576)	(2,953,245)
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CAPITAL ALLIANCE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH,

13 INCOME TAX EXPENSE (CONTD.)

13.2 Amount Recognised in the Statement of Other Comprehensive Income

	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Actuarial Gain/(Loss) Arising from Retirement Benefit Obligations	(21,246,305)	(9,677,461)	(3,462,159)	1,271,933
Deferred Tax on Actuarial Gains/(Loss)	6,051,625	2,807,266	1,038,648	(381,580)
	<u>(15,194,680)</u>	<u>(6,870,195)</u>	<u>(2,423,511)</u>	<u>890,353</u>

13.3 Income Tax Payable/ (Receivable)

Balance as at 01 st April	894,753,052	106,975,240	(9,656,037)	4,282,967
Acquisition During the year	-	48,000,760	-	-
Income Tax Provision for the year	6,655,262,806	978,300,393	-	-
Under/ (Over) provision	(17,719,009)	1,667,674	-	-
Income Tax payments	(2,534,075,531)	(240,202,579)	-	(13,939,004)
Withholding and Other Credits	(2,100,328)	-	-	-
Exchange Difference	(3,671,842)	11,564	-	-
Balance as at 31 st March	<u>4,992,449,148</u>	<u>894,753,052</u>	<u>(9,656,037)</u>	<u>(9,656,037)</u>

13.4 Reconciliation between Accounting Profit/ (Loss) and Taxable Profit/ (Loss)

	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Accounting Profit / (Loss) before Income Tax Expense	20,713,894,246	3,783,193,530	1,935,707,649	(161,290,076)
Consolidation Adjustment	2,652,823,762	287,046,549	-	-
	<u>23,366,718,008</u>	<u>4,070,240,079</u>	<u>1,935,707,649</u>	<u>(161,290,076)</u>
Other Sources of Income & exempt income	(2,309,155,590)	(378,014,877)	(2,195,187,793)	172,125,843
Aggregate Disallowable Items	1,105,462,284	646,458,854	337,882,117	24,527,960
Aggregate Allowable Items	(64,923,017)	(172,341,117)	(9,403,722)	(9,270,423)
Adjustment on tax losses incurred during the year	20,883,872	208,906,858	-	318,158,382
Taxable Income From Business	<u>22,118,985,557</u>	<u>4,375,249,797</u>	<u>68,998,251</u>	<u>-</u>
Other Sources of Income	64,578,707	332,301,172	-	162,586,794
Total statutory Income	<u>22,183,564,264</u>	<u>4,707,550,969</u>	<u>68,998,251</u>	<u>162,586,794</u>
Less : Tax Losses set-off for the taxable profit	(86,095,336)	(297,280,269)	(68,998,251)	(162,586,794)
Taxable Income	<u>22,097,468,928</u>	<u>4,410,270,700</u>	<u>-</u>	<u>-</u>
Current Tax at 14%	-	291,560,892	-	-
Current Tax at 24%	-	56,402,936	-	-
Current Tax at 27.5%	25,403,856	6,059,807	-	-
Current Tax at 30%	6,621,223,105	617,674,740	-	-
Current Tax at 37.5%	8,635,845	6,602,018	-	-
Current Tax charged to Statement of Profit or Loss	<u>6,655,262,806</u>	<u>978,300,393</u>	<u>-</u>	<u>-</u>

13.5 Accumulated tax losses

Balance at the beginning of the year	228,932,329	313,516,503	155,571,588	-
Losses incurred during the year	20,883,872	208,906,858	-	318,158,382
Adjustment with respect of previous year	-	3,789,237	-	-
Losses utilised during the year	(86,095,336)	(297,280,269)	(68,998,251)	(162,586,794)
Balance at the end of the year	<u>163,720,865</u>	<u>228,932,329</u>	<u>86,573,337</u>	<u>155,571,588</u>

13.6 Applicable income Tax Rates as per the Department of Inland Revenue

The income tax provision of Capital Alliance Holdings Limited, its subsidiaries and equity accounted investees which are resident in Sri Lanka has been calculated in accordance with the Inland Revenue Act No. 24 of 2017 and its amendments thereto and the circular issued by the Department of Inland Revenue on 9th May 2023 (No. SEC/2023/E/03) on the subject "Calculation of Income Tax Payable for the Year of Assessment commencing on April 1, 2023".

The Company is liable to pay income tax at a rate of 30% in accordance with the Inland Revenue Act No. 24 of 2017 and its subsequent amendments. The comparative figures reflect different income tax rates as per the Inland Revenue (Amendment) Act No. 45 of 2022. Specifically, the rate was 30% effective from 1 October 2022 and 14% up to 30 September 2022.

Sri Lankan operations

The business profits and income of Capital Alliance PLC, Capital Alliance Securities (Pvt) Ltd, Capital Alliance Partners Limited, Capital Alliance Investments Limited, Capital Alliance Holdings Limited, and FipBox (Private) Ltd arising from their primary operation activities and Other Income of Finnovation (Private) Limited are liable for income tax at standard rate of 30% and The comparative figures reflect different income tax rates as per the Inland Revenue (Amendment) Act No. 45 of 2022. Specifically, the rate was 30% effective from 1 October 2022 and 14% up to 30 September 2022.



CAPITAL ALLIANCE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH 2024

13 INCOME TAX EXPENSE (CONTD.)

Overseas operations

As per the Tax regulations in the United Arab Emirates, Corporate taxation in Dubai is limited only to banks and oil companies and Other types of companies in Dubai, which includes CAL Investment Consultancy FZ LLC, are not subject to the corporate tax.

CAL Bangladesh Limited, CAL Securities Limited and CAL Investments Limited are taxed at 27.5% and 37.5% during the financial year (2023: 27.5% and 37.5%)

Applicable Deferred Tax Rates

Deferred tax for the year has been computed based on the substantively enacted rates as of the reporting date. Accordingly the enacted rates specified in the Inland Revenue (Amendment) Act No. 45 of 2022 and its amendments thereto has been used.

Deferred Tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences associated with the Group for which a deferred tax Liability/(Asset) has been recognized. Deferred Tax has been computed, taking into consideration the effective tax rate, which is 30% (2023 - 30%) for the Group.

13.7 DEFERRED TAX

Deferred Tax Liability (13.7.3.1)

Deferred Tax Assets (13.7.3.2)

Net Deferred Tax Assets

GROUP		COMPANY	
2024	2023	2024	2023
Rs.	Rs.	Rs.	Rs.
(180,298)	(1,439,962)	-	-
45,622,443	26,294,177	4,775,705	2,872,481
45,442,145	24,854,215	4,775,705	2,872,481

13.7.1 NET DEFERRED TAX ASSET MOVEMENT DURING THE YEAR

Balance as at the beginning of the year

Acquisition During the year

Deferred tax recognised/(reversed) during the year

Net Effect of Movement of Exchange Rates

Balance at the end of the year

GROUP		COMPANY	
2024	2023	2024	2023
Rs.	Rs.	Rs.	Rs.
24,854,215	48,794,320	2,872,481	300,816.00
-	1,095,178	-	-
20,674,680	(24,894,497)	1,903,224	2,571,665.00
(86,750)	(140,786)	-	-
45,442,145	24,854,215	4,775,705	2,872,481.00

13.7.2 Amount recognized/(reversed) during the year

Amount recognized/(reversed) during the year - Profit and Loss

Effect of change in tax rates - recognized during the year recognised in profit/ (Loss)

Amount recognized/(reversed) during the year - Other Comprehensive Income

Total amount recognized/(reversed) during the year

(14,623,055)	48,176,554	(864,576)	(3,028,450)
-	(44,414,896)	-	75,205
(6,051,625)	(2,807,266)	(1,038,648)	381,580
(20,674,680)	954,392	(1,903,224)	(2,571,665)

13.7.3 GROUP DEFERRED TAX ASSET/(LIABILITY)

13.7.3.1 DEFERRED TAX LIABILITY

Group

On Equipment

On Intangible Assets

On Right-of-use Asset

On Lease Creditor on Right-of-use Asset

On Provision for Impairment of Trade and Other Receivables

On Retirement Benefit Obligation

2024		2023	
Temporary difference	Tax Effect	Temporary difference	Tax Effect
Rs.	Rs.	Rs.	Rs.
63,184	18,955	2,785,101	1,033,970
23,012,093	6,903,628	22,728,292	6,665,995
3,461,778	1,038,533	60,663,624	22,143,048
(4,209,736)	(1,262,921)	(65,017,751)	(23,704,179)
(686,387)	(205,916)	(3,701,206)	(1,110,362)
(21,039,936)	(6,311,981)	(12,590,813)	(3,588,510)
600,996	180,298	4,867,247	1,439,962

13.7.3.2 DEFERRED TAX ASSET

Group

On Equipment

On Intangible Assets

On Right-of-use Asset

On Lease Creditor on Right-of-use Asset

On Retirement Benefit Obligation

On Provision for Impairment of Trade and Other Receivables

On Carry forward Tax Losses

2024		2023	
Temporary difference	Tax Effect	Temporary difference	Tax Effect
Rs.	Rs.	Rs.	Rs.
(3,694,273)	(1,215,862)	624,789	213,498
(1,701,460)	(1,487,966)	(13,918,148)	(4,158,306)
(14,787,205)	(7,182,535)	(70,327,078)	(19,783,469)
54,821,891	19,315,004	82,524,893	23,357,852
110,514,472	28,211,107	82,950,362	24,885,108
23,536,386	7,060,916	5,931,646	1,779,494
3,072,595	921,779	-	-
171,762,406	45,622,443	87,786,464	26,294,177



CAPITAL ALLIANCE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH 2024

13.7.3 GROUP DEFERRED TAX ASSET/(LIABILITY) (CONTD)

13.7.3.3 Unrecognised deferred tax assets

The Deferred Tax assets have been recognised in the Financial Statements to the extent of forecasted profit. Capital Alliance Partners (Private) Limited, Capital Alliance Holdings Limited and Finnovation Private Limited have not recognized the deferred tax assets on following accumulated tax losses since it is not probable that future taxable profits will be available against which the Company can utilise the benefit therefrom.

	2024		2023	
	Temporary difference	Tax Effect	Temporary difference	Tax Effect
	Rs .	Rs .	Rs .	Rs .
Carried forward tax losses	163,720,865	49,116,259	225,143,092	67,542,928
	163,720,865	49,116,259	225,143,092	67,542,928

13.7.4 COMPANY DEFERRED TAX ASSET/ (LIABILITY)

Company

	2024		2023	
	Temporary difference	Tax Effect	Temporary difference	Tax Effect
	Rs .	Rs .	Rs .	Rs .
On Equipment	(49,290)	(14,787)	1,848,151	554,445
On Intangible Assets	(1,487,969)	(446,391)	(3,194,398)	(958,319)
On Retirement Benefit Obligation	17,456,276	5,236,883	10,921,184	3,276,355
	15,919,017	4,775,705	9,574,937	2,872,481



CAPITAL ALLIANCE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH 2024

14 BASIC EARNINGS PER SHARE

The Earnings / (Loss) Per Share is computed on the profit / (loss) for the period attributable to equity holders of the Parent Company divided by the weighted average number of ordinary shares outstanding.

	GROUP		COMPANY	
	2024	2023	2024	2023
Profit / (Loss) attributable to Equity Holders of the company	11,337,769,357	2,239,277,079	1,936,572,225	(158,220,173)
Weighted average number of Ordinary Shares	109,045,753	95,364,907	109,045,753	95,364,907
Basic Earnings / (Loss) per share - (Rs.)	103.97	23.48	17.76	(1.66)

14.1 Weighted Average Number of Ordinary Shares Movement

Balance as at 01 st April	98,258,063	95,357,528	98,258,063	95,357,528
Effect of Shares Issued During the year*	10,787,690	7,379	10,787,690	7,379
Weighted average number of Ordinary Shares Balance as at 31 st March	109,045,753	95,364,907	109,045,753	95,364,907

* The Company raised additional share capital of Rs. 2,309,566,625/- by issuing 29,378,560 number of Ordinary shares for the year ended 31st March 2024.

14.2 Diluted Earnings Per Share

There were no potentially dilutive ordinary shares outstanding at anytime during the year, hence diluted earnings per share is equal to the Basic Earnings Per Share.

15 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2024	2023	2024	2023
	Rs.	Rs.	Rs.	Rs.
15.1 Favorable Balance				
Cash at Bank	1,136,650,019	458,113,569	11,399,645	49,412,397
Cash in Hand	240,341	267,812	-	-
	1,136,890,360	458,381,381	11,399,645	49,412,397

Cash and Cash Equivalents for the Purpose of Statement of Cash Flows

	1,136,890,360	458,381,381	11,399,645	49,412,397
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16 FINANCIAL ASSETS MEASURED AT FVTPL

	GROUP		COMPANY	
	2024	2023	2024	2023
	Rs.	Rs.	Rs.	Rs.
Investment in Government Treasury Bills (Note 16.1)	5,658,036,806	9,384,840,775	-	-
Investment in Government Treasury Bonds (Note 16.1)	53,132,143,015	28,287,833,577	-	-
Investment in Unit Trust Funds (Note 16.2)	1,017,136,577	184,349,669	343,855,579	166,622
Investment in Shares (Note 16.3)	1,073,716,616	50,816,466	129,510,869	29,078,798
	60,881,033,014	37,907,840,487	473,366,448	29,245,420

16.1 Securities pledged as Collateral-Group

Capital Alliance PLC

The Government securities classified as Financial Assets measured at FVTPL, following amounts have been pledged as collateral for Repurchase Agreements entered into by the Capital Alliance PLC (Subsidiary).

	Market Value (Rs.)		Face Value (Rs.)	
	2024	2023	2024	2023
Treasury Bills	1,791,594,247	5,399,273,924	5,633,501,539	5,633,501,539
Treasury Bonds	41,036,273,706	27,772,069,738	32,528,394,669	32,528,394,669
	42,827,867,953	33,171,343,662	38,161,896,208	38,161,896,208



CAPITAL ALLIANCE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH,

16.2 Investment in Unit Trust Funds

Capital Alliance High Yield Fund
Capital Alliance Income Fund
Capital Alliance Investment Grade Fund
Capital Alliance Corporate Treasury Fund
Capital Alliance Gilt Money Market Fund
Capital Alliance Medium Risk Debt Fund
Capital Alliance Gilt Fund
CAL Fixed Income Opportunities Fund
Capital Alliance Balanced Fund
Capital Alliance Gilt Trading Fund
Capital Alliance Quantitative Equity Fund

GROUP		COMPANY	
2024	2023	2024	2023
Rs.	Rs.	Rs.	Rs.
1,053,272	242,930	-	-
45,058,475	-	-	-
947,064,014	150,881,614	343,638,957	-
7,609	9,127	-	-
3,074,769	1,938,120	-	-
2,005,636	1,968,617	-	-
2,250,659	2,107,431	-	-
960,303	13,314,256	-	-
5,223	1,436,506	-	-
2,036,538	2,181,723	-	-
13,620,079	10,269,345	216,622	166,622
1,017,136,577	184,349,669	343,855,579	166,622

16.2.1 Reconciliation of Investments in Unit Trust

Fair value as at 1st April
Investment during the year
Redemption during the year
Disposal gain
Gain/ (Loss) on remeasurement
Fair Value of Unit Trust as at 31st March

GROUP		COMPANY	
2024	2023	2024	2023
Rs.	Rs.	Rs.	Rs.
184,349,669	122,690,736	166,622	113,333,570
1,850,107,167	394,870,962	1,991,000,000	-
(1,084,631,116)	(351,535,790)	(1,671,879,499)	(121,991,303)
58,943,785	22,504,939	19,248,200	20,404,071
8,367,073	(4,181,198)	5,320,256	(11,579,516)
1,017,136,578	184,349,669	343,855,579	166,622

16.2.2 Investment in Unit Trust Funds

COMPANY

Capital Alliance Investment Grade Fund
Capital Alliance Quantitative Equity Fund

2024			2023		
No. of Units	Fair Value (Rs.)	Cost (Rs.)	No. of Units	Fair Value (Rs.)	Cost (Rs.)
10,459,514	343,638,957	338,368,700	-	-	-
5,390	216,622	175,174	5,390	166,622	175,174
10,464,904	343,855,579	338,543,874	5,390	166,622	175,174

GROUP

Capital Alliance Income Fund
Capital Alliance Investment Grade Fund
Capital Alliance Corporate Treasury Fund
Capital Alliance Quantitative Equity Fund
Capital Alliance High Yield Fund
Capital Alliance Gilt Money Market Fund
Capital Alliance Medium Risk Debt Fund
Capital Alliance Gilt Fund
CAL Fixed Income Opportunities Fund
Capital Alliance Balanced Fund
Capital Alliance Gilt Trading Fund

2024			2023		
No. of Units	Fair Value (Rs.)	Cost (Rs.)	No. of Units	Fair Value (Rs.)	Cost (Rs.)
1,353,579	45,058,475	45,000,000	-	-	-
28,826,269	947,064,014	932,322,905	5,645,436	150,881,614	145,727,522
321	7,609	7,466	422	9,127	8,073
338,895	13,620,079	13,859,676	332,199	10,269,345	8,003,467
27,819	1,053,272	1,050,734	7,607	242,930	238,000
502,906	3,074,769	2,739,115	363,919	1,938,120	1,924,764
92,945	2,005,636	1,692,559	106,826	1,968,617	1,945,339
183,058	2,250,659	1,711,102	199,622	2,107,431	1,827,639
28,108	960,303	931,232	474,680	13,314,256	13,200,000
279	5,223	8,522	146,920	1,436,506	1,938,927
29,241	2,036,538	1,713,897	36,843	2,181,723	2,138,253
31,383,420	1,017,136,577	1,001,034,208	7,314,474	184,349,669	176,931,984

16.3 Investment in Quoted Shares

Investment in Quoted Shares

GROUP		COMPANY	
2024	2023	2024	2023
Rs.	Rs.	Rs.	Rs.
1,073,716,616	50,816,466	129,510,869	29,078,798
1,073,716,616	50,816,466	129,510,869	29,078,798

16.3.1 Reconciliation of Investments in Shares

Balance as at 1st April
Acquisition of Subsidiary during the year
Investments during the year
Sales during the year
Disposal gain/(loss)
Appreciation/(Provision) for Value of Investments
Net Effect of Movement of Exchange Rates
Balance as at 31st March

GROUP		COMPANY	
2024	2023	2024	2023
Rs.	Rs.	Rs.	Rs.
50,816,466	41,903,199	29,078,798	32,499,831
-	16,060,458	-	-
1,504,539,026	25,032,960	248,663,971	2,199,519
(409,155,737)	(22,012,696)	(152,196,563)	(7,168,800)
(8,987,090)	(14,799,249)	263,868	(794,400)
(63,017,421)	7,746,064	3,700,795	2,342,648
(3,592,963)	(3,114,270)	-	-
1,073,716,616	50,816,466	129,510,869	29,078,798



CAPITAL ALLIANCE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH,**16.3.2 Quoted Share Investments****16.3.2.1 COMPANY**

	2024			2023		
	No. of Shares	Cost Rs.	Market Value Rs.	No. of Shares	Cost Rs.	Market Value Rs.
Jetwing Symphony PLC	2,649,054	22,199,519	23,841,486	2,649,054	22,199,519	25,908,282
Square Pharmaceuticals Ltd- Bangladesh	5,890	2,800,684	3,511,883	4,900	2,800,684	3,170,516
Ceylinco Insurance PLC	105,950	84,600,430	90,057,500	-	-	-
People's Leasing & Finance PLC	1,100,000	12,130,846	12,100,000	-	-	-
	3,860,894	121,731,479	129,510,869	2,653,954	25,000,203	29,078,798
(Add): Appreciation for Value of Investments		7,779,390			4,078,595	
		129,510,869			29,078,798	

COMPANY**16.3.2.2 Appreciation for Value of Investments**
Balance at the beginning of the year
Reversal for the year
Balance at the end of the year

2024 Rs.	2023 Rs.
4,078,595	1,735,947
3,700,795	2,342,648
7,779,390	4,078,595

16.3.2.3 GROUP

	2024			2023		
	No. of Shares	Cost Rs.	Market Value Rs.	No. of Shares	Cost Rs.	Market Value Rs.
Jetwing Symphony PLC	2,649,054	22,199,519	23,841,486	2,649,054	22,199,519	25,908,282
Square Pharmaceuticals Ltd-Bangladesh	105,890	9,964,408	10,602,267	4,900	2,800,684	3,170,516
Ceylinco Insurance PLC	105,950	84,600,430	90,057,500	-	-	-
People's Leasing & Finance PLC	1,100,000	12,130,846	12,100,000	-	-	-
Aitken Spence Hotel Holdings PLC	641,026	49,311,102	42,435,921	-	-	-
Commercial Bank PLC	71,684	7,479,025	7,003,527	-	-	-
Hatton National Bank PLC	901,356	162,711,458	162,244,080	-	-	-
Melstacorp PLC	1,785,714	155,135,862	157,142,832	-	-	-
Nations Trust Bank PLC	903,274	102,920,606	97,101,955	-	-	-
Seylan Bank PLC	982,318	52,335,646	46,168,946	-	-	-
Vallible One PLC	1,337,064	62,307,428	67,521,732	-	-	-
DFCC Bank PLC	569,656	50,979,161	43,293,856	-	-	-
Hayleys PLC	1,595,745	152,022,067	131,010,665	-	-	-
John Keells Hotels PLC	2,049,180	48,772,667	38,114,748	-	-	-
Aitken Spence PLC	310,686	46,008,944	40,466,850	-	-	-
Central Finance Company PLC	315,000	37,488,199	33,626,250	-	-	-
LOLC Holdings PLC	100,000	40,676,290	39,750,000	-	-	-
British American Tobacco Bangladesh Limited	750	1,067,018	829,082	750	1,202,072	1,199,792
Eastern Housing Limited	-	-	-	13,800	4,595,636	4,626,335
Olympic Industries Limited	-	-	-	7,000	3,357,859	3,354,884
The Premier Bank Limited	-	-	-	100,000	4,171,461	4,101,853
Unique Hotel & Resorts Limited	21,500	3,849,577	3,478,531	26,250	5,135,937	6,152,780
Ifad Autos Limited	14,614	1,843,704	1,328,242	16,434	2,335,736	2,235,169
Ring Shine Textiles Limited	-	-	-	2,212	58,734	66,855
Information Services Network Ltd	2,300	389,971	306,639	-	-	-
Maksons Spinning Mills PLC	20,000	822,840	662,499	-	-	-
Meghna Pet Industries Limited	2,000	223,813	210,795	-	-	-
Miracle Industries Limited	3,000	329,136	335,904	-	-	-
Union Capital Limited	35,000	1,273,709	900,670	-	-	-
Berger Paints Bangladesh Limited	300	1,629,224	1,468,120	-	-	-
BRAC Bank PLC	3,000	351,353	330,155	-	-	-
Capitec Grameen Bank Growth Fund	39,000	1,401,023	1,024,957	-	-	-
Grameenphone Limited	2,000	1,435,034	1,302,003	-	-	-
Intraco Refueling Station Limited	10,000	1,254,832	1,152,530	-	-	-
Midland Bank PLC	248,903	10,275,748	9,266,997	-	-	-
NRB Bank Limited	280,000	9,026,560	7,818,586	-	-	-
Premier Cement Mills PLC	230	37,650	38,723	-	-	-
SK Trims & Industries Limited	6,000	587,508	456,632	-	-	-
Bangladesh Thai Aluminium Limited	450	261,391	322,936	-	-	-
	16,212,644	1,133,103,749	1,073,716,616	2,820,400	45,857,638	50,816,466

Add/(Less): Appreciation/(Provision) for Value of Investments

(59,387,133)

4,958,828

1,073,716,616

50,816,466

16.3.2.4 Appreciation/(Provision) for Value of Investments

	GROUP	
	2024 Rs.	2023 Rs.
Balance at the beginning of the year	4,958,828	(3,503,508)
Acquisition of Subsidiary during the year	-	716,272
Reversal/ (Provision) for the year	(63,017,421)	7,746,064
Net Effect of Movement of Exchange Rates	(1,328,540)	-
Balance at the end of the year	(59,387,133)	-



CAPITAL ALLIANCE HOLDINGS LIMITED
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	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
17 FINANCIAL ASSETS MEASURED AT FVOCI				
Investment in Un quoted Shares (Note 17.1)	-	7,402,021	-	7,402,021
	-	7,402,021	-	7,402,021
17.1 INVESTMENT UNQUOTED SHARES				
Equity Investments Lanka Limited	-	7,402,021	-	7,402,021
Lanka Financial Services Bureau Limited	1,000,000	1,000,000	-	-
Lanka Rating Agency Limited	29,492,315	8,619,875	29,492,315	8,619,875
	30,492,315	17,021,896	29,492,315	16,021,896
Impairment provision for Investment Unquoted Shares	(30,492,315)	(9,619,875)	(29,492,315)	(8,619,875)
	-	7,402,021	-	7,402,021

17.2 Impairment Provision for Investment Unquoted Shares

Investments in Non quoted shares of Lanka Financial Services Bureau Limited and Lanka Rating Agency Limited are fully provided since the management is of the view that the amount is irrecoverable.

17.3 Equity Investments Lanka Limited

The Company has written off the investment in Equity Investments Lanka Limited in full during the year under review.

18 FINANCIAL ASSETS MEASURED AT AMORTISED COST

	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Securities Purchased Under Resale Agreements (Note 18.1)	1,015,901,339	372,829,607	-	-
Term Deposits	142,087,155	403,805,422	-	-
	1,157,988,494	776,635,029	-	-

18.1 Securities Purchased Under Resale Agreements Movement

	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Balance as at 1 st April	372,829,607	40,167,893	-	-
Purchases during the year	558,831,725	290,211,657	-	-
Interest Income during the year	84,240,007	42,450,057	-	-
Balance as at 31 st March	1,015,901,339	372,829,607	-	-

18.1.1 Fair value of the Securities Pledged for the Securities Purchased under Resale Agreements -Group

Capital Alliance Limited (Subsidiary)

	Market Value (Rs.)		Face Value (Rs.)	
	2024	2023	2024	2023
Treasury Bonds	1,117,139,407	425,398,252	1,038,400,000	517,000,000
	1,117,139,407	425,398,252	1,038,400,000	517,000,000

The Company follows the guidelines stipulated in the Direction on Repurchase and Reverse Repurchase Transactions of Dealer Direct Participants in Scripless Treasury Bonds and Scripless Treasury Bills, issued by the Central Bank of Sri Lanka, in receiving securities for reverse repurchase agreements (Direction No. 01 of 2019, dated 20 December 2019). Only the eligible securities are used for such receipts and the Section 4.3, 4.4 and 4.5 are complied with when considering the haircut requirements.

The Board of Directors of the Company has established an Effective Risk management Framework by implementing necessary policies and procedures to ensure compliance with the said guidelines. An Effective Internal Control System is used to verify the accuracy of security receipts.

The Company is entitled to repledge the securities received as collateral for the Resale Agreements (Reverse Repo) and the entity has an obligation to return such securities at deal maturity. In relation to any repurchase transaction, at anytime between the purchase date and repurchase date the dealer can Substitute other Eligible Securities for any purchased securities. However, the purchased securities shall not be traded at any time between the Purchase Date and the Repurchase Date. Accordingly, no any securities has been repledge as at 31st March 2024 (As at 31st March 2023- Rs. Nil).



CAPITAL ALLIANCE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

AS AT 31ST MARCH

19 TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2024	2023	2024	2023
	Rs.	Rs.	Rs.	Rs.
Trade Receivables	2,550,847,370	1,738,157,333	251,118	1,489,446
Other Receivables	86,168,555	83,132,100	5,539,057	16,008,943
Less: Provision for impairment of trade receivables (Note 19.1)	(31,661,743)	(18,903,564)	-	(1,831,742)
	2,605,354,182	1,802,385,869	5,790,175	15,666,647
Short Term Loans (Note 19.2)	55,410,426	106,111,857	13,539,987	104,090,573
Deposits	139,303,465	150,780,428	6,388,500	6,388,500
Deposit for CSE requirement	44,150,911	15,786,082	-	-
Advances	72,167,169	55,437,041	12,194,413	54,765,860
VAT Receivable	4,484,709	4,484,709	-	-
Withholding Tax Receivable	18,451,967	13,040,396	17,639,862	12,628,243
Inventory	411,830	1,698,849	-	22,356
Reimbursable Expenses	14,227,170	2,500,484	14,224,318	2,500,484
Prepayments	21,902,496	25,567,684	6,316,157	5,085,612
	2,975,864,325	2,177,793,399	76,093,412	201,148,275

19.1 Provision for impairment of Trade and Other Receivables

Balance as at 1 st April	18,903,564	12,808,521	1,831,742	1,118,163
Written-off during the year	(2,518,859)	-	(1,364,446)	-
Provision during the year	12,758,179	6,095,043	(467,296)	713,579
Balance as at 31 st March	31,661,743	18,903,564	-	1,831,742

19.2 Short term loan includes the following loans given by the Company

Loans given to Corporates	-	35,295,342	-	35,295,342
Staff Loans	55,410,426	70,816,515	13,539,987	68,795,231
	55,410,426	106,111,857	13,539,987	104,090,573

20 RELATED PARTY TRANSACTIONS

20.1 AMOUNTS DUE FROM RELATED ENTITIES

Capital Alliance PLC	-	-	3,421,915	15,158,979
Capital Alliance Investments Limited	-	-	2,376,760	-
Capital Alliance Partners Limited	-	-	99,100,813	16,022,558
Capital Alliance Securities (Pvt) Limited	-	-	-	2,792,529
CAL Bangladesh Limited	-	-	1,953,463	-
CAL Securities Limited	-	-	18,910,870	1,745,700
CAL Investments Limited	-	-	18,969,870	1,745,700
Fixed Income Investment V (Private) Limited	-	1,903,353	-	-
Fipbox (Pvt) Limited	-	-	-	32,572,825
Tempest PE Partners (Private) Limited	-	103,209	-	92,693
	-	2,006,562	144,733,691	70,130,984

20.2 LOAN GIVEN TO RELATED COMPANY

COMPANY

Capital Alliance PLC	-	-	-	1,023,143,836
	-	-	-	1,023,143,836

The Company had obtained a short-term revolving loan facilities amounting to Rs. 1,000,000,000, to meet its working capital requirements on 23rd January 2023 in the previous year. The Facility was valid for a period of three (3) months and Interest on the Loan was 27.25% per annum. The Company has settled the loan in full on 25th April 2023 and 28th April 2023 amounting to Rs. 600Mn and 400Mn respectively.



CAPITAL ALLIANCE HOLDINGS LIMITED
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21 INVESTMENT IN SUBSIDIARIES

	2024				2023			
	Market Value (Rs.)	No. of Shares	Holding %	Cost Rs.	Market Value (Rs.)	No. of Shares	Holding %	Cost Rs.
Investments in Ordinary Shares								
Capital Alliance PLC	15,014,749,056	283,297,152	86.00%	1,635,121,720	8,301,950,470	261,398,476	79.41%	322,536,239
Finnovation (Private) Limited	-	6,000,000	100%	60,000,000	-	6,000,000	100%	60,000,000
Capital Alliance Partners Limited	-	-	-	-	-	25,912,982	100%	77,111,567
FipBox (Private) Limited	-	2,000,001	100%	20,000,010	-	2,000,001	100%	20,000,010
CAL Investment Consultancy FZ-LLC	-	3,629	100%	182,183,100	-	3,629	100%	182,183,100
Capital Alliance Securities (Private) Limited	-	527,568	40%	71,023,799	-	1,318,919	40%	71,023,799
Fixed Income Investment I (Pvt) Ltd	-	1	100%	10	-	-	-	-
Fixed Income Investment II (Pvt) Ltd	-	1	100%	10	-	-	-	-
Fixed Income Investment III (Pvt) Ltd	-	1	100%	10	-	-	-	-
Fixed Income Investment V (Pvt) Ltd	-	1	100%	10	-	-	-	-
Investments in Preference Shares								
Capital Alliance Securities (Private) Limited	-	32,500,000	100%	325,000,000	-	32,500,000	100%	325,000,000
				<u>2,293,328,669</u>				<u>1,057,854,715</u>
Provision for Impairment of Subsidiary								
Finnovation (Private) Limited				(24,041,587)				(23,462,378)
FipBox (Private) Limited				-				(4,493,835)
				<u>2,269,287,082</u>				<u>1,029,898,502</u>

21.1 Provision for Impairment of Subsidiary

	COMPANY	
	2024 Rs.	2023 Rs.
Balance as at 1st April	27,956,213	35,151,786
Impairment/ (Reversal) of Investment in Subsidiaries	(3,914,626)	(7,195,573)
Balance as at 31st March	24,041,587	27,956,213

Indirect Holdings

	2024 Holding %	2023 Holding %
Capital Alliance Investments Limited	94.76%	94.76%
Capital Alliance Securities (Private) Limited	60.00%	60.00%
CAL Securities Limited	62.80%	62.50%
CAL Bangladesh Limited	99.90%	99.90%
CAL Investments Limited, Bangladesh	51.00%	51.00%
Capital Alliance Partners Limited	100.00%	-

21.2 NON-CONTROLLING INTERESTS (NCI) IN SUBSIDIARIES

Material Non Controlling Interest

The group has assessed each subsidiary that has non-controlling interest based on contributions made to the group revenue, profit, total assets, net assets and cashflows. As per SLFRS 12, following table summarises the information relating to subsidiaries which have material non-controlling interests.

	CAL Investments Limited		Capital Alliance PLC		CAL Securities Limited	
	2024	2023	2024	2023	2024	2023
NCI percentage	49%	49%	14%	20.59%	37.20%	37.5%
Total assets	852,784,084	974,998,551	61,258,227,617	38,040,670,001	805,279,735	818,244,019
Total liabilities	132,762,152	150,951,789	44,861,340,510	32,550,641,542	134,114,022	527,210,930
Net assets	720,021,932	824,046,762	16,396,887,107	5,490,028,459	671,165,713	291,024,089
Net assets attributable to NCI	352,810,747	403,782,913	2,295,564,195	1,130,396,800	249,673,645	109,134,033
For the year ended 31 March						
Net Operating Income	155,319,667	46,324,331	23,728,646,608	4,851,793,447	69,639,237	25,543,640
Profit/ (loss) after tax	(12,192,364)	(27,131,846)	13,893,183,492	2,827,006,644	(138,864,306)	(108,727,450)
Other comprehensive income/(loss)	-	-	(8,387,173)	(4,733,422)	-	-
Total comprehensive income/ (loss)	(12,192,364)	(27,131,846)	13,884,796,319	2,822,273,222	(138,864,306)	(108,727,450)
Profit/ (loss) attributable to NCI	(5,974,258)	(13,294,605)	2,773,724,589	582,080,668	(51,657,522)	(40,772,794)
Total comprehensive income/ (loss) attributable to NCI	(5,974,258)	(13,294,605)	2,771,997,670	581,106,056	(51,657,522)	(40,772,794)
Dividend paid to NCI	-	-	482,895,392	-	-	-
Net cash flows generated from/(used in) operating activities	(248,942,465)	(97,474,977)	3,369,442,574	22,514,306	(180,933,806)	(56,032,010)
Net cash flows generated from/(used in) investing activities	368,737,428	291,128,273	(62,673,726)	(3,148,798)	(343,191,869)	(43,310,833)
Net cash flows generated from/(used in) financing activities	(7,691,479)	(5,120,731)	(2,982,722,842)	(4,668,457)	579,367,285	99,238,803
Net increase/(decrease) in cash and cash equivalents	112,103,484	188,532,565	324,046,006	14,697,051	55,241,610	(104,046)



CAPITAL ALLIANCE HOLDINGS LIMITED
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22 INVESTMENT IN JOINT VENTURE

Tempest PE Partners (Private) Limited

GROUP		COMPANY	
2024	2023	2024	2023
Rs.	Rs.	Rs.	Rs.
-	86,361,754	-	60,000,000
-	86,361,754	-	60,000,000

22.1 Divestment of Interest in Joint Venture

On 6th March 2023, the Board of Directors of Capital Alliance Holdings Limited resolved to divest its entire shareholding in Tempest PE Partners (Private) Limited, a Joint Venture Company with 50% investment. Pursuant to this resolution, the Company sold its holding of 6,000,000 shares in Tempest PE Partners (Private) Limited for a total consideration of LKR 107,434,000, reflecting a price of Rs. 17.91 per share.

22.2 Value of the investment

Balance as at beginning of the year

Current years share of comprehensive income

Included in Profit or loss

Included in other comprehensive income/ (Expense)

Carrying amount of interest Joint Venture

Less: Sold during the year

Investment in equity accounted investee

GROUP		COMPANY	
2024	2023	2024	2023
Rs.	Rs.	Rs.	Rs.
86,361,754	78,122,307	-	-
21,070,301	4,499,729	-	-
(314,812)	3,739,718	-	-
20,755,490	8,239,447	-	-
107,117,244	86,361,754	-	-
(107,117,244)	-	-	-
-	86,361,754	-	-

The following table illustrates summarized information of the Company's investment in Tempest PE Partners (Private) Limited:

22.2.1 Financial position of equity accounted investee

Percentage ownership interest

Non current assets

Current assets

Non-current liabilities

Current liabilities

Net assets

Company's share of net assets (50%)

Carrying amount of interest in Joint Venture

GROUP	
2024	2023
Rs.	Rs.
50%	50%

-	79,510,061
-	115,123,713
-	(11,937,461)
-	(9,972,805)
-	172,723,508

-	86,361,754
-	86,361,754

Financial performance of equity accounted investee

Revenue

Profit for the year, net of tax

Other comprehensive income/ (Expense)

Total Comprehensive income

Company's share of profit for the year (50%)

Company's share of other comprehensive income/ (Expense) (50%)

Company's share of total comprehensive income (50%) . .

GROUP	
2024	2023
Rs.	Rs.

37,434,758	48,131,947
42,140,603	9,080,940
(629,623)	7,479,436
41,510,980	16,560,376

21,070,301	4,499,729
(314,812)	3,739,718
20,755,490	8,239,447

23 INTANGIBLE ASSETS

License Fees (Note 23.1)

Software (Note 23.2)

Goodwill (Note 23.4)

Total Carrying Value

GROUP		COMPANY	
2024	2023	2024	2023
Rs.	Rs.	Rs.	Rs.
48,220,065	51,685,105	-	-
30,239,155	34,097,707	3,787,829	5,220,733
71,249,394	71,249,394	-	-
149,708,614	157,032,206	3,787,829	5,220,733



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23. INTANGIBLE ASSETS (CONTD.)

23.1 License Fees

Cost

At the beginning of the year

Additions During the year

Balance as at 31st March

Accumulated Amortisation

At the beginning of the year

Balance as at 31st March

Net Effect of Movement of Exchange Rates

Net Carrying Value

GROUP	
2024	2023
Rs.	Rs.
52,883,837	52,883,837
-	-
52,883,837	52,883,837
7,906,250	7,906,250
7,906,250	7,906,250
3,242,478	6,707,518
48,220,065	51,685,105

23.2 Computer Software

Cost

Balance as at 1st April

Acquisition of Subsidiary during the year

Additions during the year

Write off during the year

Balance as at 31st March

Accumulated Amortisation

Balance as at 1st April

Acquisition of Subsidiary during the year

Amortised during the year

Write off during the year

Balance as at 31st March

Net Effect of Movement of Exchange Rates

Net Carrying Value

GROUP		COMPANY	
2024	2023	2024	2023
Rs.	Rs.	Rs.	Rs.
189,175,708	167,154,758	29,025,643	27,118,033
-	14,181,114	-	-
14,833,280	12,695,082	1,386,283	2,084,094
(23,848,047)	(4,855,246)	(17,178,935)	(176,484)
180,160,941	189,175,708	13,232,991	29,025,643
161,596,935	137,272,322	23,804,910	21,570,820
-	9,411,032	-	-
12,148,195	15,264,278	2,316,850	2,322,332
(18,951,744)	(350,697)	(16,676,598)	(88,242)
154,793,386	161,596,935	9,445,162	23,804,910
4,871,600	6,518,934	-	-
30,239,155	34,097,707	3,787,829	5,220,733

23.3 Fully Depreciated Assets

The initial cost of fully-depreciated Intangible Assets as at 31st March which are still in use as follows

Computer Software

GROUP		COMPANY	
2024	2023	2024	2023
Rs.	Rs.	Rs.	Rs.
130,410,647	112,896,557	5,789,064	18,830,598
130,410,647	112,896,557	5,789,064	18,830,598

23.4 Goodwill

CAL Investments Limited, Bangladesh

Goodwill is arisen in respect of acquisition of 51% of equity in CAL Investments Limited, Bangladesh during the year 2022/2023.

GROUP	
2024	2023
Rs.	Rs.
71,249,394	71,249,394
71,249,394	71,249,394



CAPITAL ALLIANCE HOLDINGS LIMITED
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	GROUP	
	2024	2023
	Rs.	Rs.
24 RIGHT - OF - USE ASSET		
Cost		
Balance as at 01 st April	238,996,081	163,533,050
Remeasurement during the year	-	(2,824,201)
Additions during the year	25,873,729	78,287,232
Balance as at 31 st March	264,869,810	238,996,081
Accumulated Amortisation		
Balance as at 01 st April	100,622,005	57,227,857
Depreciation for the year	48,578,212	43,394,148
Balance as at 31 st March	149,200,217	100,622,005
Net Effect of Movement of Exchange Rates	(12,868,272)	(1,328,216)
Carrying Amount Value as at 31st March	102,801,321	137,045,860

24.1 Right of Use Asset Category	Premise	Lease Term	No Sq.Feet
Buildings	The Second (02nd) Floor designated as Level Five (05), of "Millennium House" situated at No. 46/58, Nawam Mawatha, Colombo 02	2021-2024	7,900
Buildings	Navana FS Cosmo, Floor No.5th, Plot No.4/B, Road No. 94,Gulshan, Dhaka-1212, Bangladesh	2021-2026	2,868
Buildings	House # 16,Apartment# 2B,Road 1, Baridhara Diplomatic Area, Dhaka-1212, Bangladesh	2023-2029	Residential Building

25 PROPERTY, PLANT, AND EQUIPMENT

25.1 GROUP

	Computer Equipment	Office Equipment	Furniture and Fittings	Motor Vehicles	Communication Devices	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01st April 2022	56,239,890	23,578,453	51,175,672	17,080,776	1,431,353	149,506,144
Subsidiaries disposed during the year	2,713,889	-	357,376	-	-	3,071,265
Additions during the year	35,431,952	19,854,273	15,624,232	-	331,100	71,241,557
Disposals/ write- off year	(2,238,199)	(671,081)	(2,575,510)	-	(3,700)	(5,488,490)
Balance as at 31st March 2023	92,147,532	42,761,645	64,581,770	17,080,776	1,758,753	218,330,476
Balance as at 01st April 2023	92,147,532	42,761,645	64,581,770	17,080,776	1,758,753	218,330,476
Additions during the year	20,201,048	16,284,479	12,364,207	54,000,000	401,100	103,250,834
Disposals/ write- off year	-	(434,317)	(61,272)	-	-	(495,589)
Balance as at 31st March 2024	112,348,580	58,611,807	76,884,705	71,080,776	2,159,853	321,085,721
Balance as at 01st April 2022	38,959,214	20,875,921	31,938,383	17,011,609	1,305,861	110,090,988
Subsidiaries disposed during the year	1,039,641	-	159,508	-	-	1,199,149
Depreciation during the year	10,463,085	1,623,405	8,039,077	69,167	239,085	20,433,819
Disposals/ write- off year	(2,236,366)	(660,681)	(1,274,397)	-	(3,700)	(4,175,144)
Balance as at 31st March 2023	48,225,574	21,838,645	38,862,571	17,080,776	1,541,246	127,548,812
Balance as at 01st April 2023	48,225,574	21,838,645	38,862,571	17,080,776	1,541,246	127,548,812
Depreciation during the year	20,032,581	4,035,109	10,061,388	8,100,000	531,858	42,760,936
Disposals/ write- off year	-	(434,317)	(61,272)	-	-	(495,589)
Balance as at 31st March 2024	68,258,155	25,439,437	48,862,687	25,180,776	2,073,104	169,814,159
Exchange Difference as at 31.03.2023	(271,948)	(1,603,121)	(1,253,213)	-	-	(3,128,282)
Exchange Difference as at 31.03.2024	(3,363,379)	(4,190,445)	(2,871,902)	-	-	(10,425,726)
Carrying value as at 31st March 2023	43,650,010	19,319,879	24,465,986	-	217,507	87,653,382
Carrying value as at 31st March 2024	40,727,046	28,981,925	25,150,116	-	86,749	140,845,836



CAPITAL ALLIANCE HOLDINGS LIMITED
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AS AT 31ST MARCH

25.2 COMPANY

	Computer Equipment	Office Equipment	Furniture & Fittings	Motor Vehicles	Communication Devices	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost						
Balance as at 01 st April 2022	6,811,221	9,466,893	29,321,740	16,209,926	49,126	61,858,906
Disposals / Transfers	(304,500)	(559,375)	(2,131,872)	-	-	(2,995,747)
Balance as at 31 st March 2023	6,506,721	8,907,518	27,189,868	16,209,926	49,126	58,863,159
Balance as at 01 st April 2023	6,506,721	8,907,518	27,189,868	16,209,926	49,126	58,863,159
Additions during the year	358,000	-	-	-	-	358,000
Balance as at 31 st March 2024	6,864,721	8,907,518	27,189,868	16,209,926	49,126	59,221,159
Accumulated Depreciation						
Balance as at 01 st April 2022	6,290,870	8,590,815	17,376,935	16,140,759	18,842	48,418,221
Depreciation during the year	298,267	570,806	4,723,178	69,167	30,284	5,691,702
Disposals / Transfers	(304,500)	(548,975)	(852,749)	-	-	(1,706,224)
Balance as at 31 st March 2023	6,284,637	8,612,646	21,247,364	16,209,926	49,126	52,403,699
Balance as at 01 st April 2023	6,284,637	8,612,646	21,247,364	16,209,926	49,126	52,403,699
Depreciation during the year	279,267	254,380	4,296,804	-	-	4,830,451
Balance as at 31 st March 2024	6,563,904	8,867,026	25,544,168	16,209,926	49,126	57,234,150
Carrying value as at 31 st March 2023	222,084	294,872	5,942,504	-	-	6,459,460
Carrying value as at 31 st March 2024	300,817	40,492	1,645,700	-	-	1,987,009

25.3 Capitalisation of Borrowing Cost

There were no capitalised borrowing cost related to the acquisition of Equipment during the year (2023 - Nil)

25.4 Title Restriction on Property, Plant and Equipment

There are no restrictions that existed on the title of the Equipment of the Group and the Company as at the reporting date.

25.5 Property, Plant and Equipment pledged as Security for Liabilities

There were no items of Equipment pledged as security as at 31st March 2024.

25.6 Temporarily Idle Property, Plant and Equipment

There were no temporary idle items of Equipment as at 31st March 2024.

25.7 Fully depreciated property, plant and equipment in use

The initial cost of fully-depreciated equipment as at 31st March which are still in use as follows,

	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Computer Equipment	30,682,852	27,431,793	5,963,186	5,112,186
Office Equipment	21,384,443	18,379,439	11,092,023	8,991,211
Furniture & Fittings	16,359,322	11,129,840	9,906,412	9,724,062
Communication Devices	1,701,153	1,422,053	49,126	49,126
Vehicles	17,080,776	17,080,776	16,209,926	16,209,926
	87,208,546	75,443,901	43,220,673	40,086,511



CAPITAL ALLIANCE HOLDINGS LIMITED
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	GROUP		COMPANY	
	2024	2023	2024	2023
	Rs.	Rs.	Rs.	Rs.
26 FINANCIAL LIABILITIES MEASURED AT AMORTISED COST				
Securities Sold Under Repurchase Agreements (Note 26.1)	37,220,565,180	29,833,889,379	-	-
Short-Term Loans (Note 26.2)	478,234,603	335,000,000	-	125,000,000
Commercial Papers (26.3)	215,425,604	1,728,836,524	-	1,683,524,688
	37,914,225,387	31,897,725,903	-	1,808,524,688

26.1 Securities Pledged as Collateral under Securities Sold under Repurchase Agreements - Group
Capital Alliance PLC (Subsidiary)

	Market Value (Rs.)		Face Value (Rs.)	
	2024	2023	2024	2023
Treasury Bills	1,791,594,247	5,399,273,924	1,834,600,000	5,633,501,539
Treasury Bonds	41,036,273,706	27,772,069,738	38,418,200,000	32,528,394,669
	42,827,867,953	33,171,343,662	40,252,800,000	38,161,896,208

The Company follows the guidelines stipulated in the Direction on Repurchase and Reverse Repurchase Transactions of Dealer Direct Participants in Scripless Treasury Bonds and Scripless Treasury Bills, issued by the Central Bank of Sri Lanka, in allocating securities for repurchase agreements (Direction No. 01 of 2019 dated 20 December 2019). Only the eligible securities are used for such allocations and the Section 4.3, 4.4 and 4.5 are complied with when considering the haircut requirements.

The Board of Directors of the Company has established an Effective Risk management Framework by implementing necessary policies and procedures to ensure compliance with the said guidelines. An Effective Internal Control System is used to verify the accuracy of security allocation.

	GROUP		COMPANY	
	2024	2023	2024	2023
	Rs.	Rs.	Rs.	Rs.
26.2 Term Loan Movement				
Balance as at 1 st April	335,000,000	876,500,000	125,000,000	425,000,000
Loans obtained during the year	4,339,000,000	3,266,000,000	1,875,000,000	1,700,000,000
Loan repayment during the Year	(4,199,000,000)	(3,807,500,000)	(2,000,000,000)	(2,000,000,000)
Interest payables	3,234,603	-	-	-
Balance as at 31st March	478,234,603	335,000,000	-	125,000,000

26.2.1 Short -Term Loans

Bank Loans

Union Bank Loan	328,234,603	325,000,000	-	125,000,000
NTB Bank Loan	150,000,000	10,000,000	-	-
	478,234,603	335,000,000	-	125,000,000

	GROUP		COMPANY	
	2024	2023	2024	2023
	Rs.	Rs.	Rs.	Rs.
26.3 Commercial Papers Movement				
Balance as at 1 st April	1,728,836,524	746,183,269	1,683,524,688	984,320,442
Issued /(Matured) during the year	(1,697,209,787)	814,921,865	(1,814,254,624)	475,004,371
Interest Expenses during the year	183,798,867	167,731,390	130,729,936	224,199,875
Balance as at 31st March	215,425,604	1,728,836,524	-	1,683,524,688

27 TRADE & OTHER PAYABLES

	GROUP		COMPANY	
	2024	2023	2024	2023
	Rs.	Rs.	Rs.	Rs.
Trade Creditors	887,681,566	1,142,083,707	-	-
Provisions and Accrued Expenses	2,963,148,067	714,494,403	33,567,689	27,893,088
Other Payables	61,365,408	76,922,559	2,081,625	3,033,533
	3,912,195,041	1,933,500,669	35,649,314	30,926,621



CAPITAL ALLIANCE HOLDINGS LIMITED
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28 AMOUNTS DUE TO RELATED ENTITIES

	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Capital Alliance Securities (Pvt) Limited	-	-	3,169,501	-
CAL Investment Consultancy FZ-LLC	-	-	210,000	-
Capital Alliance Investments Limited	-	-	-	98,600,190
	-	-	3,379,501	98,600,190

29 LEASE LIABILITY

29.1 Lease liability Movement

	GROUP	
	2024 Rs.	2023 Rs.
Balance as at 1 st April	147,542,646	133,120,410
Remeasurement during the year	-	(2,824,201)
Additions during the year	25,873,729	78,287,232
Interest Expense for the year	11,349,707	11,741,754
Lease rental Payment during the year	(57,235,986)	(53,065,067)
Exchange Difference	(12,517,244)	(19,717,482)
Balance as at 31 st March	115,012,852	147,542,646

29.2 Amounts recognised in Income Statement

Interest on lease liabilities	11,349,707	11,741,754
Depreciation - Right of use assets	48,578,212	43,394,148

29.3 Amounts recognised in Statement of Cash flows

Repayment of Gross lease liability	(57,235,986)	(53,065,067)
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29.4 Maturity Analysis - Contractual Undiscounted Cash Flows

Amount Payable within One Year	53,106,760	47,353,820
Amount Payable after One Year and Less than Five Years	76,473,597	104,058,985
Total Gross Liability	129,580,357	151,412,805

30 RETIREMENT BENEFIT OBLIGATION

30.1 Movement in Present value of Defined benefit obligation

	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Balance as at 1 st April	104,664,498	82,841,298	10,921,185	1,128,201
Transferred to/from Related Companies	-	-	-	10,102,500
Current Service Cost	14,396,956	10,576,371	1,052,513	793,188
Interest Cost	20,110,453	12,195,368	2,020,419	169,229
Actuarial (Gain) / Loss	21,246,305	9,677,461	3,462,159	(1,271,933)
Payments made during the year	(12,015,500)	(10,626,000)	-	-
Balance as at 31 st March	148,402,712	104,664,498	17,456,276	10,921,185

30.2 Expense recognized in Statement of Profit or Loss;

Current service cost	14,396,956	10,576,371	1,052,513	793,188
Interest cost	20,110,453	12,195,368	2,020,419	169,229
	34,507,409	22,771,739	3,072,932	962,417

30.3 The amount recognised in the Other Comprehensive Income

Actuarial (Gain)/ Loss	21,246,305	9,677,461	3,462,159	(1,271,933)
Provision made during the year	55,753,714	32,449,200	6,535,091	(309,516)

The provision for retirement benefit obligations as at 31st March 2024 is based on the actuarial valuation carried out by a professionally qualified actuary, Mr. M. Poopalanathan, an Actuary of the Actuarial and Management Consultant (Pvt) Ltd, using the "Projected Unit Credit" (PUC) method, the method recommended by the Sri Lanka Accounting Standard - LKAS 19 on "Employee Benefits".



CAPITAL ALLIANCE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH 2024

RETIREMENT BENEFIT OBLIGATION (CONTD.)

30.4 Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	GROUP		COMPANY	
	Increase	Decrease	Increase	Decrease
Movement by 1%				
Discount Rate	(4,408,400)	3,499,090	(1,183,136)	1,356,132
Future salary scale	5,224,643	(3,604,215)	1,386,851	(1,227,357)

30.5 The Principal Actuarial Assumptions used were as Follows:

	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Expected Annual Average Salary Increment	10%	16% - 20%	10%	16%
Discount Rate/Interest Rate	11%	18.5%	11.0%	19%
Staff Turnover Rate	10%-21%	10%-20%	10%	10%
Retiring Age	60 Years	60 Years	60 Years	60 Years
Weighted average retirement age	4 years -9 Years	3 years -9 Years	9 Years	9 Years

The Companies will continue as a going concern.

Assumption regarding future mortality are based on A 1967/70 mortality table issued by Institute of Actuaries London, United Kingdom.

The salary increment rate of 10% is considered appropriate to be in line with the Company's targeted future salary increments when taking into account the current market conditions and inflation rate. As per the guidelines issued by the Institute of Chartered Accountants of Sri Lanka, the discount rates have been adjusted to convert the coupon bearing yield to a zero coupon yield to match the characteristics of the gratuity payment liability and the resulting yield to maturity for the purpose of valuing Employee benefit obligations as per LKAS 19.

30.6 Maturity Analysis

The following payments are expected on employee benefit liabilities in future years from the fund as follows,

	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Within next 12 months	71,696,634	13,517,850	1,925,169	1,284,545
Between 1 to 5 years	46,313,731	69,927,614	6,968,769	4,550,436
Between 5 to 10 years	19,649,094	13,925,079	3,831,038	2,394,933
More than 10 years	10,743,253	7,293,955	4,731,300	2,691,271
	148,402,712	104,664,498	17,456,276	10,921,185

STATED CAPITAL

Issued and Fully Paid

127,636,623 Ordinary Shares (2023 - 98,258,063)

1. STATED CAPITAL MOVEMENT

	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
	2,532,798,096	223,231,471	2,532,798,096	223,231,471
	No of Shares		Value (Rs.)	
	2024	2023	2024 Rs.	2023 Rs.
Balance as at 01 st April	98,258,063	95,357,528	223,231,471	88,936,700
Issued During the year	29,378,560	2,900,535	2,309,566,625	134,294,771
Balance as at 31 st March	127,636,623	98,258,063	2,532,798,096	223,231,471

All shares rank equally with regard to the Company's residual assets.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.



CAPITAL ALLIANCE HOLDINGS LIMITED
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AS AT 31ST MARCH 2024**32 OTHER RESERVES****32.1 SPECIAL RISK RESERVE****Capital Alliance Limited**

Every Primary Dealer Company shall maintain a Special Risk Reserve and shall, out of the net profits after the payment of tax of each year, before any dividend is declared, transfer to the Special Risk Reserve a sum not less than 10 per cent of such profits as per the Primary Dealer Companies (Minimum Core Capital) Direction No. 1 of 2015 issued by Central Bank of Sri Lanka.

SPECIAL RISK RESERVE MOVEMENT

	GROUP	
	2024	2023
	Rs.	Rs.
Balance at the beginning of the year	927,499,681	644,799,017
Transferred to Special Risk Reserve	1,389,318,349	282,700,664
	2,316,818,030	927,499,681

32.2 FAIR VALUE RESERVE

Fair value reserve consist of the fair value gain or loss on remeasurement of Financial assets classified as Fair value through Other comprehensive Income.

32.3 FOREIGN CURRENCY TRANSLATION RESERVE

Foreign currency translation reserve consists of all foreign currency differences arising from the translation of the financial statements of CAL Investment Consultancy FZ LLC, CAL Securities Limited, CAL Investments Limited, CAL Bangladesh Limited in to reporting currency.

33 RELATED PARTY TRANSACTIONS

According to Sri Lanka Accounting Standard (LKAS 24) 'Related Party Disclosures', Key management Personnel, are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Board of Directors (including Executive and Non executive Directors) have been classified as "Key Management Personnel" of the company.

33.1 Key management personnel**1) Directors**

Key management personnel include persons who were directors of Capital Alliance Holding Limited at any time during the financial year.

- Mr. W. A. T. Fernando
- Mr. C. S. R. S. Anthony
- Mr. R. J. Arasaratnam
- Ms. N. T. M. S. Cooray
- Mr. D. A. De Zoysa
- Mr. T. J. William
- Ms. K A Wilson (Resigned with effect from 1st May 2023)
- Ms. R S Jayasuriya

2) Other key management personnel (KMPs)

Other KMPs include persons with responsibility for planning, directing and controlling the activities of the Company, directly or indirectly

33.2 Transactions With Key Management Personnel**Loans to Directors**

No loans have been given to the directors of the Company.

Key Management Personnel Compensation

Key management personnel comprise the Directors of the Company and the benefits paid for the year is Rs. 6,050,000. (2023- Rs. 4,100,000/-).

Other Transactions with Key Management Personnel

There were no material transactions with key management personnel of the Company.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2024

U.3 Transaction With Related Companies

i) Directorships in Other Companies

Names of the Directors of the Related Companies which had Transactions with the Company

Name of the Director/Company	Capital Alliance PLC	Capital Alliance Partners Ltd	Capital Alliance Securities (Pvt) Ltd	Capital Alliance Investments Ltd	Fluorination (Pvt) Limited	CAL Investments Consultancy PZ Ltd, Bangladesh LLC	CAL Securities Ltd, Bangladesh	CAL Investments Ltd, Bangladesh	CAL Bangladesh Ltd, Bangladesh	TpZee (Pvt) Ltd	Avishi Holdings (Pvt) Ltd	Jeeving Treash (Pvt) Ltd
Mr W. A. T. Fernando	Director	Director ¹	Director ²	Director ³	Director ⁴	Director	Director	Director ¹⁵	Director	-	Director	-
Mr. E. A. De Zoysa	Director	-	-	-	-	-	-	-	-	-	-	-
Mr. C. E. R. J. Anthony	Director	-	-	-	-	-	-	-	-	-	-	-
Mr. R. J. Anantharam	Director	-	-	-	-	-	-	-	-	-	-	Director
Mr. N. T. M. S. Ganey	-	-	-	-	-	-	-	Director	-	-	-	Director
Mr. T. I. Willian	-	Director ⁵	-	-	-	-	-	-	-	-	-	-
Mr. R. A. Wilson	-	-	-	-	-	-	-	-	-	-	-	-
Mr. R. S. Jayaratne	-	-	-	-	-	-	-	-	-	-	-	-
Mr. E. A. D. Gnanasekera	Director	-	-	-	-	-	-	-	-	-	-	-
Mr. A. C. Nandakumar	Director	-	-	-	-	-	-	-	-	-	-	-
Mr. H. M. S. Perera	-	Director	-	Director	Director	-	-	Director	-	-	-	-
Mr. H. G. Aturupane	-	-	Director ⁶	-	Director	-	-	-	-	-	-	-
Mr. L. L. B. Arjyansam	-	-	Director ⁷	-	-	-	-	-	-	-	-	-
Mr. A. D. Pathiranyath	-	-	Director	-	Director	Director	-	-	Director	Director	-	-
Dr. M. De Zoysa	-	Director ⁸	Director ⁹	Director ¹⁰	-	-	-	-	-	-	-	-
Mr. K. S. C. P. K. Gnanasekera	-	-	-	Director ¹¹	-	-	-	-	-	-	-	-
Mr. K. P. Nandakumar	-	-	-	Director	-	Director	-	Director	Director	-	-	-
Mr. U. B. Anura	-	Director ¹²	-	-	Director ¹³	-	-	-	-	-	-	-
Mr. T. Nandakumar	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Z. Rakesh	-	-	-	-	-	-	-	Director	Director	-	-	-
Mr. M. M. Iqbal	-	-	-	-	-	-	-	Director	Director	-	-	-
Mr. A. R. Shamsi	-	-	-	-	-	-	-	Director	Director	-	-	-
Mr. S. Ahmad	-	-	-	-	-	-	-	Director	Director	-	-	-
Mr. N. Ahmad	-	-	-	-	-	-	-	Director	Director	-	-	-
Mr. C. S. Fernando	-	-	-	-	-	-	-	-	-	-	Director	-
Mr. A. D. Fernando	-	-	-	-	-	-	-	-	-	-	Director	-
Mr. T. H. Fernando	-	-	-	-	-	-	-	-	-	-	Director	-
Mr. N. D. M. Covic	-	-	-	-	-	-	-	-	-	-	-	Director
Mr. R. A. E. Samarasinghe	-	-	-	-	-	-	-	-	-	-	-	Director
Mr. P. B. M. Wilson	-	-	-	-	-	-	-	-	-	-	-	Director
Mr. D. D. Y. Modyasinghe	-	-	-	-	-	-	-	-	-	-	-	Director
Mr. I. D. D. Gnanasekera	-	-	-	-	-	-	-	-	-	-	-	Director

¹ Managing Company of the First Trust Bonds² Appointed on 1st November 2021³ Resigned on 30th November 2023⁴ Appointed on 1st December 2023⁵ Resigned on 1st February 2024⁶ Resigned on 1st July 2023⁷ Resigned on 1st December 2023⁸ Appointed on 3rd August 2021⁹ Resigned on 10th October 2023¹⁰ Appointed on 1st July 2023¹¹ Resigned on 27th March 2024

CAPITAL ALLIANCE HOLDINGS LIMITED
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33 RELATED PARTY TRANSACTIONS (CONTD.)

2) Transactions with Related Parties

Company	Relationship	Nature Of Transaction	2024	2023
CAL Investment Consultancy FZ - LLC	Subsidiary Company	Intercompany Payable	210,000	-
		Sale of Subsidiary	27,906,255	-
Capital Alliance PLC	Subsidiary Company	Interest on Reverse Repo	1,651,171	-
		Interest charge on Repo	10,346,199	-
		Reimbursement of Expenses	24,932,920	12,612,910
		Intercompany Receivable	3,421,915	15,158,979
		Dividend Income	675,970,462	-
		Loan granted	-	1,000,000,000
		Interest Income on Loan	49,197,053	50,020,548
		Loan Interest Receivable	-	23,143,836
Capital Alliance Investments Ltd	Sub Subsidiary Company	Intercompany Receivable/ (Payable)	2,376,760	(98,600,190)
		Reimbursement of overhead Expenses	13,187,750	18,383,692
		Interest Income on Loan	2,430,681	-
Capital Alliance Partners Ltd	Sub Subsidiary Company	Commercial Paper Interest Expense	(1,885,708)	(32,263,573)
		Commercial Paper Liability	-	(53,635,766)
		Reimbursement of overhead Expenses	22,229,642	15,572,099
		Intercompany Receivable	99,100,813	16,022,558
		Dividend Income	25,912,982	-
Capital Alliance Securities (Pvt) Ltd	Sub Subsidiary Company	Reimbursement of overhead Expenses	33,839,263	18,632,384
		Brokerage Expense	(5,362,493)	(46,400)
		Intercompany (Payable)/ Receivable	(3,169,501)	2,792,529
		Investment in Preference Shares	-	175,000,000
		Dividend Income	43,689,199	89,027,046
		Loan Interest Receivable	-	164,247
		Interest Income on Loan	600,121	2,839,786
		Commercial Paper Interest Expense	(3,400,826)	(47,771,425)
		Commercial Paper Liability	-	(100,649,474)
Finnovation Pvt Ltd	Subsidiary Company	Commercial Paper Liability	-	(34,339,523)
		Commercial Paper Interest Expense	(5,642,382)	(6,340,394)
		Interest Income on Loan	1,510,173	-
FipBox (Pvt) Ltd	Subsidiary Company	Intercompany Receivable	-	32,572,825
Tempest PE Partners (Pvt) Ltd	Joint Venture Company	Commercial Paper Liability	-	(110,045,016)
		Commercial paper Interest Expenses	-	(21,782,210)
		Reimbursement of Expenses	-	1,589,295
		Intercompany Receivable	-	92,693
CAL Securities Ltd, Bangladesh	Sub-Subsidiary Company	Reimbursement of Expenses	19,062,615	1,745,700
		Intercompany Receivable	18,910,870	1,745,700



CAPITAL ALLIANCE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2024.

33 RELATED PARTY TRANSACTIONS (CONTD.)

2) Transactions with Related Parties

Company	Relationship	Nature Of Transaction	2024	2023
CAL Investments Ltd, Bangladesh	Sub-Subsidiary Company	Reimbursement of Expenses	19,062,615	1,745,700
		Intercompany Receivable	18,969,870	1,745,700
CALBangladesh Ltd, Bangladesh	Sub-Subsidiary Company	Intercompany Receivable	1,953,463	-
Ashthi Holdings (Pvt) Ltd	Significant shareholding	Dividend Paid	(538,476,379)	-
Jetwing Travels (Pvt) Ltd	Significant shareholding	Dividend Paid	(529,584,776)	-
Capital Alliance Investment Grade Fund	Unit Trust Fund managed by Subsidiary Company	Earning for the period	23,638,957	71,714
		Investment in Unit Trust Fund	343,638,956	-
		Commercial paper Interest Expense	-	(37,179,445)
Capital Alliance Income Fund	Unit Trust Fund managed by Subsidiary Company	Commercial paper Interest Expense	-	(1,022,999)
Capital Alliance Quantitative Equity Fund	Unit Trust Fund managed by Subsidiary Company	Investment in Unit Trust Fund	216,622	166,622
		Earning for the period	50,000	8,752,841
CAL Fixed Income Opportunity Fund	Unit Trust Fund managed by Sub-Subsidiary Company	Commercial paper Interest Expense	(18,652,757)	(11,945,190)
		Commercial Paper Liability	-	(1,047,825,412)
		Earning for the period	856,285	-
Mr. W A T Fernando	Director	Dividend Paid	(387,493,969)	-
Ms. N T M S Cooray	Director	Commercial Paper Liability	-	(324,500,721)
		Commercial paper Interest Expense	(62,130,535)	-
		Dividend Paid	(169,466,952)	(62,447,964)

The Company carries out transactions with parties who are defined as related parties in Sri Lanka Accounting Standard (LKAS 24), "Related Party Disclosure", in the ordinary course of its business. The details of such transactions are reported above. The pricing applicable to such transactions is based on the assessment of risk and pricing model of the Company and is comparable with what is applied to transactions between the Company and its unrelated customers.



CAPITAL ALLIANCE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2024.**34 COMMITMENTS AND CONTINGENCIES**

There were no other material litigations or claims that could have a material impact on financial position of the Company or which would lead to a disclosure in the financial statements for the year ended 31 March 2024, except the following.

Company

For the year of assessment 2016/17, an income tax liability of Rs. 5,552,364.71 and a penalty of Rs. 2,776,182.34 were assessed. The additional liability will be set off against an overpayment from the previous year, and no penalty will be paid once the refund is processed. For the year of assessment 2017/18, an income tax assessment of Rs. 1,285,999 was determined. However, no payment is required as a withholding tax credit of Rs. 4,637,391 has been applied.

For the year of assessment 2016/17, a VAT on FS liability of Rs. 12,780,004 and a penalty of LKR 6,390,002 were initially assessed. Following an objection and settlement with Inland Revenue, the Company settled the agreed liability of LKR 3,447,289.95 and a penalty of Rs. 344,729 for late payment. Additionally, the Company settled the agreed NBT on FS liability for the same year, amounting to Rs. 514,536.32, along with a late payment penalty of Rs. 51,453.63. For the year 2020/2021, an additional VAT on FS assessment of Rs. 3,567,707 was settled as part of an amicable agreement with Inland Revenue. However, a penalty on late payment was not negotiated, and the Company anticipates a potential additional penalty of 10%, amounting to Rs. 356,770, which may be charged.

There were no material capital commitments as at the reporting date which require disclosures in the financial statements.

34.2 Off Balance Sheet Exposures

	2024 Rs.	2023 Rs.
Assets		
Forward Purchases-Government Securities	6,207,792,917	1,210,558,927
Liabilities		
Forward Sales-Government Securities	7,446,292,224	1,307,176,695

35 EVENTS AFTER THE REPORTING PERIOD

There were no material events after the date of Statement of Financial Position that require adjustments to or disclosures in the financial statements except the below:

Capital Alliance PLC

On 17th April 2024, the Board of Directors of the Company has resolved to declare the 2nd Interim dividend totalling Rs 4,941,268,260.00 representing a dividend per share of Rs 15.00 for the year ended 31st March 2024.

Capital Alliance Securities Limited

On 05th April 2024, the Board of Directors of the Company has resolved to declare the final dividend totalling Rs 173,108,145/- representing a dividend per share of Rs 21.00 for the year ended 31st March 2024.



CAPITAL ALLIANCE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2024,

36 Financial risk management

Overview

The Company has exposure to the following risks arising from financial instruments:

- Market risk
- Credit risk
- Liquidity risk
- Equity risk
- Currency risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has delegated this function to the Director/Chief Executive Officer who develops and monitors the Company's risk management policies and report regularly to the Board of Directors on its activities. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

36.1 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that would impact Group's income or the value of investment in financial instruments. The objective of managing market risk is to manage and control market risk exposures within acceptable parameters, while optimizing returns.

COMPANY

At the reporting date the exposure to market risk of the Company's financial instruments was:

	Carrying amount	Market risk measurement		Carrying amount	Market risk measurement	
	As at 31 March 2024 Rs.	Trading portfolios Rs.	Non trading portfolios Rs.	As at 31 March 2023 Rs.	Trading portfolios Rs.	Non trading portfolios Rs.
Financial assets						
Cash and cash equivalents	11,399,645	-	11,399,645	49,412,397	-	49,412,397
Trade and other receivable	19,330,162	-	19,330,162	119,757,220	-	119,757,220
Amounts due/ Loan from related parties	144,733,691	-	144,733,691	1,093,274,820	-	1,093,274,820
Financial assets measured at FVTPL	473,366,448	473,366,448	-	29,245,420	29,245,420	-
Financial Assets measured at FVOCI	-	-	-	7,402,021	-	7,402,021
	<u>648,829,946</u>	<u>473,366,448</u>	<u>175,463,498</u>	<u>1,299,091,878</u>	<u>29,245,420</u>	<u>1,269,846,458</u>
Financial liabilities						
Financial liabilities at amortised cost	-	-	-	1,808,524,688	-	1,808,524,688
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,808,524,688</u>	<u>-</u>	<u>1,808,524,688</u>

GROUP

At the reporting date the exposure to market risk of the Group's financial instruments was:

	Carrying amount	Market risk measurement		Carrying amount	Market risk measurement	
	As at 31 March 2024 Rs.	Trading portfolios Rs.	Non trading portfolios Rs.	As at 31 March 2023 Rs.	Trading portfolios Rs.	Non trading portfolios Rs.
Financial assets						
Cash and cash equivalents	1,136,890,360	-	1,136,890,360	458,381,381	-	458,381,381
Financial assets measured at amortised cost	1,157,988,494	-	1,157,988,494	776,635,029	-	776,635,029
Trade and other receivable	2,660,764,608	-	2,660,764,608	2,014,609,583	-	2,014,609,583
Amounts due/ Loan from related parties	-	-	-	2,006,562	-	2,006,562
Financial assets measured at FVTPL	60,881,033,014	60,881,033,014	-	37,907,840,487	37,907,840,487	-
Financial Assets measured at FVOCI	-	-	-	7,402,021	-	7,402,021
	<u>65,836,676,476</u>	<u>60,881,033,014</u>	<u>4,955,643,462</u>	<u>41,166,875,063</u>	<u>37,907,840,487</u>	<u>3,259,034,576</u>
Financial liabilities						
Financial liabilities at amortised cost	37,914,225,387	-	37,914,225,387	31,897,725,903	-	31,897,725,903
Lease liability	115,012,852	-	115,012,852	147,542,646	-	147,542,646
	<u>38,029,238,239</u>	<u>-</u>	<u>38,029,238,239</u>	<u>32,045,268,549</u>	<u>-</u>	<u>32,045,268,549</u>

36.1.1 Interest rate risk

Interest rate risk mainly arises as a result of the Company having interest sensitive assets and liabilities which are directly impacted by changes in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The management monitors the sensitivities on regular basis and ensures that such risks are managed on a timely manner.



CAPITAL ALLIANCE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2024,

COMPANY

Exposure to interest rate risk

The interest rate profile of the Company's interest bearing financial instruments as reported to the management of the Company is as follows,

As at 31 March,

	2024			2023		
	Variable interest rate	Fixed interest rate	Total	Variable interest rate	Fixed interest rate	Total
Financial assets						
Financial assets measured at FVTPL	343,855,579	-	-	166,622	-	166,622
Total	343,855,579	-	-	166,622	-	166,622
Financial liabilities						
Financial liabilities at amortised cost	-	-	-	-	1,808,524,688	1,808,524,688
Total	-	-	-	-	1,409,320,442	1,808,524,688

GROUP

Exposure to interest rate risk

The interest rate profile of the Group's interest bearing financial instruments as reported to the management of the Group is as follows,

As at 31 March,

	2024			2023		
	Variable interest rate	Fixed interest rate	Total	Variable interest rate	Fixed interest rate	Total
Financial assets						
Financial assets measured at amortised cost	-	1,157,988,494	1,157,988,494	-	776,635,029	776,635,029
Government Treasury Bills and Bonds	-	58,790,179,821	58,790,179,821	-	37,672,674,352	37,672,674,352
Total	-	59,948,168,315	59,948,168,315	-	38,449,309,381	38,449,309,381
Financial liabilities						
Financial liabilities at amortised cost	-	37,914,225,387	37,914,225,387	-	31,897,725,903	31,897,725,903
Total	-	37,914,225,387	37,914,225,387	-	31,897,725,903	31,897,725,903

The Group engages in fee-based services such as Structuring, Placements and Advisory Services which also have an indirect impact from fluctuations in interest rates. Non-traded interest rate risk is mitigated through a combination of business strategy and market risk mitigation activities.

Risk and Compliance division and Finance division circulate Management Information reports to the Risk Committee which meets regularly to make decisions on managing such financial instruments and services. The committee establishes portfolio and sensitivity limits in order to manage the positions which Risk and Compliance division monitors on a daily basis. Any exceptions are duly escalated to the Committee for corrective measures.

Stress testing calculations are performed by the Risk and Compliance Division to assess the impact of interest rate and market risk on the Group portfolio values, capital adequacy, earnings and net asset positions also flagging any potential threat to regulatory requirements/limits



CAPITAL ALLIANCE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2024.

36.1.1.1 Sensitivity analysis

The following table shows the estimated impact on profitability and equity by fluctuation of interest rates assuming that all other variables remain constant on the following financial assets. Floating rate instruments expose the Group to cash flow fluctuations.

As at 31 March,	2024		2023	
	Variable-rate		Variable-rate	
	Impact on PBT	Impact on equity	Impact on PBT	Impact on equity
Increase in 100 basis points				
Financial assets				
Government securities				
Treasury bills	(15,738,845)	(11,017,192)	(24,494,761)	(17,146,333)
Treasury bonds	(1,302,744,706)	(911,921,294)	(750,365,652)	(525,255,956)
	<u>(1,318,483,551)</u>	<u>(922,938,486)</u>	<u>(774,860,413)</u>	<u>(542,402,289)</u>
Decrease in 100 basis points				
Financial assets				
Government securities				
Treasury bills	15,861,349	11,102,944	24,727,166	17,309,016
Treasury bonds	1,357,320,558	950,124,391	788,360,035	551,852,025
	<u>1,373,181,907</u>	<u>961,227,335</u>	<u>813,087,201</u>	<u>569,161,041</u>

36.1.1.2 Company has established following measures to manage the interest rate risk

Cut loss policies – maintains a limit in terms of maximum loss a portfolio can undergo. Every trading position taken by the Company will have a cut loss limit earmarked which ensures the maximum loss the company will incur, when a trading position is capped.

Value at risk (VaR) limit – The VaR is a mathematical model which forecasts the loss the portfolio can undergo with 95% probability within a stipulated limit set by the Board of Directors. Therefore, in a worst-case scenario with 95% confidence level there is a pre-determined maximum value of money that can be lost. This is monitored daily by the Dealing team and Management.

Target Duration and Convexity – The duration of the portfolio depends on the maturity of the bills and bonds held in the portfolio. The duration of the portfolio is based on the prevailing interest rate outlook. The longer tenor bonds carry a higher interest rate risk, therefore, the average duration of holding a portfolio needs to be factored in to spread interest rate risk.

Scenario analysis limits – with the use of the data systems, Company is able to successfully gauge the market conditions based-on past data and experience in market conditions. With this, they can make an informed decision in terms of interest rate outlook.

Continuous and ongoing monitoring combined with in-depth research and statistical modeling, forms the basis of the Group's interest rate risk management strategy.

Risk Dashboards reflecting risk limits set on trading are updated daily and presented quarterly to the Board Risk Committee.

36.1.2 Equity Risk

The Group's exposure to equity risk arises from its investments in equity securities. Equity risk is the risk that the fair value or future cash flows of financial instruments will fluctuate as a result of changes in market prices.

Listed equity investments

	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Investment in Quoted Shares	1,073,716,616	50,816,466	129,510,869	29,078,798
	<u>1,073,716,616</u>	<u>50,816,466</u>	<u>129,510,869</u>	<u>29,078,798</u>

36.1.2.1 Sensitivity analysis of equity risk

The following table shows the estimated impact on profitability and equity by fluctuation of stock market prices at the reporting date, assuming that all other variables remain constant.

	GROUP		COMPANY	
	Impact on PBT	Impact on PBT	Impact on PBT	Impact on PBT
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
10% decline in stock prices	(107,371,662)	(5,081,647)	(12,951,087)	(2,907,880)
10% Increase in stock prices	107,371,662	5,081,647	12,951,087	2,907,880

36.1.2.2 Management of Equity Risk

The Group manages the equity risk through diversification and placing limits on individual and total equity portfolio investments.

The Group's equity risk management policies are; Investment decisions are based on in depth macroeconomic and industry analysis as well as research reports on group performance.

Reports on the equity portfolio are submitted to the group's senior management on a regular basis.

Adherence to the investment policy which includes stringent guidelines on risk exposures.

36.1.3 Foreign Currency Risk

The foreign currency risk is the risk that the fair value or future cash flows of a financial instrument fluctuating due to changes in foreign exchange rates. The currencies giving rise to this risk are primarily US Dollars. Mainly Foreign currency reserve consists of impact on translation of foreign operations of the Group.



CAPITAL ALLIANCE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2024,

36.2 Liquidity risk

The Liquidity risk is the risk that the company may not be able to meet its present and future cash obligations without incurring unacceptable losses or impacting operations. The Company's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

36.2.1 Exposure to liquidity risk

The following are the remaining contractual maturities of financial assets and financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

GROUP

As at 31 March 2024	Total carrying amount	Contractual cash flows Total	12 months or less	1 - 2 years	2 - 9 Years
Assets					
Investment in Government Treasury Bills	5,658,036,806	5,658,036,806	5,658,036,806	-	-
Investment in Government Treasury Bonds	53,132,143,015	53,132,143,015	2,326,966,874	17,028,811,678	33,776,364,463
Securities Purchase under Resale Agreements	1,157,988,494	1,158,087,752	1,158,087,752	-	-
Amount Due from Related Entities	-	-	-	-	-
Trade and Other Receivables	2,660,764,608	2,660,764,608	2,660,764,608	-	-
	<u>62,608,932,923</u>	<u>62,609,032,181</u>	<u>11,803,856,040</u>	<u>17,028,811,678</u>	<u>33,776,364,463</u>
Liabilities					
Securities Sold under Repurchase Agreements	37,220,565,180	38,550,979,651	38,550,979,651	-	-
Short Term Loan	478,234,603	478,234,603	478,234,603	-	-
Commercial Papers	215,425,604	216,493,694	216,493,694	-	-
Trade and Other Payables	3,912,195,041	3,912,195,041	3,912,195,041	-	-
Lease Liability	115,012,852	129,580,357	107,423,073	5,213,485	16,943,799
	<u>41,941,433,280</u>	<u>43,287,483,346</u>	<u>43,265,326,062</u>	<u>5,213,485</u>	<u>16,943,799</u>
As at 31 March 2023	Total carrying amount	Contractual cash flows Total	12 months or less	1 - 2 years	2 - 9 Years
Investment in Government Treasury Bills	9,384,840,775	9,971,985,265	9,971,985,265	-	-
Investment in Government Treasury Bonds	28,287,833,577	33,118,365,906	153,000	3,713,624,629	29,404,588,277
Securities Purchase under Resale Agreements	372,829,607	372,829,607	372,829,607	-	-
Placement with Bank (Term Deposits)	403,805,422	403,805,422	403,805,422	-	-
Amount Due from Related Entities	2,006,562	2,006,562	2,006,562	-	-
Trade and Other Receivables	1,908,497,726	1,908,497,726	1,908,497,726	-	-
	<u>40,359,813,669</u>	<u>45,777,490,488</u>	<u>12,659,277,582</u>	<u>3,713,624,629</u>	<u>29,404,588,277</u>
Securities Sold under Repurchase Agreements	29,833,889,379	30,261,878,106	30,261,878,106	-	-
Short Term Loan	335,000,000	335,000,000	335,000,000	-	-
Commercial Papers	1,728,836,524	1,945,013,362	1,945,013,362	-	-
Trade and Other Payables	1,933,500,669	1,933,500,669	1,933,500,669	-	-
Lease Liability	147,542,646	151,412,805	47,353,820	104,058,985	-
	<u>33,978,769,218</u>	<u>34,626,804,942</u>	<u>34,522,745,957</u>	<u>104,058,985</u>	<u>-</u>

COMPANY

As at 31 March 2024	Total carrying amount	Contractual cash flows Total	12 months or less	1 - 2 years	2 - 9 Years
Assets					
Trade and Other Receivables	19,330,162	19,330,162	19,330,162	-	-
Amounts Due from Related Entities	144,733,691	144,733,691	144,733,691	-	-
	<u>164,063,853</u>	<u>164,063,853</u>	<u>164,063,853</u>	<u>-</u>	<u>-</u>
Liabilities					
Commercial Papers	-	-	-	-	-
Trade and Other Payables	35,649,314	35,649,314	35,649,314	-	-
Amount Due to Related Entities	3,379,501	3,379,501	3,379,501	-	-
	<u>39,028,815</u>	<u>39,028,815</u>	<u>39,028,815</u>	<u>-</u>	<u>-</u>
As at 31 March 2023	Total carrying amount	Contractual cash flows Total	12 months or less	1 - 2 years	2 - 9 Years
Trade and Other Receivables	119,757,220	119,757,220	119,757,220	-	-
Amounts Due from Related Entities	70,130,984	70,130,984	70,130,984	-	-
Loan given to Related Company	1,023,143,836	1,023,143,836	1,023,143,836	-	-
	<u>1,213,032,040</u>	<u>1,213,032,040</u>	<u>1,213,032,040</u>	<u>-</u>	<u>-</u>
Liabilities					
Short Term Loan	125,000,000	125,000,000	125,000,000	-	-
Commercial Papers	1,683,524,688	1,711,076,763	1,711,076,763	-	-
Trade and Other Payables	30,926,621	30,926,621	30,926,621	-	-
Amount Due to Related Entities	98,600,190	98,600,190	98,600,190	-	-
	<u>1,938,051,499</u>	<u>1,965,603,574</u>	<u>1,965,603,574</u>	<u>-</u>	<u>-</u>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.



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36.2.2 Management of liquidity risk

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company has access to approved short-term financing facilities from commercial banks, if required.

The Group monitors the level of expected cash inflows on Investments and other receivables together with expected cash outflows on Repurchase agreements and other payables and it is estimated that the maturity of financial assets as at the reporting date would occur in sufficient quantity and timing, given the historical trends, and currently available information which would enable the Company to meet its contractual obligations.

Group has taken following measures to manage the liquidity risk of the Group

Maintaining a diversified funding base and appropriate contingency facilities.

Carrying a portfolio of highly liquid assets that can be readily converted into cash to protect against unforeseen short-term interruptions to cash flows.

Monitoring liquidity ratios and carrying out stress-testing of the Company's liquidity position.

Regular reviews cash flow projections.

Availability of stand by overdraft facility to be used in the event of an emergency.

Unutilised bank facilities

As at 31st March 2024 the Company had approved unutilized bank facilities amounting to Rs. 625 Mn (2023: Rs. 825 Mn).

36.3 Credit risk

Credit risk is the risk that counter-party will not meet its contractual obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities and from its financing activities including any deposits with banks and financial institutions and other financial instruments.

36.3.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date based on the concentration of the risk by sector was:

GROUP**As at 31st March 2024**

	Cash and Cash Equivalents	Financial Assets measured at FVTPL	Financial Assets measured at FVOCI	Financial Assets measured at Amortised Cost	Trade and Other Receivables
	Rs.	Rs.	Rs.	Rs.	Rs.
Government	-	58,790,179,821	-	1,157,988,494	-
Corporate	-	2,090,853,193	-	-	-
Other	1,136,890,360	-	-	-	2,660,764,608
Total	1,136,890,360	60,881,033,014	-	1,157,988,494	2,660,764,608

As at 31st March 2023

Government	-	37,672,674,352	-	776,635,029	-
Corporate	-	235,166,135	7,402,021	-	-
Other	458,381,381	-	-	-	1,908,497,726
Total	458,381,381	37,907,840,487	7,402,021	776,635,029	1,908,497,726

COMPANY**As at 31st March 2024**

	Cash and Cash Equivalents	Financial Assets measured at FVTPL	Financial Assets measured at FVOCI	Financial Assets measured at Amortised Cost	Trade and Other Receivables
	Rs.	Rs.	Rs.	Rs.	Rs.
Corporate	-	473,366,448	-	-	-
Other	11,399,645	-	-	-	19,330,162
Total	11,399,645	473,366,448	-	-	19,330,162

As at 31st March 2023

Corporate	-	29,245,420	7,402,021	-	-
Other	49,412,397	-	-	-	119,757,220
Total	49,412,397	29,245,420	7,402,021	-	119,757,220



CAPITAL ALLIANCE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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36.3.2 Management of Credit Risk

Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures and compliance with regulatory and statutory requirements.

Establishing the authorization structure for the approval and renewal of facilities.

Limiting concentrations of exposure to counterparties, industries, and by issuer, credit rating band and market liquidity.

Providing advice, guidance and specialist skills to business units to promote best practice throughout the Company in the management of credit risk.

Continually reviewing and assessing credit risk.

36.3.3 Impairment

The aging of Trade and Other receivables at the reporting date was:

GROUP

	2024		2023	
	Gross Rs.	Impairment Rs.	Gross Rs.	Impairment Rs.
Not past due	1,298,708,428	-	904,909,852	-
Past due 0 - 30 days	745,647,323	-	259,374,054	-
Past due 31 - 90 days	456,195,065	-	481,624,286	-
More than 90 days	50,296,554	31,661,743	92,249,140	18,903,564
	2,550,847,370	31,661,743	1,738,157,333	18,903,564

COMPANY

	2024		2023	
	Gross Rs.	Impairment Rs.	Gross Rs.	Impairment Rs.
Not past due	5,539,057	-	16,008,943	-
Past due 0 - 30 days	251,118	-	-	-
Past due 31 - 90 days	-	-	-	-
More than 90 days	-	-	1,489,446	1,831,742
	5,790,175	-	17,498,389	1,831,742

Based on historical defaults, the Group believes that impairment allowance is adequate in respect of above Trade and Other Receivables. Further Sufficient collateral cover is available in respect of credit extended to debtors of Capital Alliance Securities (Pvt) Limited.

Credit risk on financial investments

The Company and Group are also exposed to credit risk through its financial investments. The credit worthiness of the financial instruments are assessed using the credit ratings assigned to each security. This rating provides the Company the indication of the financial stability of the investment.

Credit risk exposure of Cash at Bank is depicted in the below table using the carrying values as at the Statement of Financial Position Date.

Institution	Rating	Rating Agency	2024		2023	
			Group		Company	
			Rs.	Rs.	Rs.	Rs.
Commercial Banks	A+	Fitch	912,958	1,489,188	-	-
	A	Fitch	184,170,635	210,328,737	4,467,776	1,956,410
	A-	Fitch	676,146,435	105,725,762	5,434,632	47,363,319
	AA-	Fitch	-	20,227,310	-	-
	BBB+	Fitch	-	2,559,208	-	-
	BBB-	Fitch	1,712,699	56,881,754	1,497,237	92,668
	AA	ECRL	256,767,863	-	-	-
	A+	ECRL	26,356,299	-	-	-
	AA+	ECRL	1,068	-	-	-
	A1	CRAB	-	586,769	-	-
	AAA	CRAB	525,460	-	-	-
	AA+	CRISL	14,790,486	-	-	-
	AA	CRISL	3,886,252	-	-	-
	A	CRISL	-	45,999,609	-	-
Central Bank of Sri Lanka	AA-	CRISL	-	13,783,800	-	-
			1,379,864	531,432	-	-
			1,136,650,019	458,113,569	11,399,645	49,412,397

The above has been derived as per the Company's risk management policy of using the carrying values in the Statement of Financial Position. This does not include the exposure that would arise in the future as a result of changes in values. Further there were no any other off balance sheet exposures which would give arise to credit risk.

Collateral held for Reverse Repurchase Investments

Reverse repurchase investments which fall under government securities is backed by treasury bills and bonds which are provided as collateral. The management monitors the market value of the collateral, requests additional collateral when needed and performs an impairment valuation when applicable. Details of collateral held for reverse repurchase agreements and the haircut policy are disclosed in note 18.1.1.

Risk response to credit risk on financial investments

The Company's investment policy prohibits non-rated investments, unless specifically authorized.

Regularly review credit worthiness of counterparties and take necessary actions if required.

Appropriate actions are implemented when the investments are expected to be high credit risk.

Clearly defined single party exposure limits based on the credit ratings and regulatory requirements and monitoring them closely at different levels.



CAPITAL ALLIANCE HOLDINGS LIMITED
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36.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's involvement with financial instruments, including processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the business reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group's standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions.
- Requirements for the reconciliation and monitoring of the transaction.
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures.
- Development of business contingency plans.
- Training and professional development
- Ethical and business standards.
- Risk mitigation, including insurance where this is effective.

Compliance with Group's internal controls and procedures is supported by a programme of periodic reviews undertaken by internal audit. The results of internal audit reviews are discussed with the management of the business units with summaries submitted to the Audit Committee.



CAPITAL ALLIANCE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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37 CAPITAL MANAGEMENT

The policy of the Company and the Group is to retain a strong capital base so as to maintain investor, creditor & market confidence and to sustain future development of the business. Capital consists of stated capital, reserves and retained earnings. The Board of Directors monitors the return on capital, gearing ratio, dividend pay-out to ordinary shareholders.

The gearing ratio at the reporting date is as follows.

	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
As at 31st March				
Interest bearing borrowing	37,914,225,387	31,897,725,903	-	1,808,524,688
(-) Cash and Cash Equivalents	(1,136,890,360)	(458,381,381)	(11,399,645)	(49,412,397)
	36,777,335,027	31,439,344,522	(11,399,645)	1,759,112,291
Equity	19,508,288,969	6,844,819,528	2,938,601,767	545,617,461
Gearing ratio	1.89	4.59	-	3.22

38 FINANCIAL INSTRUMENTS

38.1 FAIR VALUE OF ASSETS AND LIABILITIES

Accounting classification and fair value of financial instruments

Financial instruments measured subsequently on the ongoing basis either at fair value or amortized cost. The summary of significant accounting policies describes how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognized.

The group measures fair values using the following fair value hierarchy that reflects the significance of inputs used in making the measurement.

Level - 1

Financial instruments that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level - 2

Financial instruments that are measured at fair value on a recurring basis. As market quotes generally are not readily available or accessible for these securities, their fair value measures are determined using relevant information generated by market transactions involving comparable securities.

Level - 3

Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

GROUP

As at 31st March 2024

As at 31st March 2024		Note	Fair Value			Total
			Level 1	Level 2	Level 3	
Financial Assets measured Fair value Through Profit						
Investment in Government Treasury Bills	16	5,658,036,806	-	-	-	5,658,036,806
Investment in Government Treasury Bonds	16	53,132,143,015	-	-	-	53,132,143,015
Investment in Unit Trust Funds	16	-	1,017,136,577	-	-	1,017,136,577
Investment in Quoted Shares	16	1,073,716,616	-	-	-	1,073,716,616
		59,863,896,437	1,017,136,577	-	-	60,881,033,014
Financial Assets measured Fair value Through Other Comprehensive Income						
Investment in Unquoted Shares	17	-	-	-	-	-
		-	-	-	-	-
Financial Assets measured at Amortised Cost						
Securities Purchased Under Resale Agreements	18	-	-	-	-	1,015,901,339
Placement with Bank (Term Deposits)	18	-	-	-	-	142,087,155
Trade and Other Receivables	19	-	-	-	-	2,660,764,608
Amount Due from Related Entities	20	-	-	-	-	-
		-	-	-	-	3,818,753,102
Financial Liabilities not Measured at Fair Value						
Securities Sold Under Repurchase Agreements	26	-	-	-	-	37,220,565,180
Short Term Loan	26	-	-	-	-	478,234,603
Commercial Paper liabilities	26	-	-	-	-	215,425,604
Trade and Other Payables	27	-	-	-	-	3,912,195,041
		-	-	-	-	41,826,420,428



CAPITAL ALLIANCE HOLDINGS LIMITED
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AS AT 31ST MARCH 2024

GROUP

As at 31st March 2023

As at 31st March 2023	Note	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial Assets measured Fair value Through Profit					
Investment in Government Treasury Bills	16	9,384,840,775	-	-	9,384,840,775
Investment in Government Treasury Bonds	16	28,287,833,577	-	-	28,287,833,577
Investment in Unit Trust Funds	16	-	184,349,669	-	184,349,669
Investment in Quoted Shares	16	50,816,466	-	-	50,816,466
		<u>37,723,490,818</u>	<u>184,349,669</u>	<u>-</u>	<u>37,907,840,487</u>
Financial Assets measured Fair value Through Other Comprehensive Income					
Investment in Unquoted Shares	17	-	-	7,402,021	7,402,021
		<u>-</u>	<u>-</u>	<u>7,402,021</u>	<u>7,402,021</u>
Financial Assets measured at Amortised Cost					
Securities Purchased Under Resale Agreements	18	-	-	-	372,829,607
Placement with Bank (Term Deposits)	18	-	-	-	403,805,422
Trade and Other Receivables	19	-	-	-	1,908,497,726
Amount Due from Related Entities	20	-	-	-	2,006,562
		<u>-</u>	<u>-</u>	<u>-</u>	<u>2,687,139,317</u>
Financial Liabilities not Measured at Fair Value					
Securities Sold Under Repurchase Agreements	26	-	-	-	29,833,889,379
Short Term Loan	26	-	-	-	335,000,000
Commercial Papers	26	-	-	-	1,728,836,524
Trade and Other Payables	27	-	-	-	1,933,500,666
		<u>-</u>	<u>-</u>	<u>-</u>	<u>33,831,226,569</u>

COMPANY

As at 31st March 2024

As at 31st March 2024	Note	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial Assets measured Fair value Through Profit					
Investment in Unit Trust Funds	16	-	343,855,579	-	343,855,579
Investment in Quoted Shares	16	129,510,869	-	-	129,510,869
		<u>129,510,869</u>	<u>343,855,579</u>	<u>-</u>	<u>473,366,448</u>
Financial Assets measured Fair value Through Other Comprehensive Income					
Investment in Unquoted Shares	17	-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial Assets measured at Amortised Cost					
Trade and Other Receivables	19	-	-	-	19,330,162
Amount Due from Related Entities	20.1	-	-	-	144,733,691
Loan given to Related Entities	20.2	-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>164,063,853</u>
Financial Liabilities not Measured at Fair Value					
Short Term Loan	26	-	-	-	-
Commercial Papers	26	-	-	-	-
Amount Due to Related Entities	28	-	-	-	3,379,501
		<u>-</u>	<u>-</u>	<u>-</u>	<u>3,379,501</u>

COMPANY

As at 31st March 2023

As at 31st March 2023		Note	Fair Value			Total
			Level 1	Level 2	Level 3	
Financial Assets measured Fair value Through Profit						
Investment in Unit Trust Funds	16	-		166,622	-	166,622
Investment in Quoted Shares	16	29,078,798		-	-	29,078,798
		29,078,798		166,622	-	29,245,420
Financial Assets measured Fair value Through Other Comprehensive Income						
Investment in Unquoted Shares	17	-		-	7,402,021	7,402,021
		-		-	7,402,021	7,402,021
Financial Assets measured at Amortised Cost						
Trade and Other Receivables	19	-		-	-	119,757,220
Amount Due from Related Entities	20.1	-		-	-	70,130,984
Loan given to Related Entities	20.2	-		-	-	1,023,143,836
		-		-	-	1,213,032,040



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Financial Liabilities not Measured at Fair Value

Short Term Loan	26	-	-	-	125,000,000
Commercial Papers	26	-	-	-	1,683,524,688
Amount Due to Related Entities	28	-	-	-	98,600,190
		-	-	-	1,907,124,878

Level 1

The Company uses quoted market prices of Colombo Stock Exchange (CSE) for fair valuing of Shares.

Level 2

The Company uses the daily average government security rates issued by Public Debt Department of Central Bank of Sri Lanka for Fair Valuing Government Securities.

Level 3

The Company uses Net Assets Value basis in valuing Investment in Unquoted Shares.

38.2 Financial Instruments - Statement of Financial Position

		GROUP		COMPANY	
		2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Financial Assets		Note			
Financial assets measured at Fair Value Through Profit or Loss					
Investment in Government Treasury Bills	16	5,658,036,806	9,384,840,775	-	-
Investment in Government Treasury Bonds	16	53,132,143,015	28,287,833,577	-	-
Investment in Unit Trust Funds	16	1,017,136,577	184,349,669	343,855,579	166,622
Investment in Quoted Shares	16	1,073,716,616	50,816,466	129,510,869	29,078,798
		60,881,033,014	37,907,840,487	473,366,448	29,245,420
Financial Assets Measured at Fair Value Through OCI					
Investment in Unquoted Share Investments	17	-	7,402,021	-	7,402,021
		-	7,402,021	-	7,402,021
Financial Assets Measured at Amortised Cost					
Securities Purchase under Resale Agreements	18	1,015,901,339	372,829,607	-	-
Placement with Bank	18	142,087,155	403,805,422	-	-
Trade and other receivables	19	2,660,764,608	1,908,497,726	19,330,162	119,757,220
Loan given to Related Company	20.2	-	-	-	1,023,143,836
Amount due from related Entities	20.1	-	2,006,562	144,733,691	70,130,984
		3,818,753,102	2,687,139,317	164,063,853	1,213,032,040
		64,699,786,116	40,602,381,825	637,430,301	1,249,679,481
Non Financial Assets					
Equipment	25	140,845,836	87,653,382	1,987,009	6,459,460
Intangible assets	23	149,708,614	157,032,206	3,787,829	5,220,733
Right-of-use Assets	24	102,801,321	137,045,860	-	-
Investment in Subsidiaries	21	-	-	2,269,287,082	1,029,898,502
Investment in Joint Venture	22	-	86,361,754	-	60,000,000
Income Tax Recoverable	13.3	-	-	9,656,037	9,656,037
Advances,Deposits,Prepayments and Other Receivables	19	315,099,717	269,295,673	56,763,250	81,391,055
Deferred Tax Assets	13.7.1	45,622,443	26,294,177	4,775,705	2,872,481
		754,077,931	763,683,052	2,346,256,912	1,195,498,268
Cash and cash equivalents	15.1	1,136,890,360	458,381,381	11,399,645	49,412,397
Total Assets		66,590,754,407	41,824,446,258	2,995,086,858	2,494,590,146
		GROUP		COMPANY	
		2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Financial Liabilities					
Other Financial Liabilities					
Financial Liability Measured at Amortised Cost	26	37,914,225,387	31,897,725,903	-	1,808,524,688
Trade & Other Payables	27	887,681,566	1,142,083,707	-	-
Amounts Due to Related Entities	28	-	-	3,379,501	98,600,190
		38,801,906,953	33,039,809,610	3,379,501	1,907,124,878
Other non financial liabilities					
Lease Liability	29	115,012,852	147,542,646	-	-
Retirement Benefit Obligations	30	148,402,712	104,664,498	17,456,276	10,921,185
Income Tax Payable	13.3	4,992,449,148	894,753,052	-	-
Other Payables		3,024,513,475	791,416,962	35,649,314	30,926,623
Deferred Tax Liability	13.7	180,298	1,439,962	-	-
		8,280,558,485	1,939,817,120	53,105,590	41,847,808
Total Liabilities		47,082,465,438	34,979,626,730	56,485,091	1,948,972,686



CAP ALLIANCE HOLDINGS LIMITED
IN THE FINANCIAL STATEMENTS
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BRIEFING REPORTING

Information about reportable segments

The Group's activities have been segregated into four different segments (Private: Dealer, Corporate Finance, Asset Management, Stock Brokerage) based on the business activities that each unit is engaged for the purpose of reviewing the operating results of the Group as well as its make decisions about resource allocation.

Segment information is presented in respect of the Group's business segments as per IFRS 8. The Group's primary basis for segment reporting is based on business segments.

The financial segments are determined based on the Group's management and internal reporting structure.

For the Year ended 31 March	Primary Dealer		Corporate Finance		Asset Management		Stock Brokerage		Businesses Unallocated		Consolidated	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Interest Income	30,766,672.22	4,724,149.11	5,676,210	22,264,139	1,691,171	1,341,827	166,452,880	277,222,225	46,229,640	(9,164,798)	197,717,983	4,007,031,880
Interest Expenses	(36,118,899,206)	(3,121,221,521)	(922,229)	(167,272)	(25,181,289)	(1,129,149)	(26,487,962)	(101,577,821)	(11,393,378)	(177,951,822)	(6,799,957,522)	(1,129,233,889)
Net Interest Income	1,647,772.96	1,602,927.68	1,153,981	21,096,867	(1,490,118)	(1,099,322)	(19,935,082)	(174,355,596)	3,836,262	(216,778,000)	(1,242,169,539)	(1,125,202,008)
Fee Based Income	-	-	(74,085,452)	89,341,228	1,311,843,689	151,724,985	441,138,418	523,522,580	217,113,600	176,425,216	1,276,180,224	1,179,321,689
Net Gain from Trading	31,885,221,528	387,371,658	-	-	26,191,239	1,301,188	4,286,793	-	14,785,163	22,148,376	15,966,197,247	427,821,524
Net Gain / (Loss) from measurement of Financial Assets at FVTPL	8742,121.29	1,889,264,869	-	-	1,441,259	2,421,942	876,449	-	1,697,247	(4,096,311)	962,125,474	1,839,281,479
Divest Expenses	(13,871,886)	(11,196,181)	(1,849,862)	-	-	(1,689,601)	(11,246,178)	(1,116,111,467)	(28,815,686)	(109,114,898)	(109,763,118)	(19,512,431)
Other Income	18,888,332	91,488	-	1,175,246	179,598	51,268	862,876	4,087,386	53,493,292	6,093,724	73,170,708	1,142,918
Net Operating Income	22,778,646,689	4,839,521,487	(83,995,268)	121,617,374	1,366,362,449	159,113,117	564,695,411	877,122,719	41,886,741	11,869,881	26,221,864,926	4,871,485,839
Operating Expenses	(10,066,651,775)	(1,136,549,679)	(384,790,240)	(103,716,344)	(146,861,281)	(2,471,912,571)	(146,134,898)	(1,961,778,863)	(1,865,392,116)	(167,117,611)	(17,229,389,391)	(2,201,525,344)
Operating Profit / (Loss)	12,711,994,914	3,702,971,808	(1,578,238)	21,901,030	1,219,501,168	(1,312,799,454)	418,560,513	(1,084,656,144)	22,493,625	1,702,763,270	14,992,475,535	2,670,000,495
Share of Profit / (Loss) from Equity accounted investee (Net of Tax)	-	-	-	-	-	-	-	-	11,879,261	6,546,476	21,478,381	1,196,476
Profit Before Tax	12,711,994,914	3,702,971,808	(1,578,238)	21,901,030	1,219,501,168	(1,312,799,454)	418,560,513	(1,084,656,144)	34,372,886	1,709,309,746	15,013,953,916	2,671,196,971
Income Tax Expenses	(6,264,827,639)	(167,676,139)	4,278,487	(1,811,141)	(392,884,223)	(76,911,285)	(79,252,646)	(769,193,842)	(1,112,540)	(8,999,295)	(6,322,596,729)	(1,187,683,826)
Profit for the year	11,447,167,275	3,535,295,669	(1,582,726)	20,089,889	826,616,945	(1,389,710,739)	339,307,867	(1,853,849,986)	33,260,346	1,699,310,451	8,691,357,187	1,483,513,145
Other Comprehensive Income for the year	(8,387,178)	(6,731,422)	(336,895)	(2,879,849)	(1,781,692)	(111,740)	(1,239,438)	(44,371)	(20,000,000)	(177,763,102)	(2,963,220,925)	(101,101,443)
Total Comprehensive Income for the year	12,860,000,097	3,528,564,247	(1,919,621)	17,210,040	824,835,253	(1,491,421,479)	338,068,429	(1,904,694,087)	13,260,346	1,521,547,349	5,728,136,262	1,382,411,702
Total Assets	41,258,227,617	31,494,879,881	162,789,281	174,533,799	785,762,163	179,368,742	1,889,424,818	1,481,812,695	1,246,645,149	1,710,611,866	46,499,761,887	9,121,141,128
Total Liabilities	(41,861,348,816)	(31,616,141,141)	(130,883,086)	(75,645,777)	(413,729,128)	(161,101,137)	(1,867,254,814)	(913,599,050)	(176,867,808)	(1,166,566,324)	(27,082,425,618)	(7,179,621,726)
Net Assets	9,396,878,801	9,878,738,740	296,672,367	198,889,026	1,199,491,291	318,267,879	2,256,679,632	568,213,645	1,069,787,357	544,045,542	19,417,336,269	1,941,519,402
Cash flows from operating activities	3,305,462,574	22,714,106	87,284,544	(12,318,617)	816,671,117	399,151,702	(176,749,529)	762,716,688	-	-	1,125,476,543	(1,786,499,947)
Cash flows from investing activities	(6,267,178,798)	(3,144,799)	(49,442,627)	(13,018,393)	(25,869,669)	(12,324,374)	(24,128,924)	(79,414,214)	-	-	(8,016,799,447)	(1,228,845,364)
Cash flows from financing activities	(13,582,713,628)	(16,666,172)	(136,655,685)	(12,318,872)	(149,182,578)	(51,782,112)	(169,756,411)	(247,330,672)	-	-	(16,212,421,746)	(1,781,692,291)
Net cash flow generated during the year	(16,544,434,052)	(16,997,065)	(199,023,768)	(16,016,872)	(72,381,130)	(24,154,784)	(176,633,257)	(176,428,906)	-	-	(13,099,745,450)	(2,795,912,502)



11.3 ANNEXURE 3 – Interim Financial Statements for the period ended 31st December 2024



**CAPITAL ALLIANCE HOLDINGS LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
31ST DECEMBER 2024**

CAPITAL ALLIANCE HOLDINGS LIMITED

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED,**

	Note	GROUP		COMPANY	
		31st Dec 2024 Rs. (9 Months) (Unaudited)	31st Mar 2024 Rs. (12 Months) (Audited)	31st Dec 2024 Rs. (9 Months) (Unaudited)	31st Mar 2024 Rs. (12 Months) (Audited)
Income	5	13,288,426,518	33,049,264,571	4,857,318,495	2,291,999,162
Interest Income	6	6,793,114,270	10,741,758,453	12,908	76,988,878
Interest Expense	7	(4,271,003,227)	(6,759,307,512)	(24,877,369)	(176,518,025)
Net Interest Income/ (Expense)		2,522,111,043	3,982,450,941	(24,864,461)	(99,529,147)
Fee Based Income	8	1,928,711,983	2,291,380,619	6,227,359	3,913,143
Net Gains from Trading	9.1	4,920,972,001	19,060,617,107	64,959,474	19,512,068
Net Fair Value Gains/ (Losses) from Financial Assets at FVTPL	9.2	(414,535,842)	882,129,474	7,452,395	9,021,051
Direct Expenses	10	(40,731,905)	(68,752,133)	-	-
Other Income	11	60,164,106	73,378,918	4,778,666,359	2,182,564,022
Total Operating Income		8,976,691,386	26,221,204,926	4,832,441,126	2,115,481,137
Personnel Expenses		(1,216,417,394)	(3,579,266,059)	(43,374,923)	(53,515,849)
Depreciation & Amortization		(77,398,169)	(103,487,344)	(3,055,508)	(7,147,301)
Other Operating Expenses		(1,754,917,253)	(1,845,627,578)	(7,757,182)	(123,024,964)
Reversals of Impairment of Subsidiaries		-	-	24,041,587	3,914,626
Operating Profit		5,927,958,570	20,692,823,945	4,802,295,100	1,935,707,649
Share of Profit from Equity accounted Investee (Net of Tax)		-	21,070,301	-	-
Profit Before Income Tax		5,927,958,570	20,713,894,246	4,802,295,100	1,935,707,649
Income Tax (Expense)/ Reversal	12.1	(1,984,355,876)	(6,622,920,742)	1,665,488	864,576
Profit for the period		3,943,602,694	14,090,973,504	4,803,960,588	1,936,572,225
Profit attributable to:					
Owners of the Company		3,404,437,546	11,337,769,357	4,803,960,588	1,936,572,225
Non-Controlling Interests		539,165,148	2,753,204,147	-	-
Profit for the period		3,943,602,694	14,090,973,504	4,803,960,588	1,936,572,225
Basic Earnings per Share (Rs.) - Before Split	13	26.67	103.97	37.64	17.76
Basic Earnings per Share (Rs.) - After Split	13	1.78		2.51	

Figures in brackets indicate deductions.

CAPITAL ALLIANCE HOLDINGS LIMITED
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED,**

	GROUP		COMPANY	
	31st Dec 2024	31st Mar 2024	31st Dec 2024	31st Mar 2024
	Rs.	Rs.	Rs.	Rs.
	(9 Months)	(12 Months)	(9 Months)	(12 Months)
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Profit for the period	3,943,602,694	14,090,973,504	4,803,960,588	1,936,572,225
Other Comprehensive Expense				
Items that are or may be reclassified to Profit or Loss				
Foreign currency translation differences of foreign operations	(155,325,182)	(201,223,460)	-	-
Items that will not be reclassified to Profit or Loss				
Defined Benefit Plan - Actuarial Losses	-	(21,246,305)	-	(3,462,159)
Deferred Tax on Actuarial Losses	-	6,051,625	-	1,038,648
Share of other comprehensive income from equity accounted investees (net of tax)	-	(314,812)	-	-
Other Comprehensive Expense for the period	(155,325,182)	(216,732,952)	-	(2,423,511)
Total Comprehensive Income for the period	3,788,277,512	13,874,240,552	4,803,960,588	1,934,148,714
Total Comprehensive Income attributable to:				
Owners of the Company	3,310,835,154	11,195,271,631	4,803,960,588	1,934,148,714
Non-Controlling Interests	477,442,358	2,678,968,921	-	-
Total Comprehensive Income for the period	3,788,277,512	13,874,240,552	4,803,960,588	1,934,148,714

Figures in brackets indicate deductions.

CAPITAL ALLIANCE HOLDINGS LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT

	GROUP		COMPANY	
	2024	2024	2024	2024
	31-Dec	31-Mar	31-Dec	31-Mar
	Rs.	Rs.	Rs.	Rs.
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
ASSETS				
Cash and Cash Equivalents	516,088,431	1,136,890,360	5,485,700	11,399,645
Financial Assets Measured at FVTPL	103,350,215,615	60,881,033,014	1,007,375,117	473,366,448
Financial Assets Measured at Amortised Cost	5,482,309,287	1,157,988,494	-	-
Trade and Other Receivables	4,482,184,004	2,975,864,325	2,598,081,990	76,093,412
Amounts Due from Related Entities	-	-	177,200,939	144,733,691
Investment in Subsidiaries	-	-	2,293,328,689	2,269,287,082
Intangible Assets	152,590,365	149,708,614	2,396,592	3,787,829
Right-of-use Assets	60,047,128	102,801,321	-	-
Property, Plant and Equipment	132,817,513	140,845,836	322,736	1,987,009
Deferred Tax Assets	53,403,367	45,622,443	6,441,193	4,775,705
Income Tax Receivable	12,697,790	-	9,656,037	9,656,037
Total Assets	114,242,353,500	66,590,754,407	6,100,288,993	2,995,086,858
EQUITY AND LIABILITIES				
Liabilities				
Bank Overdrafts	909,377,040	-	33,872,168	-
Financial Liabilities Measured at Amortised Cost	88,163,260,344	37,914,225,387	327,344,808	-
Trade and Other Payables	2,769,245,108	3,912,195,041	19,358,163	35,649,314
Income Tax Payable	1,838,702,835	4,992,449,148	-	-
Amounts Due to Related Entities	-	-	-	3,379,501
Lease Liability	70,338,511	115,012,852	-	-
Deferred Tax Liability	-	180,298	-	-
Retirement Benefit Obligations	161,241,952	148,402,712	19,339,067	17,456,276
Total Liabilities	93,912,165,791	47,082,465,438	399,914,206	56,485,091
Equity				
Stated Capital	2,532,798,096	2,532,798,096	2,532,798,096	2,532,798,096
Special Risk Reserve	2,696,078,924	2,316,818,030	-	-
Retained Earnings	12,795,512,111	11,808,827,473	3,167,576,691	405,803,671
Foreign Currency Translation Reserve	(161,108,890)	(67,506,497)	-	-
Equity attributable to owners of the Company	17,863,280,241	16,590,937,102	5,700,374,787	2,938,601,767
Non-Controlling Interests	2,466,907,468	2,917,351,867	-	-
Total Equity	20,330,187,709	19,508,288,969	5,700,374,787	2,938,601,767
Total Liabilities and Equity	114,242,353,500	66,590,754,407	6,100,288,993	2,995,086,858
Net Assets Value per Share (Rs.) - Before Split	139.95	129.99	44.66	23.02
Net Assets Value Per Share (Rs.) - After Share Split	9.33	-	2.98	-

Sgd.

Vice President - Finance

Sgd.

Director

24th January 2025

Colombo

Sgd.

Director

CAPITAL ALLIANCE HOLDINGS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED,
GROUP

	Attributable to owners of the Company						Non-Controlling Interests	Total Equity
	Stated Capital Rs.	Fair Value Reserve Rs.	Foreign currency Translation reserve Rs.	Special Risk Reserve Rs.	Retained Earnings Rs.	Total Rs.		
Balance as at 01st April 2023	223,231,471	20,033,695	61,298,454	927,499,681	3,962,188,781	5,194,252,082	1,650,567,446	6,844,819,528
Shares issued during the year	2,309,566,625	-	-	-	-	2,309,566,625	-	2,309,566,625
Disposal of equity accounted Investee during the year	-	(15,391,863)	-	-	(31,725,380)	(47,117,243)	-	(47,117,243)
Total comprehensive income for the year								
Profit for the year	-	-	-	-	11,337,769,357	11,337,769,357	2,753,204,147	14,090,973,504
Other comprehensive Income for the year	-	(314,812)	(128,804,951)	-	(13,377,963)	(142,497,726)	(74,235,226)	(216,732,952)
Total comprehensive Income	-	(314,812)	(128,804,951)	-	11,324,391,394	11,195,271,631	2,678,968,921	13,874,240,552
Transferred To the Special Risk Reserve	-	-	-	1,389,318,349	(1,389,318,349)	-	-	-
Reclassification of Fair Value Reserve	-	(4,327,020)	-	-	4,327,020	-	-	-
Dividend paid during the year	-	-	-	-	(1,850,731,034)	(1,850,731,034)	(506,887,187)	(2,357,618,221)
Transactions with Equity Holders								
Adjustment due to changes in Holding	-	-	-	-	(210,304,959)	(210,304,959)	210,304,959	-
Investment in Subsidiary	-	-	-	-	-	-	(1,312,585,481)	(1,312,585,481)
Issues of Shares (Pending Allotment)	-	-	-	-	-	-	196,983,208	196,983,208
Total transactions with owners of the Company	-	-	-	-	(210,304,959)	(210,304,959)	(905,297,314)	(1,115,602,273)
Balance as at 31st March 2024	2,532,798,096	-	(67,506,497)	2,316,818,030	11,808,827,473	16,590,937,102	2,917,351,867	19,508,288,969
Balance as at 01st April 2024	2,532,798,096	-	(67,506,497)	2,316,818,030	11,808,827,473	16,590,937,102	2,917,351,867	19,508,288,969
Total comprehensive income for the period								
Profit for the period	-	-	-	-	3,404,437,546	3,404,437,546	539,165,148	3,943,602,694
Other comprehensive Income for the period	-	-	(93,602,393)	-	-	(93,602,392)	(61,722,790)	(155,325,182)
Total comprehensive Income	-	-	(93,602,393)	-	3,404,437,546	3,310,835,154	477,442,358	3,788,277,512
Transferred To the Special Risk Reserve	-	-	-	379,260,894	(379,260,894)	-	-	-
Dividend paid during the period	-	-	-	-	(2,042,187,568)	(2,042,187,568)	(924,191,203)	(2,966,378,771)
Transactions with Equity Holders								
Adjustment due to changes in Holding	-	-	-	-	3,695,554	3,695,554	(3,695,554)	-
Total transactions with owners of the Company	-	-	-	-	3,695,554	3,695,554	(3,695,554)	-
Balance as at 31st December 2024	2,532,798,096	-	(161,108,890)	2,696,078,924	12,795,512,111	17,863,280,241	2,466,907,468	20,330,187,709

Figures in brackets indicate deductions.

CAPITAL ALLIANCE HOLDINGS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED,

COMPANY

	Stated Capital Rs.	Fair Value Reserve Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 01 st April 2023	223,231,471	4,327,020	318,058,971	545,617,462
Shares issued during the year	2,309,566,625	-	-	2,309,566,625
Total comprehensive income for the year				
Profit for the year	-	-	1,936,572,225	1,936,572,225
Other comprehensive Expenses for the year	-	-	(2,423,511)	(2,423,511)
Total Comprehensive Income	-	-	1,934,148,714	1,934,148,714
Reclassification of Fair Value Reserve	-	(4,327,020)	4,327,020	-
Dividend Paid during the year			(1,850,731,034)	(1,850,731,034)
Balance as at 31st March 2024	2,532,798,096	-	405,803,671	2,938,601,767
Balance as at 01st April 2024	2,532,798,096	-	405,803,671	2,938,601,767
Total comprehensive income for the period				
Profit for the period	-	-	4,803,960,588	4,803,960,588
Other comprehensive Income for the period	-	-	-	-
Total Comprehensive Income	-	-	4,803,960,588	4,803,960,588
Dividend Paid during the period			(2,042,187,568)	(2,042,187,568)
Balance as at 31st December 2024	2,532,798,096	-	3,167,576,691	5,700,374,787

Figures in brackets indicate deductions.

CAPITAL ALLIANCE HOLDINGS LIMITED

STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED

	GROUP		COMPANY	
	31st Dec 2024 Rs. (9 Months) (Unaudited)	31st Mar 2024 Rs. (12 Months) (Audited)	31st Dec 2024 Rs. (9 Months) (Unaudited)	31st Mar 2024 Rs. (12 Months) (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before Income Tax Expense	5,927,958,570	20,713,894,246	4,802,295,100	1,935,707,649
<i>Adjustments For,</i>				
Depreciation of Property Plant & Equipment	36,538,593	42,760,936	1,664,272	4,830,451
Amortization of Intangible Assets	6,632,049	12,148,195	1,391,236	2,316,850
Provision for Retiring Gratuity	18,064,867	34,507,409	1,195,292	3,072,932
(Gain)/ Loss on Disposals of Property Plant & Equipment and Intangible Assets	(19,526,000)	4,896,303	(19,500,000)	502,337
Disposal Loss on Sale of Subsidiary Shares	-	-	-	49,205,312
Disposal Gain on Sale of Associate	-	-	-	(47,434,000)
Share of profit of equity accounted investee (net of tax)	-	(21,072,246)	-	-
Impairment of Investment in Subsidiaries	-	-	(24,041,587)	(3,914,626)
Provision for impairment of trade receivables	648,119	12,758,179	2,871,374	(467,296)
Write off Investment in Unquoted Shares	-	7,402,021	-	7,402,021
Provision for Investment in Unquoted Shares	-	20,872,440	-	20,872,440
Depreciation of ROU Assets	34,227,527	48,578,212	-	-
Finance Cost on ROU Assets	5,562,056	11,349,707	-	-
Net Fair Value (Gains)/Losses from Financial Assets at FVTPL	414,535,842	(882,129,474)	(7,452,395)	(9,021,051)
Net Capital (Gain)/ Losses on sale Investment in Shares	8,101,953	8,987,090	(8,915,098)	(263,868)
Net Capital Gains on Investment in Unit Trusts	(231,719,036)	(58,943,785)	(56,044,376)	(19,248,200)
Net Capital Gains on Treasury Bills, and Bonds	(4,697,354,918)	(19,010,660,412)	-	-
Dividend Income	(35,898,631)	(21,296,934)	(4,758,409,084)	(2,181,988,248)
Interest Income	(6,793,114,270)	(10,741,758,453)	(12,908)	(76,988,878)
Interest Expense	4,265,441,171	6,747,957,805	24,877,369	176,518,025
Operating Loss before Changes in Operating Activities	(1,059,902,108)	(3,069,748,761)	(40,080,805)	(138,898,150)
(Increase) / Decrease in Securities Purchase under Resale Agreements	(4,316,740,287)	(643,071,732)	-	-
(Increase) / Decrease in Government securities measured at FVTPL	(36,917,949,200)	(1,170,065,235)	-	-
(Increase) / Decrease in Trade and Other Receivables	(1,506,967,798)	(812,929,433)	(2,524,859,952)	125,522,159
(Increase) / Decrease in Amounts Due from Related Entities	-	2,006,562	(32,454,340)	(74,602,707)
Increase / (Decrease) in Securities Sold Under Repurchase Agreements	41,735,494,753	7,386,675,801	-	-
Increase / (Decrease) in Amounts Due to Related Entities	-	-	(3,379,501)	(95,220,689)
Increase / (Decrease) in Trade & Other Payables	(1,142,262,432)	1,978,694,372	(15,603,650)	4,722,693
	(3,208,327,072)	3,671,561,574	(2,616,378,248)	(178,476,694)
Tax Paid	(5,159,175,018)	(2,534,075,531)	-	-
Gratuity Paid	(5,913,125)	(12,015,500)	-	-
Net cash Generated from / (Used in) Operating Activities	(8,373,415,215)	1,125,470,543	(2,616,378,248)	(178,476,694)
CASH FLOWS FROM INVESTING ACTIVITIES				
Net Investment in Shares	212,774,565	(1,095,383,289)	45,393,785	(96,467,408)
Loan given to related party	-	-	-	1,023,143,836
Proceeds from Disposal of Associate	-	107,434,000	-	107,434,000
Investment in Subsidiaries	-	(1,115,602,273)	(20)	(1,312,585,481)
Sale Proceeds from Disposal of Property, Plant & Equipment	19,526,000	-	19,500,000	-
Acquisition of Property, Plant and Equipment	(34,127,244)	(103,250,834)	-	(358,000)
Acquisition of Software	(14,066,192)	(14,833,280)	-	(1,386,283)
Proceeds from Disposal of Subsidiary	-	-	-	27,906,215
Investment in Financial Assets Measured at FVOCI	-	(20,872,440)	-	(20,872,440)
Net Investment in withdrawal of Placement with Banks	-	261,718,267	-	-
Net (Investment)/ Redemption in Unit Trust Funds	(629,504,317)	(765,476,051)	(506,990,585)	(319,120,501)
Dividend Received	35,898,631	21,296,934	4,758,409,084	2,181,988,248
Interest Income Received	6,157,466,274	10,741,758,453	-	76,988,878
Net cash Generated from Investing Activities	5,747,967,717	8,016,789,487	4,316,312,264	1,666,671,064
CASH FLOWS FROM FINANCING ACTIVITIES				
Net Issue / (settlement) of Commercial Papers	5,000,000,000	(1,697,209,787)	-	(1,683,524,688)
Net issue/ (settlement) of Term Loans	3,300,000,000	140,000,000	325,000,000	(125,000,000)
Interest Paid	(4,051,900,967)	(6,560,924,335)	(22,532,561)	(176,518,025)
Lease rental Paid	(40,239,824)	(57,235,986)	-	-
Shares Issued	-	2,309,566,625	-	2,309,566,625
Dividend Paid	(2,966,378,771)	(2,357,618,221)	(2,042,187,568)	(1,850,731,034)
Net cash Generated from / (Used in) Financing Activities	1,241,480,438	(8,223,421,704)	(1,739,720,129)	(1,526,207,122)
Net increase/ (decrease) in Cash and Cash equivalents	(1,383,967,060)	918,838,326	(39,786,113)	(38,012,752)
Cash and Cash equivalents at the beginning of the year	1,136,890,360	458,381,381	11,399,645	49,412,397
Effect of movement in exchange rates	(146,211,909)	(240,329,347)	-	-
Cash and Cash equivalents at the end of the period	(393,288,609)	1,136,890,360	(28,386,468)	11,399,645

Figures in brackets indicate deductions.

CAPITAL ALLIANCE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31ST DECEMBER 2024

1. REPORTING ENTITY

The Capital Alliance Holdings Limited is a Limited Liability Company incorporated and domiciled in Sri Lanka under the Companies Act No. 7 of 2007. The Registered Office of the Company is situated at Level -5, "Millennium House", No. 46/58, Nawam Mawatha, Colombo 2 where the principal business is carried out.

The Consolidated Financial Statements of Capital Alliance Holdings Limited for the period ended 31st December 2024 comprises those of the Company (Parent company), its Subsidiaries (together referred to as the 'Group').

1.1. Date of incorporation and commencement of commercial operations

The Company was incorporated on 25th March 2003 and commenced its commercial operations on 7th April 2003.

2. Principal activities and nature of operations

2.1.1. The principal activities of the Company

The Principal Activities of the Company continued to be engaging in investment activities and management of subsidiaries.

2.1.2. The principal activities of subsidiaries are as follows;

Name of the Subsidiary/Joint Venture	Principal Activities
Capital Alliance PLC (Formerly Capital Alliance Limited)	The Principal Activities of the Capital Alliance PLC are dealing in Government Securities and corporate debt securities.
Capital Alliance Partners Limited	The Principal Activities of the Capital Alliance Partners Limited are dealing in Corporate Finance and fee-based activities.
Capital Alliance Securities (Pvt) Limited	The Principal Activity of the Capital Alliance Securities (Pvt) Limited is Stock Brokering.
Capital Alliance Investments Limited	The Principal Activities of the Capital Alliance Investments Limited are managing Unit Trust Funds and Private Wealth Management.
Finnovation (Pvt) Limited	The Principal Activity of the Finnovation (Pvt) Limited is providing IT services to Related Companies.
FipBox (Pvt) Limited	The Principal Activity of the FipBox (Pvt) Ltd is to promote digitalized transactions for investment related products.
CAL Investment Consultancy FZ LLC (Formerly CAL Investment Holdings Limited)	The Principal Activity of the Company is investment holding and investment consultancy.
CAL Bangladesh Limited	The Principal Activity of the Company is provision of Consultancy services.
CAL Securities Limited	The Principal Activity of the Company is Stock Brokering.
CAL Investments Limited	The Principal Activity of the Company is full-fledged Merchant bank activities.

CAPITAL ALLIANCE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST DECEMBER 2024**2.2 Principal activities and nature of operations (Contd...)****2.2.1 The principal activities of the Company (Contd...)**

Fixed Income Investment I (Private) Limited	The Principal Activity of the Company is investment holding.
Fixed Income Investment II (Private) Limited	The Principal Activity of the Company is investment holding.
Fixed Income Investment III (Private) Limited	The Principal Activity of the Company is investment holding.
Fixed Income Investment V (Private) Limited (Formerly CAL Property Fund (Private) Limited)	The Principal Activity of the Company is investment holding.

3. BASIS OF PREPARATION

These interim financial statements have been prepared in accordance with LKAS 34 “Interim Financial Reporting”. They do not include all the information required for a complete set of SLFRS/LKAS financial statements. However, selected explanatory notes are included to explain the events and transactions that are significant to an understanding of the changes in the Group and Company’s financial positions and performances since the last annual financial statements as at and for the year ended 31st March 2024.

The significant judgments made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those applied to the audited financial statements for the year ended 31st March 2024.

4. Functional and Presentation Currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates (the Functional Currency), which is the Sri Lankan Rupees.

The financial statements of the Group are presented in Sri Lankan Rupees (LKR) which is the functional currency of the Group entities other than for the companies listed below where the functional currency is either based on the country of incorporation of the respective Company or elements that could influence in determining its functional currency.

Company	Country of Incorporation	Functional Currency
CAL Investment Consultancy FZ LLC (Formerly CAL Investment Holdings Limited)	United Arab Emirates (UAE)	USD
CAL Bangladesh Limited	Bangladesh	BDT
CAL Securities Limited	Bangladesh	BDT
CAL Investments Limited	Bangladesh	BDT

CAPITAL ALLIANCE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED,

	GROUP		COMPANY	
	31st Dec 2024	31st Mar 2024	31st Dec 2024	31st Mar 2024
	Rs.	Rs.	Rs.	Rs.
	(9 Months)	(12 Months)	(9 Months)	(12 Months)
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
5 INCOME				
Interest Income (Note 6)	6,793,114,270	10,741,758,453	12,908	76,988,878
Fee Based Income (Note 8)	1,928,711,983	2,291,380,619	6,227,359	3,913,143
Net Gains From Trading (Note 9.1)	4,920,972,001	19,060,617,107	64,959,474	19,512,068
Net Gain/(Loss) From Financial Assets at FVTPL (Note 9.2)	(414,535,842)	882,129,474	7,452,395	9,021,051
Other Income (Note 11)	60,164,106	73,378,918	4,778,666,359	2,182,564,022
	13,288,426,518	33,049,264,571	4,857,318,495	2,291,999,162
6 INTEREST INCOME				
Financial Assets measured at FVTPL				
Interest on Treasury Bills	832,429,728	1,242,672,969	-	-
Interest on Treasury Bonds	5,495,575,342	9,180,310,714	-	-
	6,328,005,070	10,422,983,683	-	-
Financial Assets measured at Amortised Cost				
Interest on Securities Purchased under Resale Agreements	275,491,147	84,240,007	-	23,078,246
Interest on Related Party Loans	-	-	12,908	53,738,029
Interest on Deposits with Banks	16,949,518	26,763,410	-	-
Interest Income on Loans to Corporates	-	172,603	-	172,603
Interest income on credit extended to clients and early settlements	172,668,535	207,598,750	-	-
	465,109,200	318,774,770	12,908	76,988,878
	6,793,114,270	10,741,758,453	12,908	76,988,878
7 INTEREST EXPENSE				
Interest on Securities Sold Under Repurchase Agreements	4,027,519,492	6,469,811,101	-	-
Interest expense from Bank loans	165,922,174	81,217,173	22,801,297	36,012,440
Interest on Commercial Papers	51,360,880	183,798,867	-	130,729,936
Finance Cost- Lease	5,562,056	11,349,707	-	-
Bank Charges - Overdraft	20,638,625	13,130,664	2,076,072	9,775,649
	4,271,003,227	6,759,307,512	24,877,369	176,518,025
8 FEE BASED INCOME				
Placement Fee Income	158,022,641	171,435,452	1,864,309	750,000
Management Fee	1,066,023,571	1,496,135,062	-	-
Other Fee Based Income	49,322,666	53,936,251	4,363,050	-
Brokerage Fee	557,967,906	510,032,966	-	-
Consultancy & Advisory Fee	97,375,199	59,840,888	-	3,163,143
	1,928,711,983	2,291,380,619	6,227,359	3,913,143
9 GAINS AND LOSSES ARISE FROM FINANCIAL ASSETS				
9.1 Net Gains From Trading				
Net Capital Gain on Treasury Bills	21,189,915	228,094,739	-	-
Net Capital Gain on Treasury Bonds	4,676,165,003	18,782,565,673	-	-
Net Capital Gain on Investment in Unit Trusts	231,719,036	58,943,785	56,044,376	19,248,200
Net Capital Gain/(Loss) on sale Investment in Shares	(8,101,953)	(8,987,090)	8,915,098	263,868
	4,920,972,001	19,060,617,107	64,959,474	19,512,068
9.2 Net Gain/ (Loss) From Financial Assets at FVTPL				
Remeasurement Gain/(Loss) on Government Securities	(710,710,351)	936,779,822	-	-
Remeasurement Gain/ (Loss) on Shares	274,713,732	(63,017,421)	(2,234,790)	3,700,795
Remeasurement Gain on Unit Trusts	21,460,777	8,367,073	9,687,185	5,320,256
	(414,535,842)	882,129,474	7,452,395	9,021,051

CAPITAL ALLIANCE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED,

	GROUP		COMPANY	
	31st Dec 2024 Rs. (9 Months) (Unaudited)	31st Mar 2024 Rs. (12 Months) (Audited)	31st Dec 2024 Rs. (9 Months) (Unaudited)	31st Mar 2024 Rs. (12 Months) (Audited)
10 DIRECT EXPENSES				
Brokerage Commission	28,729,282	33,074,086	-	-
Other Direct Expenses	12,002,623	35,678,047	-	-
	40,731,905	68,752,133	-	-
11 OTHER INCOME				
Dividend Income	35,898,631	21,296,934	4,758,409,084	2,181,988,248
Interest income - Staff Loans	791,896	1,861,932	626,623	1,790,189
Sundry Income	3,947,579	7,682,355	130,652	1,059,234
Disposal Gain on Sale of Associate	-	47,434,000	-	47,434,000
Disposal Loss on Sale of Subsidiary	-	-	-	(49,205,312)
Gain/ (Loss) on disposal of Property Plant and Equipment and Intangible assets	19,526,000	(4,896,303)	19,500,000	(502,337)
	60,164,106	73,378,918	4,778,666,359	2,182,564,022
12 INCOME TAX EXPENSE/ (REVERSAL)				
12.1 Income tax recognised in Profit or Loss				
Current Taxation	1,991,250,616	6,655,262,806	-	-
Over provision	-	(17,719,009)	-	-
	1,991,250,616	6,637,543,797	-	-
Deferred Tax Reversal				
Reversal of Deferred Taxation	(6,894,740)	(14,623,055)	(1,665,488)	(864,576)
	(6,894,740)	(14,623,055)	(1,665,488)	(864,576)
Total Income Tax Recognised in the Statement of Profit or Loss	1,984,355,876	6,622,920,742	(1,665,488)	(864,576)
12.2 Amount Recognised in the Statement of Other Comprehensive Income				
Actuarial Loss Arising from Retirement Benefit Obligations	-	(21,246,305)	-	(3,462,159)
Deferred Tax on Actuarial Loss	-	6,051,625	-	1,038,648
	-	(15,194,680)	-	(2,423,511)

CAPITAL ALLIANCE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED,

13 BASIC EARNINGS PER SHARE

The Earnings Per Share is computed on the profit for the period attributable to equity holders of the Parent Company divided by the weighted average number of ordinary shares outstanding.

	GROUP		COMPANY	
	31st Dec 2024	31st Mar 2024	31st Dec 2024	31st Mar 2024
	Rs.	Rs.	Rs.	Rs.
	(9 Months)	(12 Months)	(9 Months)	(12 Months)
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Profit attributable to Equity Holders of the Company	3,404,437,546	11,337,769,357	4,803,960,588	1,936,572,225
Weighted average number of Ordinary Shares	127,636,623	109,045,753	127,636,623	109,045,753
Basic Earnings per share - (Rs.) - Before Split	26.67	103.97	37.64	17.76
Basic Earnings per share - (Rs.) - After Split	1.78	N/A	2.51	N/A

Total number of shares outstanding as at 31st December 2024 - (Before the share split) - 127,636,623 (31st March 2024 - 127,636,623).

Total number of Shares outstanding as at 31st December 2024 after the share split was 1,914,549,345.

The approval received to the sub division of the Company's shares to 15 new shares for each shares outstanding. The share split was done on 23rd December 2024. The Audited figures for the year ended 31st March 2024 have not been re-stated.

13.1 Diluted Earnings Per Share

There were no potentially dilutive ordinary shares outstanding at anytime during the year, hence diluted earnings per share is equal to the Basic Earnings Per Share.

11.4 ANNEXURE 4 – Collection Points

Copies of the Application Form can be obtained free of charge from the following collection points.

MANAGERS TO THE OFFER	COMPANY	REGISTRARS TO THE OFFER
Capital Alliance Partners Limited Level 2, "Millennium House", 46/58, Nawam Mawatha, Colombo 02 Tel: +94 11 2317777 Fax: +94 11 2317788	Capital Alliance Holdings Limited Level 2, "Millennium House", 46/58, Nawam Mawatha, Colombo 02 Tel: +94 11 2317777 Fax: +94 11 2317788	S S P Corporate Services (Private) Limited 101, Inner Flower Road, Colombo 03. Tel: +94 11 257 3894 Fax: +94 11 257 3609

TRADING PARTICIPANTS OF THE COLOMBO STOCK EXCHANGE

NDB Securities (Private) Ltd. Level 2, NDB Capital Building, No. 135, Bauddhaloka Mawatha, Colombo 4. Tel: +94 11 2 131 000 Fax: +94 11 2 314 181 E-mail: mail@ndbs.lk	Somerville Stockbrokers (Pvt) Ltd. No. 470/95,1/7, Bauddhaloka Mawatha, Colombo 7. Tel: +94 11 2 502 858 / +94 11 2 502 862 Fax: +94 11 2 502 852 E-mail: contact@somerville.lk
ACS Capital (Pvt) Ltd No. 44, Guildford Crescent, Colombo 07. Tel: +94 11 7898302 E-mail - info@acscapital.lk	John Keells Stock Brokers (Pvt) Ltd. No. 186, Vauxhall Street, Colombo 2. Tel: +94 11 2 306 250 Fax: +94 11 2 342 068 E-mail: jkstock@keells.com
Asha Securities Limited. No.60, 5th Lane, Colombo 3. Tel: +94 11 2 429 100 Fax: +94 11 2 429 199 E-mail: asl@ashasecurities.net	HNB Stockbrokers (Pvt) Ltd. No. 53, Dharmapala Mawatha, Colombo 03. Tel: +94 11 2 206 206 Fax: +94 11 2 206 298 / 9 E-mail: sales@hnbstockbrokers.lk
J B Securities (Pvt) Ltd. No. 150, St. Joseph Street, Colombo 14. Tel: +94 11 2 490 900 Fax: +94 11 2 430 070 E-mail: jbs@jb.lk	Lanka Securities (Pvt) Ltd 3rd Floor, "M2M Veranda Offices", No.34, W.A.D. Ramanayeke Mawatha, Colombo 2 Tel: +94 11 4 706 757 / +94 11 2 554 942 Fax: +94 11 4 706 767 E-mail: info@lankasec.com
Asia Securities (Pvt) Ltd. 4th Floor, Lee Hedges Tower, No. 349, Galle Road, Colombo 3 Tel: +94 11 7 722 000 Fax: +94 11 258 4864 E-mail: inquiries@asiasecurities.lk	Capital Trust Securities (Pvt) Ltd. No, 42, Mohamed Macan Markar Mawatha, Colombo 3. Tel: +94 11 2 174 174 / +94 11 2 174 175 Fax: +94 11 2 174 173 E-mail: inquiries@capitaltrust.lk

S C Securities (Pvt) Ltd. 5th Floor, No. 26B, Alwis Place, Colombo 3. Tel: +94 11 4 711 000 / +94 11 4 711 001 Fax: +94 11 2 394 405 E-mail: itdivision@sampathsecurities.lk	CT CLSA Securities (Pvt) Ltd. 4-14, Majestic City, 10, Station Road, Colombo-4. Tel: +94 11 2 552 290 - 4 Fax: +94 11 2 552 289 E-mail: info@ctcls.lk
Capital Alliance Securities (Pvt) Ltd. Level 2, "Millennium House", 46/58 Nawam Mawatha, Colombo 2. Tel: +94 11 2 317 777 Fax: +94 11 2 3177 88 E-mail: info@cal.lk	Richard Pieris Securities (Pvt) Ltd. No.310, High Level Road, Nawinna, Maharagama Tel: +94 11 431 0500 Fax: +94 11 280 2385 Email: communication@rpsecurities.com
First Guardian Equities (Pvt) Ltd. 32nd Floor, East Tower, World Trade Centre, Colombo 1. Tel: +94 11 5 884 400 (Hunting) Fax: +94 11 5 884 401 E-mail: info@fge.lk	Enterprise Ceylon Capital (Private) Limited. 2nd Floor-4B, Liberty Plaza, 250, R. A. De Mel Mawatha, Colombo 3 Tel: +94 11 244 5644, 11 230 1861/2 Fax: - E-mail: info@ecc.lk
LOLC Securities Limited No. 481, T.B.Jayah Mawatha, Colombo 10. Tel: +94 11 588 9889 Fax: +94 11 266 2883 E-Mail: info@lolcsecurities.com	Softlogic Stockbrokers (Pvt) Ltd Level 16, One Galle Face Tower, Colombo 02. Tel: +94 11 7 277 000 Fax: +94 11 7 277 099 Email: ssb.inquiry@softlogic.lk
First Capital Equities (Pvt) Ltd. Level 12, Vallible Property Building, No. 480, Galle Road, Colombo 03. Tel: +94 11 2 L23 901 E-Mail: equity@firstcapital.lk	Bartleet Religare Securities (Pvt) Ltd. Level "G", "Bartleet House", No. 65, Braybrooke Place, Colombo 2. Tel: +94 11 5 220 200 Fax: +94 11 2 434 985 E-mail: info@bartleetstock.com
Almas Equities (Pvt) Ltd Westin Tower, 5th Level, No 2 - 4/1, Lake Drive, Colombo 8 Tel : +94 707 144 551 Fax: +94 11 2 673 908 E-Mail: info@almassecurities.com	Nestor stock Brokers (Pvt) Ltd. No. 428, 2/7, R.A. De Mel Mawatha, Colombo 3 Tel: +94 11475 8813 Fax: +94 11 2 550100 E-mail: info@nestorstockbrokers.lk
ACAP Stock Brokers (Pvt) Ltd No. 46/46, Greenlanka Building, 6th Floor, Nawam Mawatha, Colombo 02 Tel: +94 117 564 000 Fax: +94 112 331 756 E-Mail: info@acapstockbrokers.lk	Ambeon Securities (Pvt) Ltd. 2nd Floor, No. 10, Gothami Road, Colombo 08 Tel: +94 11 5 328 200 / +94 11 5 328 100 Fax: +94 11 5 328 177 E-mail: info@ambeonsecurities.lk

11.5 ANNEXURE 5 – Custodian Banks

Bank of Ceylon Head Office 11th Floor, 04, Bank of Ceylon Mawatha, Colombo 01. Tel: +94 112 204064	The Hong Kong and Shanghai Banking Corporation Limited 24, Sir Baron Jayathilake Mawatha, Colombo 01. Tel: 011 2 325 435, 011 2 446 591, 011 2 446 303
Citi Bank, N A 65 C, Dharmapala Mawatha. P. O. Box 888, Colombo 07. Tel: +94 114 794728	People's Bank Head Office - Treasury, 5th Floor, Sir Chittampalam A. Gardiner Mawatha, Colombo 02. Tel: 011 2 206782
Commercial Bank of Ceylon PLC Commercial House 21, Bristol Street, P.O. Box 853, Colombo 01. Tel: 011 2 445 010-15	Public Bank Berhad 340, R A De Mel Mawatha, Colombo 03. Tel: 011 2 576 289, 011 7 290 200-7
Deutsche Bank AG P.O. Box 314, 86, Galle Road, Colombo 03. Tel: 011 2 447 062 / 011 2 438 057	Standard Chartered Bank 37, York Street, P. O. Box 112, Colombo 01. Tel: +94 112 480450
Hatton National Bank PLC HNB Towers, 479, T. B. Jayah Mawatha, Colombo 10. Tel: +94 112 661 762	Sampath Bank PLC 110, Sir James Peiris Mawatha, Colombo 02. Tel: +94 115 331458, +94 114 730662
Union Bank of Colombo PLC 64, Galle Road, Colombo 03. Tel: +94 112 374205	State Bank of India 16, Sir Baron Jayathilake Mawatha, Colombo 01. Tel: +94 114 622350
Nations Trust Bank PLC 256, Sri Ramanathan Mawatha, Colombo 15 Tel: +94 114 313131	Seylan Bank PLC Level 8, Ceylinco Seylan Towers, 90, Galle Road, Colombo 03. Tel: 011 4 701 812, 011 4 701 819
Pan Asia Banking Corporation PLC Head Office 450, Galle Road, Colombo 03. Tel: 011 2 565 565	

11.6 ANNEXURE 6 – Independent valuation Report

Deloitte.

Capital Alliance
Holdings Limited
Equity valuation report

December 2024





LA/S&T/VM/061/2024
30 December 2024

Board of Directors
Capital Alliance Holdings Limited
Level 05, Millennium House, 46/58, Nawam Mawatha,
Colombo 02
Sri Lanka.

Dear Sir / Madam,

Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited

We, Deloitte FAS (Pvt) Ltd. ("We" or "DFPL"), enclose our report (the "Report") prepared in connection with the services requested ("Services") in accordance with the terms of our engagement letter (the "Engagement Letter"), the discussions that we had with and the information that we have received from the management of Capital Alliance Holdings Limited ("CALH" or the "Client" or "Company"). We have performed a valuation analysis of the 100% interest in the ordinary equity shares of CALH on a going concern basis as at 30 September 2024 ("Valuation Date") for internal decision making pertaining to an intended initial public offering (IPO).

This Report is confidential to the Client and is subject to the restrictions on use specified in this Report. We disclaim any responsibility to any other person / party for any decision of such person or party based on this Report.

Deloitte FAS (Pvt) Ltd
100, Braybrooke Place
Colombo 02, Sri Lanka
Tel: +94 (0)11 7719 700
www.deloitte.com

We draw your attention to the sections titled "Terms of Reference and Limitations" included in this Report, wherein we refer to the scope of our work and the limitations of the work undertaken.

Any person who is not an addressee of this Report is not authorized to have access to this Report.

Yours faithfully,

For Deloitte FAS (Private) Limited

Lasanga Abey Suriya
Senior Director



Terms of Reference and Limitations

- Deloitte was engaged by the Client to perform an equity valuation of Capital Alliance Holdings Limited (CALH) for purposes related to internal management decision-making pertaining to an upcoming initial public offering planned.
- The equity valuation was conducted using information provided by CALH, focusing on the future operational periods set out in management forecasts. In addition, we have made reasonable efforts to independently assess the reliability of the provided information wherever feasible.
- Our Report is subject to the scope limitations detailed hereinafter. As such the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to in this Report.
- Our Report is valid for three months from the date of issuance of the final Prospectus to be issued by the Client.
- Any user of our Report should be aware that material changes in the operating environment, including changes in economic conditions, regulatory developments or market factors may result in the information contained in the document becoming quickly outdated and which may necessitate the Report being updated from time to time or before any major decisions where the information considered includes our report.
- It is important to note that the Valuation Date serves as the basis for key valuation assumptions underpinning the evaluation of relevant entities. Material changes beyond this date may impact the valuation. For computational purposes only, certain changes in the company's issued number of shares have been considered to present the implied per share values.
- We have not conducted an audit to verify the accuracy of the information provided by CALH management, nor have we engaged specific external industry experts or specialists to validate the assumptions used in the equity valuation. Instead, we relied on representations from CALH management regarding the reliability, completeness, and accuracy of the information provided. We also relied on their assurances that any estimates or forecasts shared were based on the most up-to-date and accurate information available to them and were considered reasonable and complete. We have also relied on CALH management representation regarding the absence of any contingent liabilities or claims against the Company or any related entities that are subjects of this engagement.

Terms of Reference and Limitations

- While we are committed to conducting our work with reasonable skill and care, we are not liable for any losses or damages arising from withheld, concealed, or misrepresented information provided by CALH directors, employees, agents, or other sources unless such issues were apparent from the information provided or resulted from our bad faith or willful default.
- In the course of the valuation, the Client has provided us with both written and verbal information, including financial data. We have evaluated the information provided to us by the Client through broad inquiry and analysis (but have not carried out a due diligence or audit of the data relating to the Company or its affiliates provided to us for the purpose of this engagement, nor have we independently investigated or otherwise verified the data provided). We have not undertaken any product related technical or market validation or secondary / primary analysis / survey of any forward-looking information (or the assumptions related thereto) including the underlying commercial / financing / operating agreements. Also, we have been given to understand by the Client that it has not omitted any relevant and material factors. Accordingly, we do not express any opinion or offer any form of assurance regarding its accuracy and completeness. We assume no responsibility for any errors in the above information furnished by the Client and their impact on the present exercise. In the course of the valuation analysis, we have assumed and relied upon, without independently verifying the accuracy, information that was publicly available and formed a basis for this Report. While information obtained from the public domain or external sources have not been verified for authenticity, accuracy or completeness, we have obtained information, as far as possible, from sources generally considered to be reliable. We assume no responsibility for such information.
- The fee for our valuation analysis and the deliverable is not contingent upon the results reported.
- Our engagement was to carry out a valuation of the 100% interest in the ordinary equity shares in CALH. Determination of a price for the initial public offering of equity shares is solely the responsibility of management and beyond the scope of Deloitte's engagement with CALH.



Sources of information

- Audited financial statements for Capital Alliance Holdings Limited and its operating affiliates (other than Capital Alliance PLC) for FY 2019/20 to FY 2023/24. (Provided by the client on November 5th, 2024)
- Audited financial statements for Capital Alliance PLC for FY 2019/20 to FY 2023/24 (Accessed via [CSE - Colombo Stock Exchange](#) on November 5th, 2024)
- Unaudited management accounts for Capital Alliance Holdings Limited and its operating affiliates for the six-month period up to 30 September 2024. (Provided by the client on November 5th, 2024)
- Historical information pertaining to the profitability and ROE of Capital Alliance PLC since 2009. (Accessed via [CSE - Colombo Stock Exchange](#) on November 10th, 2024)
- Forecast financial statements for Capital Alliance Holdings and its relevant operating affiliates for the 12-month periods from FY 2024/25 up to FY 2028/29. (Provided by the client on November 20th, 2024)
- Publicly available data on economic indicators from Central Bank of Sri Lanka (CBSL) (Accessed via [cbsl.lk/eresearch/](#) on December 3rd, 2024)
- Publicly available data from Unit Trust Association of Sri Lanka (UTASL). (Accessed via [https://utasl.lk/](#) on December 5th, 2024)
- Details on bonus structures, staffing plans and borrowing facilities. (Provided by the client on October 28th, 2024)
- M&A transaction details sourced from an intelligence platform. (Accessed via [IQIN Analytics | Mergermarket](#) on December 15th, 2024)
- Market data and industry insights from the Emerging Markets Information Service (EMIS) database. (Accessed via [EMIS Next | EMIS](#) on December 16th, 2024)
- Publicly available data from CSE on stock brokering firms (Accessed via [CSE - Colombo Stock Exchange](#) on December 17th, 2024)
- Publicly available data on Primary Dealer Companies (PDCs) from Central Bank of Sri Lanka (CBSL). (Accessed via [https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/publications/aer/2023/en/Full_Text.pdf](#) on December 20th, 2024 – Annual Economic review, 2023)
- Publicly available data for peer analysis of Capital Alliance PLC from stock exchanges (Accessed via [CSE - Colombo Stock Exchange](#), [NSE - National Stock Exchange of India Ltd: Live Share/Stock Market News & Updates](#), [Quotes - Nseindia.com](#) & [BSE \(formerly Bombay Stock Exchange\) | Live Stock Market updates for BSE SENSEX, Stock Price, Company News & Results](#) on December 21st, 2024)
- Market risk premium (ERP), Beta and D/E ratio data for WACC computations from data published by Prof. Damodaran (Accessed via [https://pages.stern.nyu.edu/~adamodar/](#) on December 15th, 2024)
- Data for all tables obtained from information provided by the Client on November 15th, 2024. Unless otherwise stated, all tables and graphs in this report refer to financial year ended as at 31 March of the respective and graphs were year.

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Executive Summary

Executive Summary

Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited

We have assessed the value of the ordinary equity capital of Capital Alliance Holdings Limited (CALH) on a Sum of the Parts Approach to capture the value of material operating businesses within the CALH group and an adjusted net asset value approach to arrive at the overall value of the Company.

Material and core business entities were valued using distinct valuation approaches and aggregated with other net assets on the CALH balance sheet to arrive at the valuation.

The valuation arrived at is for the 100% ordinary equity interest of CALH as at the Valuation Date, i.e., 30 September 2024.

Valuation of Capital Alliance Holdings Limited (CALH)

	Valuation	Base Limit/Mid-Point
Overall valuation range of CALH	LKR 23,284.5 Mn to LKR 24,929.4 Mn	LKR 24,097.3 Mn
*Per Share Valuation range	LKR 12.16 to LKR 13.02	LKR 12.59

* Management has confirmed a 1:15 share split which has occurred on the 23rd of December 2024. This has resulted in the total number of shares outstanding rising to 1,914,549,345 from the 127,636,623 issued shares as at 30 September 2024. For presentation purposes, the computation of per share values for CALH are based on the number of shares in issue post the split on the 23rd of December 2024.

Constituent components of the Adjusted Net Asset basis valuation of CALH

Material business entity	Absolute valuation range (LKR Mn)	Ownership Interest held by CALH	Attributable valuation range (LKR Mn)	Base Limit/Mid-Point
Capital Alliance PLC (CALP)	13,580.3 to 15,009.9	86%	11,679.1 to 12,908.5	12,293.8
Capital Alliance Securities (Pvt) Ltd (CALS)	1,716.4 to 1,826.2	40%	686.6 to 730.5	707.5
CAL Investment Consultancy FZ LLC (CALIC)	7,132.5 to 7,504.1	100%	7,132.5 to 7,504.1	7,309.7
Reported Net Assets held by CALH as at Valuation Date			5,674.6	5,674.6
Less: recorded balance sheet cost of affiliates valued separately			(1,888.3)	(1,888.3)
Value of 100% Ordinary Equity of CALH			23,284.5 to 24,929.4	24,097.3

Refer section 10 for detailed computations

Deloitte FAS (Private) Limited | Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited

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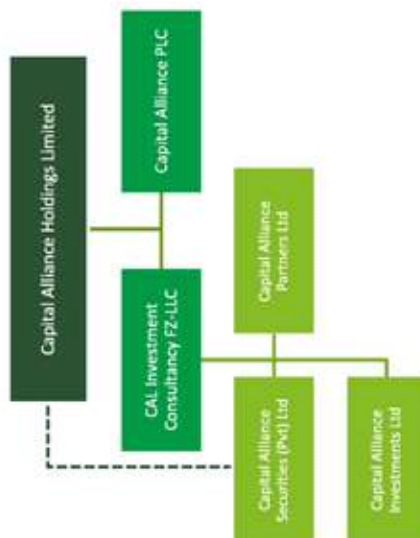
Executive Summary

Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited

Constituent components of the Adjusted Net Asset basis valuation of CAL Investment Consultancy FZ LLC (CALIC)

Material business entity	Absolute valuation range (LKR Mn)	Stake held by CALH	Attributable valuation range (LKR Mn)	Base Limit/ Mid-Point
Capital Alliance Investments Limited (CALI)	3,985.0 to 4,256.8	95%	3,785.8 to 4,044.0	3,909
Capital Alliance Securities (Pvt) Ltd (CALS)	1,716.4 to 1,826.2	60%	1,029.8 to 1,095.7	1,061.3
Capital Alliance Partners Ltd (CALP)	652.7 to 700.2	100%	652.7 to 700.2	675.3
Reported Net Assets held by CALIC			1,918.2	1,918.2
Less: recorded balance sheet cost of affiliates valued separately			(254.0)	(254.0)
Value of 100% Ordinary Equity of CALIC			7,132.5 to 7,504.1	7,309.7

Refer section 9 for detailed computations



Refer to Section 2 for group stake ownership



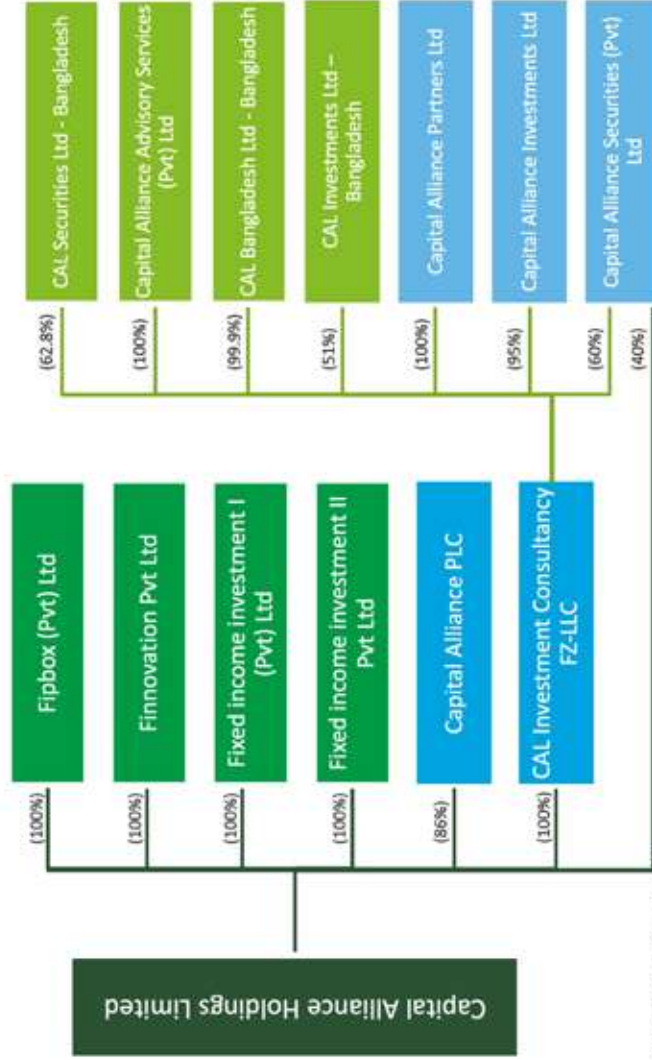
CALH Structure

Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited

The client herein and the entity being valued, Capital Alliance Holdings Limited (CALH) is the parent and holding company of a prominent investment banking group in Sri Lanka, commonly referred to as CAL.

The parent, along with several entities in its ownership structure, operate in four key business areas, namely in Primary Dealer Operations, Unit Trust and Private Wealth Management, Stock Brokerage and Corporate Finance/Investment Banking segments. The legal entities which these businesses represent are considered material and we adopted separate valuation approaches reflective of the unique attributes of these segments to arrive at respective equity valuations for same.

In addition, CAL Investment Consultancy FZ LLC (CALIC), a holding company incorporated in the UAE and which in turns owns controlling stakes in CAL entities incorporated in Sri Lanka and Bangladesh, has been considered a material entity to be valued separately.



*The values in brackets represent the equity ownership percentage by the immediate parent company.

Deloitte FAS (Private) Limited | Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited

CALH Structure

Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited

Affiliates valued on distinct basis

	Stake	Business	Need for separate valuation
Capital Alliance PLC	86% held by CALH	Primary Dealership business listed on the Colombo Stock Exchange	A leading nonbank primary dealership with asset base of LKR 74,885 Mn as of September 2024.
Capital Alliance Investments Limited	95% held by CALIC	Unit Trust management company and private wealth management company.	Asset management company offering unit trust products and private wealth management with revenue exceeding a billion rupees.
Capital Alliance Securities (Pvt) Ltd	40% via CALH and 60% via CALIC	Stock Brokerage	Stock brokerage with approximately 10% share of market turnover and revenue exceeding LKR 550 Mn.
Capital Alliance Partners Ltd	100% held by CALIC	Investment Banking/Corporate Finance	Corporate Finance and Investment banking business unit with strong market presence.
CAL Investment Consultancy FZ LLC	100% held by CALH	Holding company incorporated in the UAE with investments in material entities.	Holding company for some of the businesses valued separately.

Deloitte FAS (Private) Limited | Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited

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CALH Structure

Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited

Affiliates not valued separately

	Stake	Business	Basis for no separate valuation requirement
Fipbox (Pvt) Ltd	100% held by CALH	Investment holding company	Minimal assets and book value. Has no operating income and is largely dormant.
Finnovation Pvt Ltd	100% held by CALH	The Principal Activity of the Finnovation (Pvt) Limited is providing IT services to Related Companies.	Minimal assets and book value. Provides services to group companies.
CAL Securities Ltd - Bangladesh	62.8% held by CALIC	Stock Brokerage in Bangladesh	Nascent operations. Attributable book values are presently below cost.
CAL Bangladesh Ltd - Bangladesh	99.9% held by CALIC	Consultancy Service Provider in Bangladesh	
CAL Investments Ltd – Bangladesh	51% held by CALIC	Merchant Bank activities in Bangladesh	
Capital Alliance Advisory Services (Pvt) Ltd	100% via CALIC	Advisory and consultancy services, incorporated in the Colombo Port City	Incorporated in 2024 - Presently inactive
Fixed Income Investment I Pvt Ltd	100% held by CALH	Entity set up to facilitate some of the structuring activities carried out by CAL businesses.	Set up to facilitate structuring activities of CAL businesses - presently inactive.
Fixed Income Investment II Pvt Ltd	100% held by CALH	Entity set up to facilitate some of the structuring activities carried out by CAL businesses.	Set up to facilitate structuring activities of CAL businesses - presently inactive.

Deloitte FAS (Private) Limited | Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited



Approach & Methodologies

Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited

Sum of the Parts basis

The approach adopted for the business valuation of CALH is based on a Sum of the Parts approach in that each of the material businesses we have referred to in relevant sections of this report are valued separately to account for the unique and diverse business models.

The values of the affiliates (which we arrive at in this exercise) are then notionally restated in the CALH balance sheet to ultimately arrive at an adjusted Net Asset value for the CALH equity valuation.

Valuing the CALH entity at its group/consolidated level as an alternative, would not allow for the capture of value creation by the key businesses as the affiliates are held at cost by CALH and where the growth drivers for respective businesses vary. The parent company also does not necessarily receive the level of dividend income which reflects the underlying financial performance of respective entities.

Other net assets

As indicated in the section on CALH group structure, there are other non material and non core entities with negligible investments made into them which are considered at cost. Similarly, all other net assets (less the on-balance sheet cost of the affiliates being separately valued) are considered at their balance sheet values to arrive at the Adjusted Net Asset based valuation for 100% of the ordinary equity capital in CALH. This approach has been discussed with the Client and agreed to be a reasonable approach.

Bangladesh businesses

CALIC, the UAE incorporated entity also holds investments (in addition to the controlling stakes in some of the material Sri Lanka entities) in CAL Bangladesh entities. Namely,

- CAL Investments Ltd
- CAL Bangladesh Ltd
- CAL Securities Ltd

As the Bangladesh businesses are still at a very early stage of operations with attributable book values being less than cost of investment, these entities are considered at their investment cost. The valuation of CALIC, holding company in the structure being separately valued, includes the value of the Bangladeshi businesses at cost.

Approach & Methodologies

Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited

Methodology for key business lines

Basis adopted to ultimately value CALH is the adjusted net asset value approach

Entity	Business	Primary approach	Rationale	Reasons for not adopting other approaches
Capital Alliance PLC (CALH)			The Primary Dealership business contains a very high proportion of assets on a marked to market basis (MTM). Hence the valuation basis used must account for the fact that the book value is critical and reflective.	A Residual Income based valuation relies on the forecasts heavily to arrive at the excess earnings to be added to the book value. The difficulty in estimating capital gains/losses for the forecast period makes it difficult to adopt residual income.
	Primary Dealership	Justified Price to Book Multiple	The Justified Price to Book value uses the long term expected ROE, growth rate based on the Gordon Growth model/or suitable long term sustainable growth rate and an appropriate cost of equity. Resulting in the computation of a 'Justified Price to Book Value Multiple'	Other approaches such as a dividend discount model is not adopted as the rate of dividends paid by the company historically has been inconsistent and it is difficult to estimate a stable payout ratio.
			$\text{Justified Price to Book Value Multiple} = \frac{\text{ROE} - \text{Growth}}{\text{Cost of Equity} - \text{Growth}}$ <p>The long-term GDP growth rate of 3% is used as the growth rate in the ratio.</p>	A Value Weighted Average Price (VWAP) based valuation is shown later in the report. However, as the trading volumes are thin it is not likely to be reflective of a valuation for 100% of the equity. Further, market sentiment (positive or negative) which are influenced by broader country economic and political developments, affects price indicators given by VWAP.

Deloitte FAS (Private) Limited | Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited

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Approach & Methodologies

Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited

Methodology for key business lines

Basis adopted to ultimately value 100% of the equity of CALH is the Adjusted Net Asset Value Approach

Entity	Business	Primary approach	Rationale	Reasons for not adopting other approaches
Capital Alliance Investments Limited	Unit Trust management company and private wealth management company	Discounted Cashflows	The availability of detailed cashflow forecasts presented to us by management makes the DCF approach usable.	In the case of Capital Alliance Investments Limited a percentage of AUM approach is not adopted as it would not necessarily reflect the growth plans of the company.
Capital Alliance Securities (Pvt) Ltd	Stock Brokerage		It allows for the value created by these businesses to be reasonably reflected – which is in line with the control perspective and ability to influence the future management, operations and use of funds etc. the immediate and ultimate parent entities can exert on the respective companies.	In the case of all three entities, comparable market transactions and comparable peer market multiples are scarce and not very comparable. For comparative purposes, we however present same as alternatives.
Capital Alliance Partners Ltd	Investment Banking/Corporate Finance		The relative economic and political stability as of the Valuation Date versus the recent past allows for a reasonably higher degree of confidence about market outlook and forecast cashflows.	As these three entities adopt income based business models and not asset driven models, the Net Asset Values are negligible and not reflective of value generation at these businesses. Hence the Net Asset Value approach is not adopted as a valuation basis.
CAL Investment Consultancy FZ LLC	Holding company with investments in material entities.	Adjusted Net Asset Value	As this company acts as a holding company, the adjusted net asset value basis is used to compute its valuation. Some of the entities valued separately are held at CALIC level necessitating the separate valuation of CALIC on adjusted net asset value.	

Deloitte FAS (Private) Limited | Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited

Approach & Methodologies

Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited

Approach for the computation of the Weighted Average Cost of Capital (WACC) and Cost of Equity used to compute the relevant business valuations. $WACC = K_e \left(\frac{E}{D+E} \right) + K_d \left(1-t \right) \left(\frac{D}{D+E} \right)$ A common WACC is used to compute the discounted cashflow basis valuations in this Report. We view debt and equity funding for the relevant affiliates being negotiated centrally by the parent and for the group leveraging the overall reputation of CAL group as a justification. Furthermore, CALL, CALS and CALP businesses are expected to be impacted by broadly similar market and economic factors, and hence having broadly similar market risk profiles.				FY25F+
Ref.	Key Assumptions*	Source		
A	Sri Lankan Government Treasury bond rates	Average <10-year T-bond rate from the secondary bond market as of the Valuation Date		13.3%
B	Equity market risk premium (EMRP)	EMRP for Sri Lanka based on market sources. The value presented here is a beta adjusted EMRP		5.2%
C	Cost of Equity	A + B		18.5%
D	Cost of Debt (Pre-tax)	AWPLR as of September 2024 considered to be suitable for company of CALH size and profile		9.3%
E	Effective Tax Rate	Corporate tax rate as of the Valuation Date		30.0%
F	Debt/(Debt+Equity)	An average of the Debt to Equity ratio of investment bank holding companies to arrive at the D/E. This is based on public and non public information available to Deloitte.		37.5%
G	Weighted Average Cost of Capital (WACC)	$((C \times (1-F)) + ((D \times (1-E) \times F))$		14.0%
*Rates and ratios considered are as of 30 September 2024 – which is the Valuation Date				
Deloitte FAS (Private) Limited Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited				18

Approach & Methodologies

Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited

Exchange Rate

The LKR/USD exchange rate used as of the Valuation Date is as published by the CBSL and is LKR 299.36/USD.

Terminal Growth Rate

A growth rate of 3.0% is used wherever relevant and as the long term growth rate in discounted cash flow-based valuations to compute terminal values. The 3.0% rate is presently the consensus rate of long-term GDP growth for Sri Lanka and hence considered as the sustainable growth rate.

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Economic Outlook

Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited

CAL main business lines are

- Government Securities Primary Dealership
- Asset Management – Unit Trust operations and Private Wealth Management
- Stock Brokerage
- Investment Banking

The nature of the respective businesses result in the future movement of macro-economic indicators and expectations on same having a strong linkage with forecast financial position and performance. As per discussions with management and representations received, expectations center around relatively stable interest rates as well as relative stability on other indicators such as inflation and exchange rates over the next 5 years. Management is also bullish on growth, and this is reflected in somewhat aggressive but attainable financial forecasts provided to us by each business line. We present below a high-level understanding on factors which support the views underpinning the projections and potential risks to same.

Economic Outlook

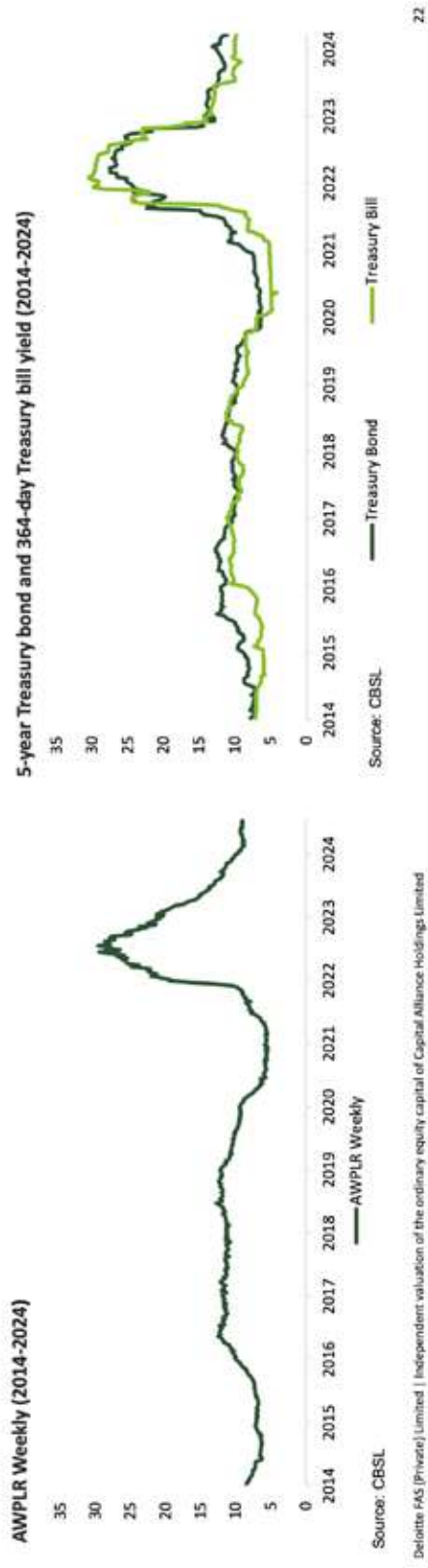
Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited

Market interest rates tentatively expected to be stable over the near to medium term

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Despite some views expressed that the recently elected president and Government may lean away from the economic reform agenda, it is very unlikely that the Government will initiate actions which deviate markedly from the prescribed IMF measures.

This is believed to be the case based on the importance of the IMF programme to Sri Lanka coming out of the crisis being well understood by all stakeholders. Hence the implication of this is that the probability of extreme movement in market rates, extreme inflation and rapid depreciation of the currency as seen in 2022/early 2023 are lower over the medium-term forecast horizon.



Economic Outlook

Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited

Potential for improved sovereign credit outlook, improved reserve position and near-term price stability



A debt restructuring programme has been entered into between the holders of International Sovereign Bonds (ISB's) and the Government of Sri Lanka (GOSL).

This improves prospects for the country and the recent upward notching by Fitch Ratings of the sovereign credit rating from the present Restrictive Default' status (with other agencies likely to follow suit) will again enable access to international capital markets.

Another important point to note is the improvement in Gross official reserves over the past 12 months. As of now Sri Lanka appears comfortable in terms of availability of foreign currency to settle the immediate payments required on ISB's under the debt restructuring programme



Albeit benefitting from a high base effect, both headline and core inflation have moderated to a great extent, with headline inflation as of October representing a negative 0.7% on a YoY basis. With the increased Central Bank independence seen recently, the desired inflation targeting policies appear achievable. As of now it is reasonable to expect relative price stability over the next 12 to 18 months.

Economic Outlook

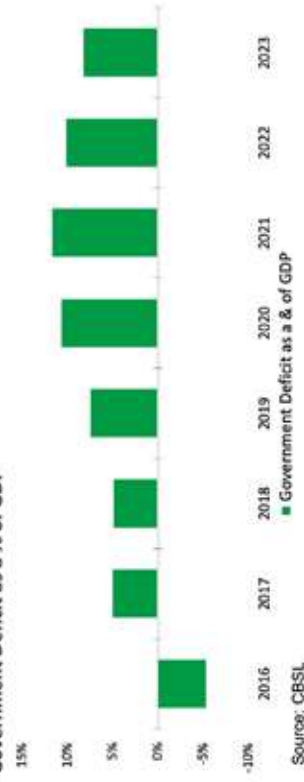
Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited

Improved fiscal position lowers government borrowing requirements and upward pressure on domestic market rates

A significant shift brought about by the IMF programme has been enhanced fiscal discipline. The Government deficit as a percentage of Gross Domestic Product (GDP) has improved from 10.2% in 2022 to 8.3% as of 2023. Upward pressure on interest rates via excessive government borrowing as in previous periods is unlikely to be seen in the immediate future.



Government Deficit as a % of GDP



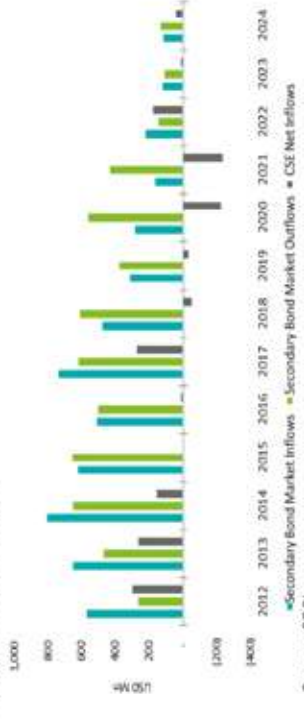
Deloitte FAS (Private) Limited | Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited

Political Stability has potential to attract greater foreign investment

With the Government attaining a 2/3 majority in parliament and an Executive President from the ruling Party, there is a greater likelihood for political stability which is sometimes seen by foreign investors as more important than the views and positions taken by a particular government. The inflows into the Colombo Stock Market and Secondary Bond market which have been weak in recent times may benefit from this.



Market Inflows/Outflows




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Economic Outlook

Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited




Long term recovery can be hampered if tax cuts, and fiscal loosening is higher than optimal



Despite the visible improvements and outlook on stability, Sri Lanka's economic growth is still in the lower single digits with long term expectations still hovering around the 2 to 3% mark.

Hence to boost growth it is possible that the Government may seek fiscal loosening via higher than optimal cuts to income/corporate tax rates which may result in demand driven inflation. However, this is mitigated by fairly low probability.

Lowering of interest rates can result in higher inflation and currency depreciation



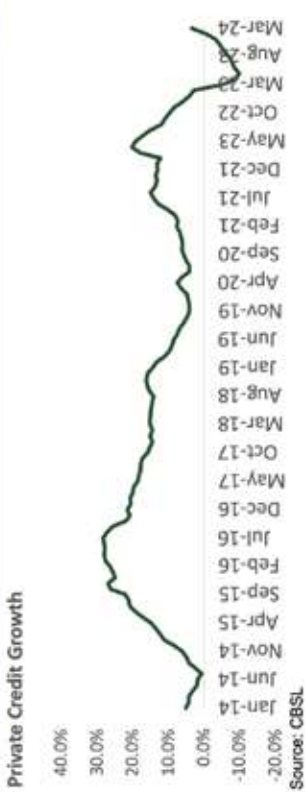
The prevailing low interest regime along with the recent lowering of the policy rate, could precipitate continuous increase in private credit growth (there is an increasing trend as demonstrated by the recent figures).

With a potential result of higher inflation leading to tighter monetary policy in response and currency depreciation. Again, however the probability for any significant impact in the medium term is not high.

Economic growth Forecast for 2024 & 2025

					
				2024	2025
	1.9%	1.5%	3.3%		
	2.5%	2.6%	4.0%		

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Economic Outlook

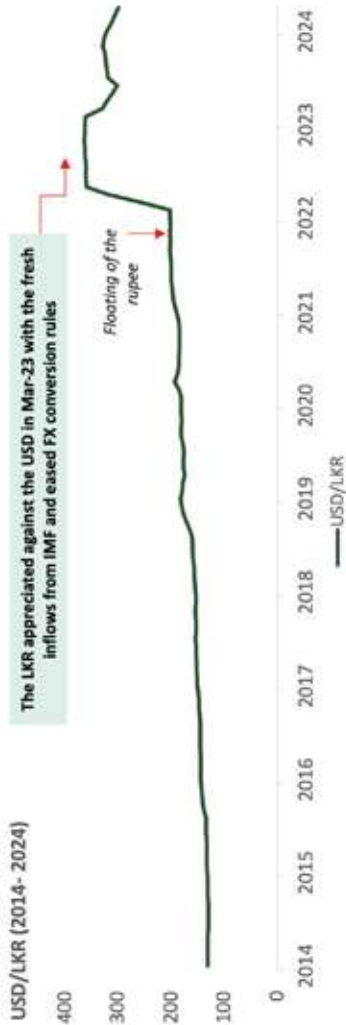
Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited

Risk of currency depreciation also stems from opening up of several categories of imports too soon

Announcement of the decision to allow recommending of vehicle imports into the country during the first half of 2025 is a negative for the LKR which has appreciated by 10.7% between March 2024 and 30th September 2024.

This may precipitate currency depreciation and increased lending/lease facilities to cater to pent up demand for vehicle imports. There is a risk that such resumption is too early given that relative stability does not imply a complete economic recovery.

Despite this we tentatively view positive economic factors as outweighing the risks in the near/medium term – which is the view CAL management has adopted for interest rates and other macro variables in projecting financials.



Deloitte FAS (Private) Limited | Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited



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Capital Alliance PLC (CALT)

Capital Alliance PLC (CALT)

Company and Industry overview



CALT is a non-Bank entity in the Primary Dealership space in Sri Lanka and is presently the only listed entity in the CAL Group. CALH holds a controlling 86% stake in CALT which is the largest CAL group entity in terms of asset base and net asset value.

As of September 2024, there were 10 Primary Dealers in the market comprising of 5 Bank Primary Dealer operations and 5 non-bank Primary Dealers.

In terms of total assets, CALT with LKR 74,212 Mn (Dec 2023) held a market share of 27% of the non-bank Primary Dealer asset base in the country (inferred from CBSL Annual Economic Review 2023), underpinning the systemic significance of the entity.

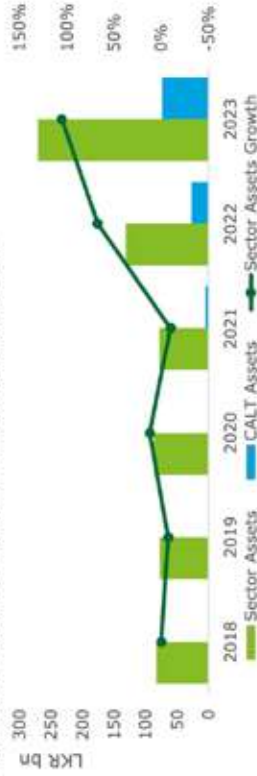
The significant decline in market interest rates by end 2023, more pertinently bond yields, from the historic highs seen during the economic crisis has led to a substantial increase in the primary dealer balance sheets (with lower bond yields fueling bond price increases) including that of CALT.

Accordingly, non-bank Primary Dealers also made significant profits during 2023 amounting to LKR 35.8 Bn, representing a significant increase from just LKR 1.7 Bn during the year ending December 2022.

CALT which is a March year end company made post-tax profits of LKR 13,893 Mn for the 12 months ended 31 March 2024, nearly 5-times the LKR 2.8 Bn made during the corresponding period ended 31 March 2023.

CALT profitability has been more moderate during the first 6 months of the year to 30 September 2024 which has seen a more stable interest rate environment. The trend has been mirrored as per the data available from the other listed Primary Dealers. CALT post-tax profits for the 6 months of the year to 30 September amounted to LKR 1,382 Mn, a marked drop from the LKR 13,893 Mn made during the corresponding period in 2023. The reported asset base as at 30 September 2024 was LKR 74,885 Mn.

CALT holds 27% of the non-bank Primary Dealer asset base*



*Sector data only available up to December 2023

Deloitte FAS (Private) Limited | Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited

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Capital Alliance PLC (CALT)

Historical Financials

As evident from the historical topline and bottom-line figures CALT (and industry) performance exhibits some inherent volatility owing to the strong dependency on market rate movements.

The volatility in profitability, ROA and ROE is in evidence even before the economic crisis. The range for the ROE between financial year end March 2018 to financial year end 2024 is between -6.4% to +127% with an average during the period of 45.6%.

Composition of Income

As seen from the graph on the right, Net interest income has been consistent throughout but overshadowed by trading gains and capital gains. Particularly in FY March 2024 where trading and capital gains account for nearly 85% of CALT operating income.

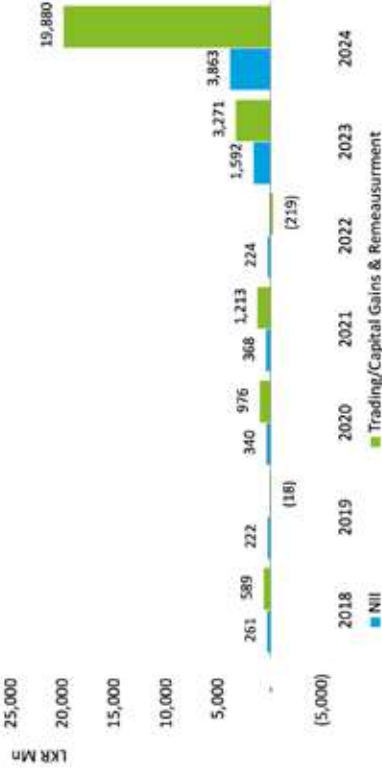
Personnel Expenses

CALT personnel expenses are the most significant indirect costs driven by sales incentives and more pertinently the overall bonus structure which is ROE based. Bonus rates and split, over and above a targeted ROE is agreed during budgeting cycles. As a result, the excessive profitability during year ending March 2024 leads to an employee expenses figure of LKR 2.8 Bn.

Ratios	2018	2019	2020	2021	2022	2023	2024
Net Interest Margin	8.6%	6.1%	8.0%	8.6%	6.9%	20.7%	23.5%
Avg Assets/Avg Equity	6.9	7.8	7.4	5.5	3.7	5.7	3.7
ROA	6.3%	0.3%	5.8%	7.5%	-1.7%	12.2%	28.0%
ROE	43.1%	2.7%	43.0%	40.8%	-6.4%	69.3%	127.0%
Capital Adequacy	N/A	N/A	N/A	54.1%	310.6%	24.7%	43.5%

Source: Deloitte analysis and company annual reports

Breakup of Operating Income



Capital Alliance PLC (CALT)

Historical Financials

Assets

As of the 30th of September 2024, total assets in the balance sheet amounted to LKR 74,885 Mn of which Financial Assets measured at Fair Value through the P&L amounted to 95% of the asset base.

Similar to other listed dealers in the market CALT's percentage of assets marked to market is significantly high (95%).

Liabilities

The Primary Dealer business model revolves around funding the asset base via repo agreements. Securities are pledged as collateral to raise Repo funds which are then used to finance the asset side.

As of September 2024, the value of such liabilities amounted to LKR 61,746 Mn which is 94% of total liabilities.

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Capital Alliance PLC (CALT)

Summarized Historical Profit and Loss Accounts

Capital Alliance PLC Statement of profit or loss For the year ended 31st March											In LKR Mn.
	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024	2024	2024	1H 2024
Interest Income	1,158.8	1,092.7	1,439.6	1,075.2	508.3	4,720.2	10,504.5	4,080.1			
Interest Expenses	-897.9	-871.0	-1,100.0	-707.1	-284.0	-3,127.9	-6,641.4	-2,487.0			
Net Interest Income	260.9	221.7	339.5	368.0	224.3	1,592.2	3,863.1	1,593.1			
Net gain/loss from trading	611.2	-68.4	898.3	1,345.0	-202.9	609.6	19,005.3	3,008.8			
Net gain/loss from remeasurement of financial assets at FVTPL	-22.5	50.9	77.5	-132.0	-16.0	2,661.0	874.5	-2,258.2			
Direct Expenses	-13.6	-13.6	-13.3	-16.4	-6.7	-11.0	-33.1	-17.2			
Other Income	7.6	11.2	10.4	5.3	7.4	0.0	19.3	31.1			
Net Operating Income	843.5	201.8	1,312.6	1,569.9	6.2	4,851.8	23,729.2	2,357.6			
Operating Expenses											
Personnel expenses	-199.7	-107.9	-179.1	-202.9	-109.4	-523.0	-2,775.8	-100.1			
Depreciation and amortization	-6.4	-8.3	-10.0	-9.4	-7.8	-6.8	-15.7	-9.6			
Other expenses	-64.0	-48.1	-115.7	-87.4	-95.2	-627.1	-839.7	-229.0			
Profit before tax	573.4	37.5	1,007.8	1,270.2	-206.3	3,694.9	20,098.0	2,018.9			
Income tax expense	-	-	-270.4	-303.7	34.9	-867.9	-6,204.8	-636.7			
Profit for the year	573.4	37.5	737.4	966.5	-171.4	2,827.0	13,893.2	1,382.2			

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Capital Alliance PLC (CALT)

Summarized Historical Balance Sheet

Capital Alliance PLC Balance Sheet For the year ended 31st March		In LKR Mn.									
		2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	31H 2024		
Assets											
Cash and cash equivalents		19.8	25.9	5.2	10.5	14.3	29.0	353.0	51.7		
Financial assets measured at amortised cost		723.8	1,524.5	776.6	47.2	40.2	372.8	1,015.9	3,520.5		
Financial assets measured at FVTPL		9,502.3	9,051.9	13,522.8	11,464.1	8,075.9	37,574.4	59,533.3	71,204.6		
Amounts due from related companies		0.6	2.6	6.6	3.4	0.9	21.8	11.8	10.1		
Trade and other receivables		36.7	54.9	39.3	10.1	24.0	13.7	260.5	21.9		
Financial assets measured at FVOCI		477.3	460.9	1.0	1.0	-	-	-	-		
Deferred tax asset		-	-	7.1	9.4	44.0	16.9	24.6	25.6		
Intangible assets		13.8	8.3	5.4	2.5	0.9	1.4	4.5	3.8		
Right of use asset		-	-	2.9	13.4	11.2	7.1	3.1	1.0		
Equipment		5.3	4.1	3.5	3.0	3.6	3.6	51.6	46.2		
Total Assets		10,779.6	11,133.1	14,370.4	11,564.7	8,214.9	38,040.7	61,258.2	74,885.5		

Deloitte FAS (Private) Limited | Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited

Capital Alliance PLC (CALT)

Summarized Historical Balance Sheet

Capital Alliance PLC										in LKR Mn.
Balance Sheet										
For the year ended 31st March										
	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	1H 2024	
Liabilities and Equity										
Liabilities										
Financial Liabilities at amortised cost										
Amounts due to related parties	9,340.1	9,652.3	11,905.2	8,461.1	5,466.0	30,055.3	37,346.4	61,746.3	7.2	
	-	13.8	21.3	86.9	7.0	108.0	61.8			
Loan from related party	-	-	-	-	-	1,023.1	-	-	-	
Other payables	24.3	20.7	65.4	78.6	9.6	541.6	2,740.3	1,081.3		
Lease liability	-	-	3.1	13.6	11.8	8.0	3.7	1.3		
Retirement Obligation	31.3	25.7	30.5	40.8	38.5	54.8	81.3	84.9		
Income tax payable	-	0.0	334.5	160.3	14.2	759.8	4,627.8	609.1		
Total Liabilities	9,395.7	9,713.7	12,360.1	8,841.2	5,547.1	32,550.6	44,861.3	63,530.1		
Equity										
Stated Capital	296.1	311.6	311.6	311.6	723.3	723.3	723.3	723.3		
Special Risk Reserve	470.7	474.4	548.2	644.8	644.8	927.5	2,316.8	2,455.0		
Retained Earnings	560.6	597.4	1,150.6	1,767.1	1,299.6	3,839.2	13,356.7	8,177.1		
Fair value reserve	56.6	36.1	-	-	-	-	-	-		
Total Equity	1,383.9	1,419.5	2,010.3	2,723.4	2,667.8	5,490.0	16,396.9	11,355.4		
Total Liabilities and equity	10,779.6	11,133.1	14,370.4	11,564.7	8,214.9	38,040.7	61,258.2	74,885.5		

Deloitte FAS (Private) Limited | Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited

Capital Alliance PLC (CALT)

Forecasted financials

Outlook

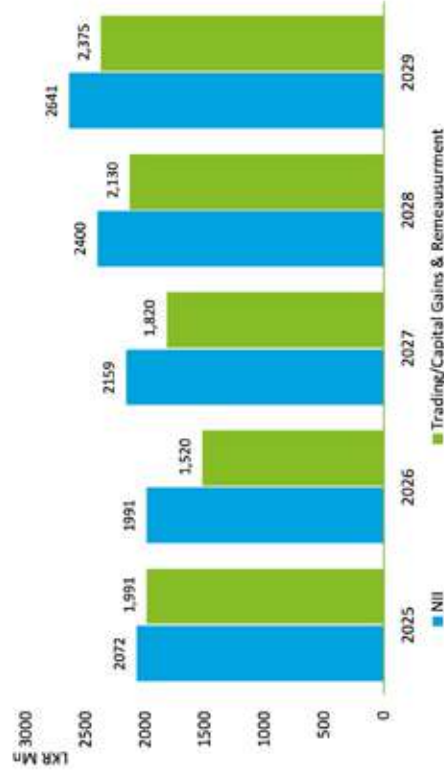
The forecasts on financial performance and position for CALT depends primarily on the outlook for interest rates. As discussed in section 4 of this report, despite some risks, there is evidence to support management assumptions of a reasonably stable economic environment and interest rate regime in the short to medium term. This relative stability all but eliminates space to make the extraordinary levels of profitability reported by Primary Dealers during FY March 2024. However, this also lowers risk in terms of there being less probability for extreme trading losses/negative capital gains.

CALT Forecast Financials

The forecast interest income, trading gains and expenses over the forecast period represents the expectations of relative stability alluded to. Hence in terms of composition, interest income and trading gains are forecast to be fairly even. The projected ROE averages is expected by CALT to range between 18% (Mar 2025 and 2026) and extend up to 27% by the end of the forecast period being financial year ending 31 March 2029. However, assets to equity increases significantly towards the latter period of the forecast. This ratio is expected to be lower at around 6 to 7 times and consequently a stabilized ROE of between 22% to 23% is a more reasonable expectation for the average.

Ratios	2025	2026	2027	2028	2029
Net Interest Margin	6.7%	2.9%	2.8%	2.8%	2.8%
Avg Assets/Avg Equity	5.7	7.0	7.7	8.7	9.1
ROA	3.8%	2.7%	2.7%	2.8%	2.8%
ROE	18.0%	18.0%	21.1%	24.1%	26.6%

Breakup of Income



Capital Alliance PLC (CALT)

Justified Price to Book Value

Justified Price to Book Value Multiple

$$\begin{aligned} & \text{(ROE - Growth Rate)} / (\text{Ke} - \text{Growth Rate}) \\ &= (22.5\% - 3.0\%) / (18.5\% - 3.0\%) \\ &= 1.26 \end{aligned}$$

in LKR (Mn.)	
Book Value as at 30 September 2024	11,355.4
Justified PBV multiple	1.26
Equity value of CALT	14,295.1

The valuation range for CALT is as below.

Lower	Base case	Upper
13,580.3	14,295.1	15,009.9

Lower and upper bounds are based on a change of 5 percent +/- on the valuation multiple

Cost of Equity (Ke) computation

Ref	Key assumptions *	Source	FY25F+
A	Sri Lankan Government Treasury bond rates	Average <10-year T-bond rate from the secondary bond market as of the Valuation Date.	13.3%
B	Equity market risk premium (EMRP)	EMRP for Sri Lanka based on market sources. The value presented here is a beta adjusted EMRP.	5.2%
C	Cost of Equity	A + B	18.5%

*Rates and ratios considered are as of 30 September 2024 – which is the Valuation Date

Capital Alliance PLC (CALT)

Justified Price to Book Value

ROE

As discussed previously the average ROE over the historical period from 2018 onwards is closer to 45% but represents a very volatile period whereas the forecast period ROE is more stable but is skewed upwards by a high average assets to average equity ratio which we believe CALT will not actually maintain.

We have however received information from management on CALT profitability and ROE over a longer historical period. Analysing the data over a period prior to the economic crisis, we identify the ROE as averaging between 22% to 23% which is in line with the more sustainable ROE level expected during the forecast period.

An ROE of 22.5% is thereby considered as an input into the Justified Price to Book Multiple derivation.

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Growth Rate

We deviate from slightly from the strictly technical approach to the Justified Price to Book Multiple via using a long-term consensus GDP growth rate of 3.0% in lieu of the Gordon growth rate. We believe that in the Sri Lankan context the growth rate and ROE must still reflect stabilised and realistic rates.

Deloitte FAS (Private) Limited | Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited

Capital Alliance PLC (CALT)

Comparable Companies Multiples (CCM) method as of 30th September 2024

As a cross-check, we assessed the fair value of a 100% equity interest in CALT using the market-based comparable trading multiples approach. The peer companies selected are chosen based on the similarity of their business operations.

It must be noted that the peer companies used for the valuation are only publicly traded primary dealers in Sri Lanka (1) and India (2) and the latter companies (in addition to being from a different geography) appear to operate on a much larger scale, where the risks and growth factors may differ from CALT's profile and prospects.

Owing to lack of perfect comparability we do not adopt this as a primary approach.

Capital Alliance PLC - CALT Market comparable methodology P/B Multiple	In LKR Mn.		
	Lower	Base	Upper
Book Value as at 30 September 2024	11,355.4	11,355.4	11,355.4
Implied P/B Multiple (+/- 5%) *	1.28	1.35	1.42
Equity value	14,534.9	15,335.7	16,124.7

* Peer P/B Multiples (Sep 2024) - First Capital Treasuries - 1.82 X., PNB Gifts Ltd India 1.50 X., A.K Capital Services Ltd India. 0.73 X. (Average - 1.35 P/B X.)

Deloitte FAS (Private) Limited | Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited

Capital Alliance PLC (CALT)

Volume Weighted Average Price

Volume Weighted Average Price (VWAP), is a trading benchmark that reflects the average price at which a security has traded throughout a specific period, weighted by the volume of shares traded at each price level.

$$VWAP = \frac{\sum_{i=1}^n P_i \times V_i}{\sum_{i=1}^n V_i}$$

Where;

P_i = Price of shares at each trade (for each time period i)

V_i = Volume of shares traded at that price P_i

n = Total number of trades or time intervals during the period

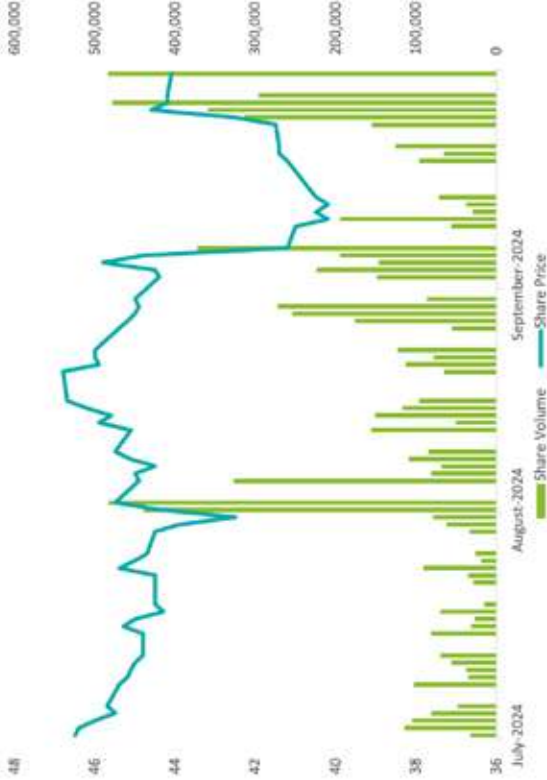
As CALT is a traded entity Volume Weighted Average Price is as an alternative basis. As discussed under section 3 however, CALT has a small public float of only 12%. Further market sentiment both positive and negative can affect share price.

The VWAP based valuation is presented as below

Traded prices of Capital Alliance PLC		3 month VWAP	6 month VWAP
No of Shares		329,417,884	
VWAP Price		LKR 44.34	LKR 55.55
Equity Value (LKR Mn)		14,606.34	18,299.52

Deloitte FAS (Private) Limited | Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited

Share price and volume movements for 3 months to Valuation Date



The total number of shares traded during the period represents only 2.6% of the total outstanding shares as of September. The average percentage traded daily amounts to only 0.04%



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Capital Alliance Investments Limited (CALI)

Capital Alliance Investments Limited (CALI)

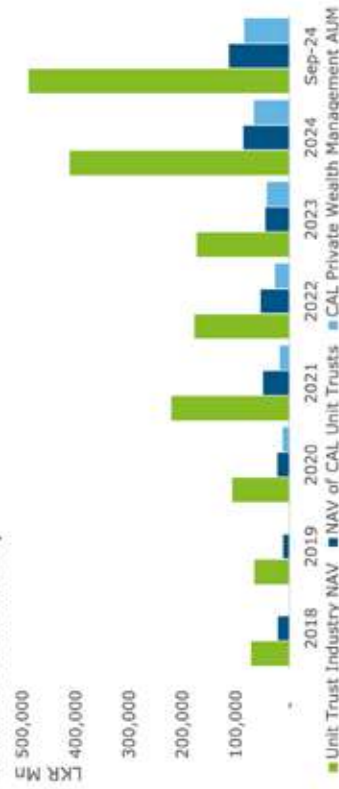
Company and industry overview



Capital Alliance Investments Limited (CALI) is the CAL group Unit Trust management and private wealth management company. CALI unit trusts collectively hold LKR 113,814 Mn in funds as 'Net asset value under management' as of 30th September. This amounts to 22% of the Net asset value of the Unit Trust industry as of 30th September 2024.

CALI has also grown its Private Wealth management business over the past few years with the assets under management base (AUM) amounting to LKR 84,419 Mn as of September 2024.

Growth of CAL and Industry



Deloitte FAS (Private) Limited | Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited

Fund type	Total funds in the industry
OPEN-ENDED INCOME FUNDS	18
OPEN-END EQUITY INDEX/SECTOR FUNDS	4
OPEN-ENDED GROWTH FUNDS (EQUITY)	11
OPEN-ENDED GILT-EDGED FUNDS	10
OPEN-ENDED MONEY-MARKET FUNDS	20
OPEN-ENDED BALANCED FUNDS (EQUITY & FIXED INCOME)	10
OPEN-ENDED EQUITY AND FIXED INCOME FUND	1
OPEN-ENDED SHARIAH FUNDS - EQUITY	1
OPEN ENDED SHARIAH MONEY MARKET FUNDS	2
OPEN-ENDED IPO FUND	1
CLOSE-ENDED INCOME FUNDS	1

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Capital Alliance Investments Limited (CALI)

Company and industry overview

Funds	Description	Fund NAV (LKR Mn)	No of unit holders	5-year CAGR
CAL Fixed Income Opportunities Fund	This is a medium-risk fund with over LKR 50 billion in assets, popular among investors. It invests in a diversified portfolio of government securities, deposits, and corporate debt issued by banks, finance companies, and corporates. The fund aims to deliver attractive returns by focusing on medium- to long-duration positions.	53,885.1	6424	14.31%
CAL Corporate Treasury Fund	This fund invests in high-quality corporate and government securities.	8.1	135	7.43%
CAL High Yield Fund	Investing in high-yield corporate debt, deposits, and government securities, ideal for medium-term investors seeking optimized growth.	230.5	353	13.20%
CAL Income Fund	Provides consistent fixed income through a diversified portfolio of corporate debt and government securities.	1,672.1	1817	14.84%
CAL Investment Grade Fund	Focuses on investment-grade corporate debt and government securities.	53,494.8	4964	15.02%
CAL Medium Risk Debt Fund	Balances risk and reward by investing in medium to long-term corporate and government securities.	2.5	71	8.96%
CAL Quant Equity Fund	Designed for equity market beginners, this fund applies quantitative strategies to deliver capital growth, outperforming market indices over the long term.	4,371.2	1501	19.82%
CAL Gilt Fund	Invests exclusively in government securities	2.8	92	14.72%
CAL Gilt Trading Fund	Provides opportunities to capitalize on short-term market movements in government securities.	2.4	63	8.64%
CAL Gilt Money Market Fund	Offers high liquidity and safety by investing in short-term government securities, suitable for low-risk investors.	21.1	160	10.46%
CAL Balanced Fund	An Open-Ended Fund invested in a diversified portfolio of equities and government securities.	124.4	146	6.91%

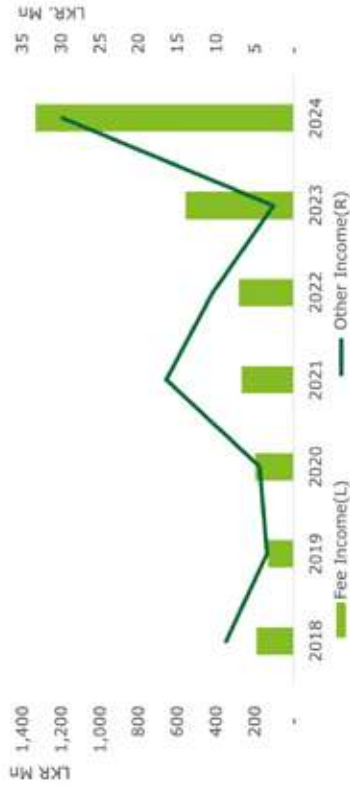
Deloitte FAS (Private) Limited | Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited

Capital Alliance Investments Limited (CALI)

Historical financials

Unit Trust and Wealth Management companies such as CALI have two primary sources of revenue being fees earned on assets under management (management fees) and agreed performance fees on the portion of the AUM base which outperforms the market. (Generally referred to as outperformance fees).

CALI Composition of income



Composition of income for CALI is dominated by management & outperformance fees with other income from sources such as interest income on deposits and short-term placements comprising a smaller proportion throughout.

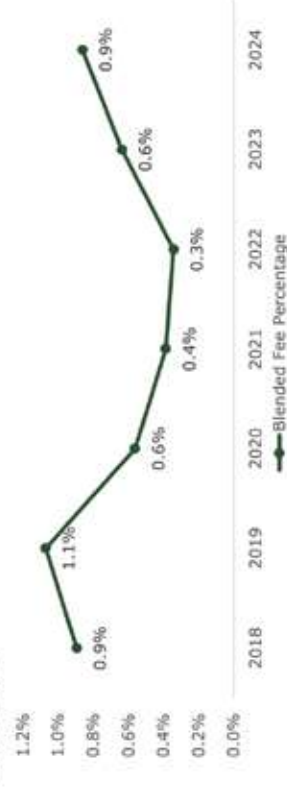
As per management the leveraged bond trading product provided to Private Wealth Management clients has been successful, accounting for much of the outperformance fees.

Composition of Income	2021	2022	2023	1H 2024
UT (Management Fees)	370.5	276.2	447.2	398.1
PWM (Fund Management Fee)	47.1	112.7	258.8	148.5
Outperformance Fee	3.9	200.3	625.9	41.4

In LKR Mn.

The average blended fee on the total assets under management (AUM) base historically seems to average around 0.7%. Excluding outlier years, the average amounts to 0.63% of AUM.

Blended Fees



Capital Alliance Investments Limited (CALI)

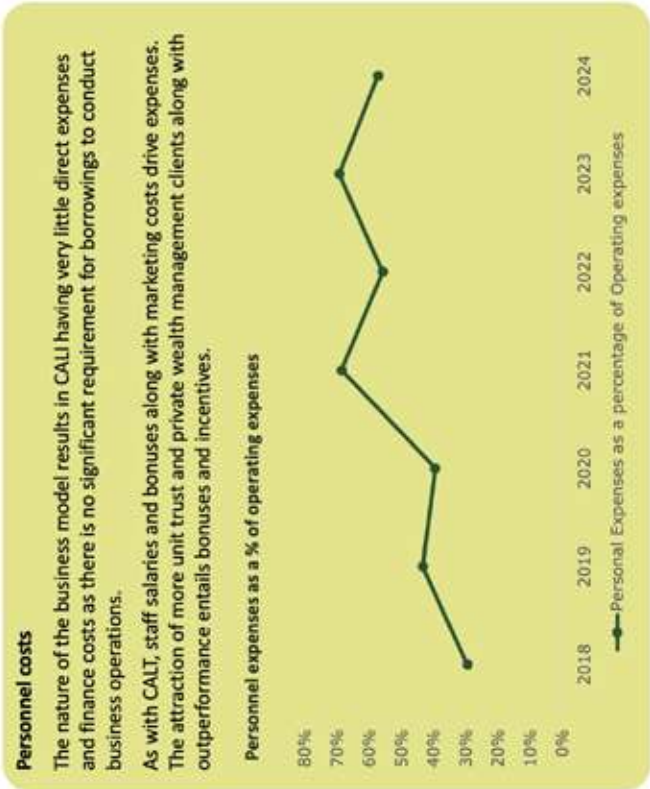
Summarized historical profit and loss accounts

Capital Alliance Investments Limited										In LKR Mn.
Statement of profit or loss										
For the year ended 31st March										
	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	31st 2024	
Turnover	191.6	132.7	198.6	265.8	281.0	558.3	1,331.8	1,331.8	588.5	
Gross Profit	191.6	132.7	198.6	265.8	281.0	558.2	1,331.8	1,331.8	588.5	
Other Income	8.8	3.4	4.4	16.4	10.5	4.7	29.8	29.8	23.5	
Total Operating Income	200.4	136.1	203.0	282.2	291.4	560.9	1,361.7	1,361.7	612.0	
Finance Income	-	0.4	1.2	0.3	0.5	1.5	1.7	1.7	-	
Finance Expenses	(6.9)	-	(1.3)	(11.5)	(9.5)	(3.0)	(6.4)	(6.4)	(15.5)	
Net Finance Income/Expenses	(6.9)	0.4	(0.2)	(11.2)	(9.0)	(1.5)	(4.8)	(4.8)	(15.5)	
Personnel Expenses	(28.0)	(34.6)	(62.6)	(140.9)	(90.9)	(239.8)	(150.6)	(150.6)	(80.9)	
Depreciation & Amortization	(2.1)	(1.7)	(11.3)	(14.3)	(13.9)	(14.4)	(11.4)	(11.4)	(6.3)	
Other Operating Expenses	(64.4)	(43.3)	(84.2)	(49.7)	(57.8)	(91.2)	(184.9)	(184.9)	(57.5)	
Profit Before Taxation	99.0	56.8	44.8	66.0	119.7	214.0	1,010.0	1,010.0	451.8	
Income Tax Expenses	(9.3)	(14.1)	(11.8)	(16.2)	(28.7)	(57.0)	(302.0)	(302.0)	(137.9)	
Profit For the year	89.7	42.7	32.9	49.9	91.0	157.1	708.0	708.0	313.9	

Deloitte FAS (Private) Limited | Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited

Capital Alliance Investments Limited (CALI)

Historical financials



Other Expenses, Depreciation and Capex

Other Expenses such as Depreciation are on account of existing assets and computer equipment. No significant Capital Expenditure is incurred during the period.

Despite the increase in the number of clients and value of Assets Under Management there has been no necessity for capital expenditure to support this growth as no new investments in office space or technology has been necessitated.

As per management, this is an important consideration pertaining to the business model as CALI is able to attain volume growth and thereby topline income growth in the income statement without having to incur capital expenditure or excessive working capital to support same.

Profitability

Profits after taxes peaked at LKR 708 Mn during the ending March 2024. Profitability for the first 6 months of the year, at LKR 313.9 Mn is in line with last year's trend.

While being much higher than the historical period average profits, the AUM has grown exponentially in the last 18 months to support this profit growth.

Capital Alliance Investments Limited (CALI)

Summarized historical balance sheet

In LKR Mn.

Capital Alliance Investments Limited Balance Sheet For the year ended 31st March	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	1H 2024
Assets								
Non-current Assets								
Equipment	1.0	1.4	1.8	1.6	1.6	3.4	10.0	30.5
Right of use assets	-	-	3.8	17.9	15.0	9.5	4.1	0.9
Intangible Assets	2.7	3.6	27.6	19.3	11.2	3.9	0.5	3.5
Deferred Tax Assets	0.8	0.5	-	0.2	0.1	1.1	3.6	3.8
Financial Assets measured at FVTPL	27.5	35.7	-	-	-	-	-	-
Total Non current assets	32.1	41.2	33.2	39.0	27.8	18.0	18.2	38.8
Current Assets								
Financial Assets measured at FVTPL	-	-	65.6	231.4	9.4	136.2	407.7	118.2
Financial Assets measured at Amortized costs	2.3	3.5	6.9	6.7	7.1	8.7	10.3	10.8
Trade and Other Receivables	40.6	41.3	36.9	41.4	41.6	78.9	234.7	236.2
Amounts due from related party	0.4	49.1	-	18.3	1.3	100.5	1.8	0.6
Cash and Cash Equivalents	0.6	3.0	48.3	16.9	12.1	36.3	109.0	99.1
Total Current Assets	49.1	97.1	158.0	314.9	71.8	361.0	763.5	465.0
Total Assets	81.1	138.3	191.2	353.9	99.7	378.9	781.8	503.8

Deloitte FAS (Private) Limited | Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited

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Capital Alliance Investments Limited (CALI)

Summarized historical balance sheet

Capital Alliance Investments Limited Balance Sheet For the year ended 31st March										In LKR Mn.
	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	1H 2024		
Equity & Liabilities										
Equity										
Stated Capital	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0
Retained Earnings	26.5	73.1	107.4	32.1	20.3	113.4	343.0	162.7	162.7	162.7
Total Equity	51.5	98.1	132.4	57.1	45.3	138.4	368.0	187.7	187.7	187.7
Non current Liabilities										
Retirement Benefit Obligations	10.3	3.3	3.1	4.5	3.2	6.1	11.8	11.8	-	-
Lease Liability	-	-	-	13.8	10.7	5.0	-	-	-	-
Provisions for gov taxes	-	-	-	-	-	-	-	-	113.4	113.4
Bank Loans	-	-	-	-	-	-	-	-	80.0	80.0
Total Non Current Liabilities	10.3	3.3	3.3	18.3	13.9	11.1	11.8	11.8	193.4	193.4
Current Liabilities										
Other payables	4.1	6.7	19.7	52.1	6.9	127.1	127.8	127.8	99.9	99.9
Lease Liability	-	-	4.2	4.3	5.1	5.7	5.0	5.0	-	-
Income Tax Payables	5.7	8.3	1.1	8.2	13.3	46.1	263.3	263.3	22.8	22.8
Amounts due to related Party	4.1	21.8	30.4	13.7	15.1	40.5	5.8	5.8	-	-
Interest Bearing Borrowings	-	-	-	200.2	-	10.0	-	-	-	-
Total Current Liabilities	19.2	36.9	55.5	278.5	40.4	229.4	401.9	401.9	122.6	122.6
Total Liabilities	29.5	40.2	58.8	296.8	54.3	240.5	413.7	413.7	316.1	316.1
Total equity and liabilities	81.1	138.3	191.2	353.9	99.7	378.9	781.8	781.8	503.8	503.8

Deloitte FAS (Private) Limited | Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited

Capital Alliance Investments Limited (CALI)

Historical financials

Assets

As of the 30th of September 2024, total assets in the balance sheet amounted to only LKR 504 Mn as the CALI business model is an income driven business model and not a balance sheet driven business.

LKR 236 Mn, nearly 50% of the asset base, is comprised of trade debtors which are management fees receivable and considered as working capital.

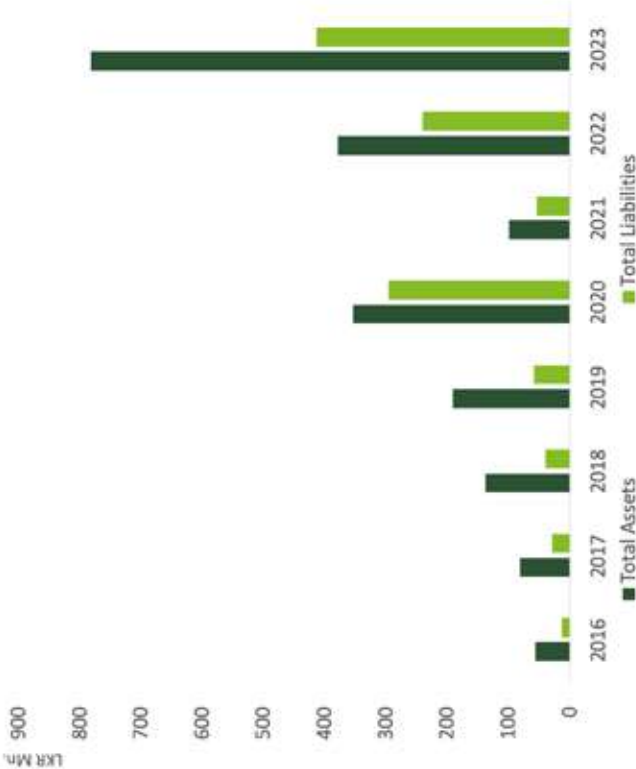
Financial investments and cash equivalents amount to LKR 217 Mn which is 43% of the asset base.

Liabilities

Total liabilities amount to only LKR 316 Mn as of 30th September 2024 of which only LKR 80 Mn is comprised of debt via a bank loan.

Nearly 70% of the liabilities are comprised of provision for taxes and accrued expenses.

As Indicated previously CALI is an asset light business model as volume growth can be attained with only maintenance capital expenditure and medium level investment in working capital.



Capital Alliance Investments Limited (CALI)

Forecasted financials

Outlook

With the view on the economic environment being that of relative stability in the medium term, the unit trust and Private Wealth Management industry can be expected to grow as investors seek to attain or supersede market returns via unit trust investments.

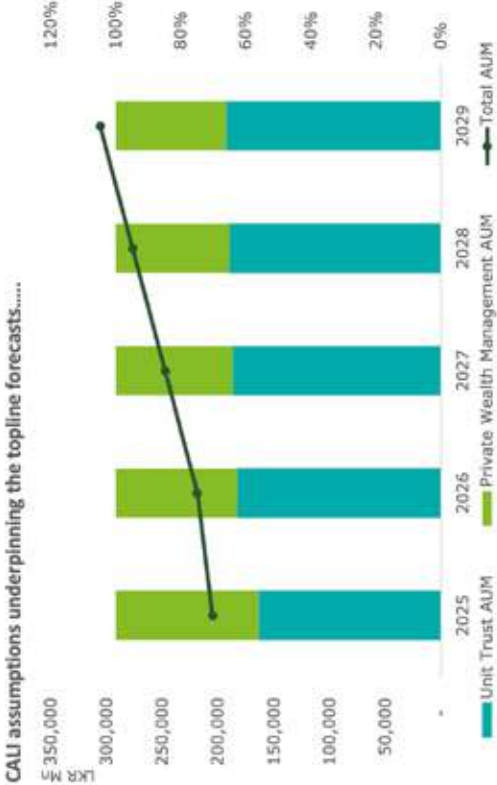
While downturns or periods of slow growth can occur in a given year/s (as explained previously) it is unlikely in the near term, and we concur with management view of reasonable cumulative annual growth (over a period) in the industry unit trust AUM of LKR 488,518 Mn as of September 2024.

CALI forecast financials

The forecast income statement and forecast cashflows provided to us by CALI are underpinned by management expectations of growth in industry unit trust AUM and CALI market share as well as strong growth in the Private Wealth management AUM.

Upon discussions with management we understand that there is a high level of stickiness among CALI private wealth clients unlike unit trust investors. Family offices, portfolio managers and high net worth individuals investing usually seek long term alpha and not short-term gains.

Validating this view, CALI Private Wealth Management AUM has grown by a CAGR of 41% since its inception in 2020 to LKR 84,419 Mn by September 2024. (Without experiencing any negative growth even during the period where Bank fixed deposit rates and bond yields peaked).



The total projected CALI AUM represents a cumulative annual growth rate of only 10.5% from March 2025 to March 2029. If benchmarked against the AUM of the unit trust industry (inferred from the aggregate industry fund NAV), this appears to be a reasonable assumption as the industry has grown by a 34% cumulative annual rate between March 2018 and September 2024.

Capital Alliance Investments Limited (CALI)

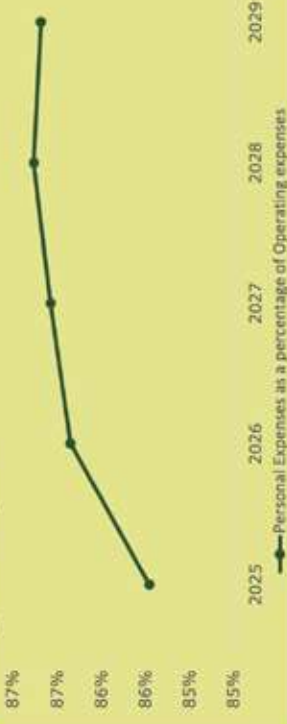
Forecast financials

Management forecasts blended fee as a percentage of assets under management to be in line with historical averages (excluding outliers) between March 2025 to March 2029. In line with the expectation for overall economic stability, where substantial gains on drastic stock price movements or bond yield shifts are likely to not be the norm, outperformance fees are expected to be relatively moderate.

Expenses

Throughout the forecast period personnel costs are expected to rise with the recruitment of sales and marketing staff but moreover with 30% of profit (pre bonus profit) to be paid out as bonuses. The percentage of employee costs dominates the total operating expenses for CALI.

Growth in personnel expenses



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Historical and forecast margins

While the projections indicate a lowering of gross margin and EBITDA margin, they should be viewed in absolute terms where the topline is expected to grow up to LKR 1,843.9 Mn by the end of financial year 2029.

Net margin and EBITDA margin



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Capital Alliance Investments Limited (CALI)

Summarized forecasted profit and loss accounts

Capital Alliance Investments Limited		In LKR Mn.					
Statement of profit or loss							
For the year ended 31st March		2024/2025F	2025/2026F	2026/2027F	2027/2028F	2028/2029F	
Turnover		1,314.2	1,340.5	1,475.5	1,659.7	1,843.9	
Gross Profit		1,314.2	1,340.5	1,475.5	1,659.7	1,843.9	
Total Operating Income		1,314.2	1,340.5	1,475.5	1,659.7	1,843.9	
Finance Expenses		(1.2)	(1.3)	(1.3)	(1.4)	(1.5)	
Net Finance Income/Expenses		(1.2)	(1.3)	(1.3)	(1.4)	(1.5)	
Admin Expenses		(48.7)	(52.6)	(56.9)	(61.6)	(66.9)	
Depreciation & Amortization		(6.7)	(6.7)	(6.7)	(5.4)	(5.4)	
Staff related costs		(62.6)	(68.6)	(75.3)	(82.6)	(90.6)	
IT expenses		(19.4)	(22.3)	(25.7)	(29.5)	(33.9)	
Selling & Marketing expenses		(15.6)	(18.1)	(21.1)	(24.5)	(28.6)	
EB5 Cost Allocations		(172.4)	(190.7)	(210.8)	(233.2)	(257.9)	
Incentives		(296.3)	(371.4)	(425.3)	(478.2)	(529.3)	
Profit Before Taxation		691.3	608.8	652.5	743.3	829.8	
Income Tax Expenses		(207.4)	(182.6)	(195.8)	(223.0)	(248.9)	
Profit For the year		483.9	426.2	456.8	520.3	580.8	

Deloitte FAS (Private) Limited | Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited

Capital Alliance Investments Limited (CALI)

Forecasted financials

Profitability

Profit after taxes are projected to increase from LKR 483.9 Mn for March 2025 to LKR 580.8 Mn by March 2029. Although lower than the extraordinary gains made in March 2024 the forecast period profitability is still well above the average profits made between financial year March 2018 to March 2023, driven by the high AUM level which is nearly LKR 200,00 Mn as of the Valuation Date.

Depreciation

The forecast period depreciation provided to us is based on the remaining depreciation of existing assets. This figure averages approximately 0.5% of revenue throughout the forecast period and is negligible. We however considered same for the valuation where we add back the depreciation to EBIT in the computation of Free Cash Flows to the Firm.

Maintenance Capex

The maintenance capex needed is computed as the historical average capital expenditure as a percentage of opening book values of tangible assets. The maintenance capex figure computed during the forecast period averages 0.35% of revenue.

Where there is no considerable Capex required to support growth of the business on an as is basis, we follow the accepted valuation approach of equating capital expenditure and depreciation for the purpose of computing a terminal value for the discounted cashflows based valuation.

Working capital

Forecast period working capital is an important component for the cashflow based valuation exercise. In the context of CALI, the only component considered as working capital amounts to the receivables on management fees. During the historical period from March 2018 onwards average receivables days amounts to 69 days. We have adopted same in the valuation to compute the net change in working capital required.

There are no trade payables or inventory elements in the business resulting in the receivables being commensurate with working capital requirements.

Deloitte FAS (Pvt) Ltd | Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited

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Weighted Average Cost of Capital

Capital Alliance Investments Limited (CALI)

WACC is a rate of return that an investor would expect to receive, from a market participant basis, if capital were invested in a similar venture.

The WACC which is the weighted average of the costs of equity and debt of the business has been worked out as follows:

$$WACC = K_e (E/(D+E)) + K_d (1-t) (D/(D+E))$$

- "K_e" represents the cost of equity, i.e., the return required by shareholders;
- "K_d" represents the after-tax cost of debt, i.e., the return required by debt holders;
- "E" represents the value of equity; and
- "D" represents the value of debt.

- **Cost of Equity** – We used the Capital Asset Pricing Model ("CAPM") to determine the required return on equity.
- **Cost of Debt** – We used after tax cost of debt - Cost of Debt* (1-Tax %)

Ref	Key Assumptions *	Source	FY25F+
A	Sri Lankan Government Treasury bond rates	Average <10-year T-bond rate from the secondary bond market as of the Valuation Date.	13.3%
B	Equity market risk premium (EMRP)	EMRP for Sri Lanka based on market sources. The value presented here is a beta adjusted EMRP.	5.2%
C	Cost of Equity	A + B	18.5%
D	Cost of Debt (Pre-tax)	AWPLR as of September 2024 considered to be suitable for company of CALH size and profile.	9.3%
E	Effective Tax Rate	Corporate tax rate as of the Valuation Date.	30.0%
F	Debt/(Debt+Equity)	We have considered an average of the Debt to Equity ratio of investment bank holding companies to arrive at the D/E. This is based on public and non public information available to Deloitte.	37.5%
G	Weighted Average Cost of Capital (WACC)	$((C \times (1-F)) + ((D \times (1-E) \times F))$	14.0%

*Rates and ratios considered are as of 30 September 2024 – which is the Valuation Date

Value Considerations

Capital Alliance Investments Limited (CALI)

Net debt adjustment

As per the balance sheet as at 30 September 2024, we have considered below line items as net debt items. Any balances from business related activities have been excluded from the net debt computation.

	As at 30 September 2024	in LKR Mn.
Financial Assets measured at FVTPL		118.2
Financial Assets measured at amortized costs		10.8
Amounts due from related Party		0.6
Cash and cash equivalents		99.1
Provision for government taxes		(113.4)
Bank Loans		(80.0)
Other payables		(99.9)
Income tax payables		(22.8)
Net (debt)/cash		(87.3)

Surplus assets/liabilities

Where assets are not considered to be integral to the core operating activities of a Company, we have not considered associated cash flows in the projections. We have accounted for these assets or liabilities in the Surplus assets/liabilities adjustment in estimation of overall Equity value.

As per the balance sheet as of 30 September 2024, there are no surplus assets/liabilities.

Marketability Discount

As CALI is not traded on a recognized stock exchange, we adopt a marketability discount to reflect the costs that may need to be incurred for a listing/buyer search.

Discounted Cash Flow (DCF) Approach

Capital Alliance Investments Limited (CALI) – As of 30th September 2024

Capital Alliance Investments Limited		In LKR Mn.				
For the year ended 31st March		2H 2025	FY2026F	FY2027F	FY2028F	FY2029F
Discounted Cash Flow Valuation						
WACC %		14.0%	14.0%	14.0%	14.0%	14.0%
Terminal growth rate						3.0%
Revenue		657.1	1,340.5	1,475.5	1,659.7	1,843.9
Growth %			104.0%	10.1%	12.5%	11.1%
EBIT		346.3	610.1	653.9	744.7	831.2
EBIT margin %		52.7%	45.5%	44.3%	44.9%	44.9%
Less: Taxation		(103.9)	(183.0)	(196.2)	(223.4)	(249.4)
Taxation as a % of EBIT		30.0%	30.0%	30.0%	30.0%	30.0%
Add: Depreciation and amortisation		3.3	6.7	6.7	5.4	5.4
Add: Decrease/(Increase) in working capital		(13.5)	(5.0)	(25.7)	(35.0)	(35.0)
As a % of revenue		-2.0%	-0.4%	-1.7%	-2.1%	-1.9%
Less: Capital expenditure ('Capex')		(3.5)	(5.9)	(4.9)	(3.9)	(2.8)
As a % of revenue		0.53%	0.44%	0.33%	0.23%	0.15%
Free Cash Flow to Firm ('FCFF')		228.8	422.8	433.9	487.8	549.4
Discount rate %		0.97	0.88	0.77	0.67	0.59
Discounted Terminal Value						5,118.7
Discounted FCFF		221.4	370.8	333.8	329.2	3,163.3
Enterprise value		4,418.6				
Less: (Net Debt)/ Net Cash		(87.3)				
Equity value before marketability discount		4,331.3				
Less: Marketability discount		(216.6)				
Equity value		4,114.7				

Deloitte FAS (Private) Limited | Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited

Market Multiples and Percentage of AUM Approaches

Capital Alliance Investments Limited (CALI)

Market Multiples Approach

As a cross-check, we assessed the fair value of a 100% equity interest using a market based comparable trading multiples approach. As Sri Lanka has no comparable listed peers the peer average multiple considered is from an average of firms in the emerging markets classified as being in the 'Investment and Asset Management industry. (From market sources).

We considered the peer Price to Sales Multiple as CALI and the industry is not significantly debt financed (which would make EBITDA multiples being more suitable).

We do not consider this as a suitable approach for a primary basis as it is based on an average of all emerging markets in South Asia.

Capital Alliance Investments Limited			
Peer comparable methodology			
Price/Sales Multiple	Lower	Base	Upper
TTM revenue	1,620.3	1,620.3	1,620.3
Price to Sales Multiple (+/- 5%)	3.8	4.0	4.2
Equity Value before marketability discount	6,157.1	6,481.2	6,805.3
Marketability discount	(307.8)	(324.1)	(340.3)
Equity value	5,849.3	6,157.1	6,465.0

Deloitte FAS (Private) Limited | Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited

The widely considered rule of Thumb approach of 2% of AUM would amount to a post net debt and post marketability discount valuation of LKR 3,683.5 Mn. While there is some research to support this it is a very generic approach and not suitable to be considered as a primary basis. We note however that the value derived is relatively close to the primary DCF basis value.



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Capital Alliance Securities (Private) Limited (CALS)

Capital Alliance Securities (Private) Limited (CALS)

Company and industry overview



Capital Alliance Securities (Pvt) Ltd (CALS) is the stock brokerage business of the CAL Group. 60% of CALS ordinary equity shares are held by the UAE based holding company in the structure, CALIC. Remaining 40% of the ordinary shares are held by CALH itself. CALS has historically been active on the corporate/institutional side with minimal presence in the Retail brokerage sphere. As per management however CALS has in the last couple of years expanded its footprint among Retail clientele.

Stockbrokers

As per the Colombo Stock Exchange there are 25 stockbrokers in the country serving local and foreign clients. Most brokerages are affiliated to larger investment banks and possess their own research divisions.

Stock Market

The Colombo Stock Exchange (CSE) has over a period of time witnessed volatility in terms of market turnover, performance of the all share price index (ASPI) and foreign participation owing to uncertainty and instability in macro indicators.

Turnover rose exponentially in 2021 as the historic low-interest rate regime pursued to revive the economy post the COVID pandemic led to market turnover exceeding LKR 1.2 Trillion for the year. Turnover subsequently fell in 2022 amidst the economic crisis.

The ASPI has demonstrated a cumulative annual growth rate of 4.9% over the last 10 years to the 30th of September 2024 and the index value is at 11,863.40 points.

With the economic stability and election of strong government, the ASPI has performed particularly well in the last quarter of 2024 reaching 13,718.75 points as of the 9th of December. The S&P Top 20 SL index has demonstrated negative cumulative annual growth of (1.7%) during the 10-year period until September. Similar to the ASPI however it has improved from 3459.41 points as of September to 4090.92 as of the 9th of December.



Deloitte FAS (Private) Limited | Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited

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Capital Alliance Securities (Private) Limited (CALS)

Industry overview and historical financials

As per the economic stabilization view adopted, the prevailing low-interest rate environment is expected to continue in the near to medium term resulting in growth in market turnover.

With the international sovereign debt restructure terms being agreed and positive sentiment expressed by credit rating agencies, Sri Lanka as a frontier market will likely be an option again for foreign portfolio managers and funds seeking exposure to South Asia.

Hence it is reasonable to expect a gradual improvement in foreign turnover and net foreign buying on the CSE.

Fees permitted to be charged by stockbrokers on share transactions (as of 30 September)

Brokerage Fees	0.64%
Single Transactions above LKR 100 Mn	0.20% As a floor with negotiated brokerage
Single Transactions above	Negotiable brokerage fees

Source – Colombo Stock Exchange

Historical financials

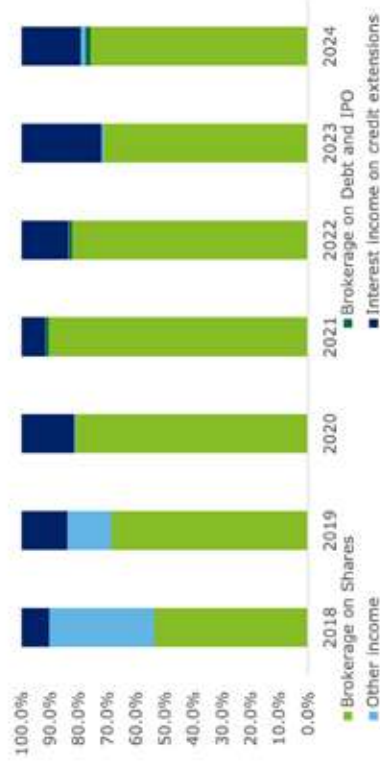
CALS income is driven primarily by stock brokerage income as well as interest income on credit extensions provided to its clientele.

As seen from the graph on the right the contribution of interest income from credit extensions has become notable in recent years and is an important component supplementing brokerage income.

Revenue reached a peak of LKR 911.2 Mn for the year ending March 2022, during the 12-month period where low interest rates led to substantial interest in the equity markets seen as a higher return alternative.

Revenue has since reverted to LKR 519.8 Mn for financial year 2023 and LKR 555.8 Mn for the financial year of March 2024, which are levels more representative of stabilization. LKR 263.7 Mn has been made as revenue during the first 6 months of the current year.

Income breakdown



Deloitte FAS (Private) Limited | Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited

Capital Alliance Securities (Private) Limited (CALS)

Historical financials

Direct expenses

IT and platform related costs are classified by CALS as direct expenses and average approximately 12% of revenue during the historical period.

Operating expenses

Similar to other material CAL businesses, volume and income growth is not necessarily accompanied by need for capital expenditure (thereby higher depreciation expenses) on infrastructure. While attraction of new clientele involves some marketing expenditure, bulk of the operating costs are again comprised of personnel expenses.

CALS however has some debt in its balance sheet to finance operations as well as credit extensions. A bank lending facility attracts an interest cost which amounts to LKR 46.5 Mn for the recently concluded financial year.

Breakup of expenses	2018	2019	2020	2021	2022	2023	2024
Personnel and Administrative	81.9%	84.3%	86.9%	61.3%	45.8%	70.6%	75.2%
Marketing	1.4%	5.1%	4.3%	0.8%	1.1%	1.5%	2.5%
Finance Cost	0.1%	0.0%	1.6%	6.0%	15.3%	21.5%	11.5%
Direct IT costs	16.5%	10.5%	7.1%	31.9%	37.8%	6.4%	10.7%

Deloitte F&S (Private) Limited | Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited

Assets

As of September 2024, the balance sheet of CALS contained LKR 1,101.6 Mn in trade and other receivables which relate to credit extensions to clients as well as other debtors. Although this is treated as a debtor, as the settlement cycles are short, we do not consider same as a working capital component for the discounted cash flow-based valuation.

CALS has made investments in unit trusts and short-term investments which amounted to LKR 619.8 Mn as of the Valuation Date.

Liabilities

Total stated liabilities of LKR 1,454.2 Mn as of September are comprised of LKR 600 Mn in interest bearing bank borrowings and LKR 811 Mn in trade payables. The trade payables are commensurate payables where clients allow due monies (from settlements) to be kept with CALS for reinvestment in shares at a later date. Although beyond the standard T+2 cycles these are again payables with very short settlement periods and are not considered as a working capital computation in the valuation.

Preference shares

The equity amount of CALS contains a preference share component of LKR 325 Mn provided by the holding company CALH. Although treated as equity at CALS level, we consider this in substance to be a debt like item and treat it as such in the valuation.

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Capital Alliance Securities (Private) Limited (CALS)

Summarized historical profit and loss accounts

Capital Alliance Securities (Private) Limited										In LKR Mn.
Income Statement										
	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2023/2024	1H 2024	
Revenue	137.3	94.9	110.3	527.1	911.2	519.8	555.8	555.8	263.7	
Direct Operating Expenses	(18.5)	(13.0)	(10.3)	(101.5)	(160.9)	(23.9)	(43.3)	(43.3)	(0.2)	
Gross Profit	118.8	81.9	100.0	425.6	750.2	495.9	512.5	512.5	263.5	
Other Income	79.1	17.3	0.3	1.1	3.6	4.1	10.9	10.9	64.8	
Administration and general expenses	(91.4)	(104.0)	(125.9)	(195.1)	(194.7)	(264.5)	(303.5)	(303.5)	(143.6)	
Marketing Expenses	(1.6)	(6.3)	(6.2)	(2.5)	(4.8)	(5.5)	(10.2)	(10.2)	(1.9)	
Profit from operations	105.0	(11.2)	(31.8)	229.1	554.3	230.1	209.7	209.7	182.8	
Finance Income	-	-	4.2	4.4	8.5	127.4	50.8	50.8	6.6	
Finance cost	(0.1)	-	(2.4)	(19.0)	(65.0)	(80.5)	(46.5)	(46.5)	(28.6)	
Net Finance Income	(0.1)	-	1.8	(14.6)	(56.4)	46.9	4.3	4.3	(21.9)	
Profit before tax	104.9	(11.2)	(30.0)	214.5	497.9	277.0	214.1	214.1	160.9	
Income tax	(29.4)	2.9	0.2	(38.8)	(109.5)	(70.0)	(59.4)	(59.4)	(54.2)	
Profit after tax	75.5	(8.2)	(29.8)	175.7	388.4	207.0	154.7	154.7	106.7	

Deloitte FAS (Private) Limited | Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited

Capital Alliance Securities (Private) Limited (CALS)

Summarized historical balance sheet

Capital Alliance Securities (Private) Limited										In LKR Mn.
Balance Sheet										
For the year ended 31st March										
	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2023/2024	1H 2024	
Assets										
Non Current Assets										
Equipment	1.9	2.4	2.5	3.8	3.0	3.3	2.8	3.2	3.2	
ROU	-	-	3.2	15.2	12.7	8.1	3.5	1.2	1.2	
Intangible Assets	26.1	24.8	23.6	22.7	21.5	27.4	29.9	28.6	28.6	
Long term deposits	3.7	3.6	3.7	15.9	36.6	15.8	44.2	23.4	23.4	
Other Financial Assets & other investments	17.1	-	-	-	-	-	-	-	-	
	48.8	30.8	32.9	57.6	73.8	54.6	80.3	56.3	56.3	
Current Assets										
Inventory	0.1	0.1	0.2	0.1	0.1	-	-	-	-	
Financial assets measured at amortised cost	-	-	-	-	-	198.9	-	157.1	157.1	
Financial assets measured at FVTPL	-	-	-	-	-	-	250.5	619.8	619.8	
Trade & other receivables	187.2	172.0	248.1	1,348.7	1,875.7	831.6	1,409.0	1,101.6	1,101.6	
Amounts due from related companies	-	-	5.1	55.3	21.4	50.4	65.9	5.1	5.1	
Cash & cash equivalents - client funds	388.6	71.9	106.9	177.5	332.3	304.9	273.8	29.3	29.3	
Cash & cash equivalents - firm funds	3.8	0.9	2.1	2.6	4.3	49.5	9.9	-	-	
Other Financial Assets	0.4	-	-	-	-	-	-	-	-	
	580.0	244.9	362.4	1,584.3	2,233.8	1,435.3	2,009.1	1,912.9	1,912.9	
Total Assets										
	628.8	275.7	395.4	1,641.9	2,307.5	1,489.9	2,089.4	1,969.3	1,969.3	

Deloitte FAS (Private) Limited | Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited

Capital Alliance Securities (Private) Limited (CALS)

Summarized historical balance sheet

Capital Alliance Securities (Private) Limited										In LKR Mn.
Balance Sheet										
For the year ended 31st March										
	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2023/2024	1H 2024	
Equity & Liabilities										
Equity										
Stated Capital	100.0	100.0	100.0	100.0	600.0	425.0	425.0	425.0	425.0	
Retained Earnings	119.2	107.0	77.5	168.4	127.7	112.3	156.4	156.4	90.1	
Redeemable Preference Shares	-	-	-	175.0	-	-	-	-	-	
Total Equity	219.2	207.0	177.5	443.4	727.7	537.3	581.4	581.4	515.1	
Non current Liabilities										
Retirement benefit obligations	7.3	9.7	7.3	13.1	12.9	15.1	21.0	21.0	-	
Deferred tax liabilities	4.6	0.1	-	1.9	1.4	0.7	0.2	0.2	-	
Lease Liability	-	-	-	11.7	9.0	4.2	-	-	-	
Interest Bearing Loans and borrowings	-	-	-	1.5	-	-	-	-	600.0	
Total non current liabilities	11.9	9.7	7.3	28.2	23.3	20.0	21.2	21.2	600.0	
Current Liabilities										
Trade and other payables	376.8	58.8	168.3	805.7	767.2	665.7	976.8	976.8	811.0	
Lease Liability	-	-	3.6	3.6	4.3	4.8	4.2	4.2	-	
Amounts due to related companies	-	-	19.1	4.8	7.9	7.4	1.2	1.2	-	
Income tax payables	20.9	-	-	24.8	72.7	54.5	26.4	26.4	43.2	
Interest bearing loans and borrowings	-	0.1	-	251.3	704.5	200.2	478.2	478.2	-	
Bank Overdraft	-	-	19.6	80.1	-	-	-	-	-	
Total current Liabilities	397.7	58.9	210.6	1,170.3	1,556.6	932.6	1,486.8	1,486.8	854.2	
Total Liabilities	409.6	68.6	217.8	1,198.5	1,579.8	952.6	1,508.0	1,508.0	1,454.2	
Total equity and liabilities	628.8	275.7	395.4	1,641.9	2,307.5	1,489.9	2,089.4	2,089.4	1,969.3	

Deloitte PwC (Private) Limited | Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited

Capital Alliance Securities (Private) Limited (CALS)

Forecasted financials

Outlook

CALS management expects increased stock market activity (resulting in turnover) and a potential resumption of interest among foreign investors. This is broadly in line with the near-term view on interest rates remaining relatively low making the equity market an attractive option.

The recent upward performance in the ASPI and the S&P Top 20 indices are in line with this view.

However, there is a risk to the forecasts from extreme economic events, particularly if there is a significant impact on interest rates.

CAL forecast financials

Combined with the macro-outlook and greater focus on retail clients as well as a new digital platform, CALS projects fairly aggressive volume growth which are based on the following assumptions

In LKR Bn.	2025	2026	2027	2028	2029
Market Turnover Volume (buy and sell side basis)	720	792	871	958	1,054
Average brokerage fee	0.57%				
CAL Market Share	11%	11.5%	12.0%	12.5%	13.0%

Deloitte FAS (Private) Limited | Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited

The market turnover figure (720/2) =360 Bn is in line with actual market turnover during the first 3 quarters of the year which amounts to over 270 Bn. The forecast assumes a 10% growth in market turnover which is an aggressive assumption as it expects the growth to be continuous each year. However, the expectations for the low-interest rate cycle to continue for a while supports the estimate to some extent.

CAL market share growing by 50 bps each is a reasonable assumption based on the retail and digital focus increasing. The brokerage of 0.57% is based on historical data and below the standard 0.64% to account for the minimum floors and negotiated brokerage on large value transactions.

Revenue is expected to increase from LKR 555.8 Mn in the recently concluded financial year to LKR 868.6 Mn by year end March 2029, representing a 9% cumulative annual growth rate which is slightly aggressive but not unattainable.

Capital Alliance Securities (Private) Limited (CALS)

Summarized forecasted profit and loss accounts

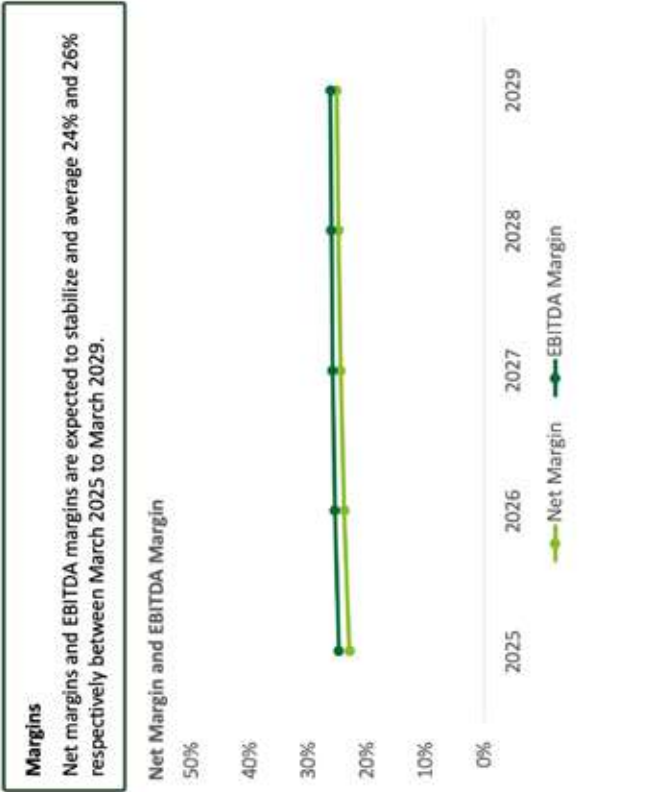
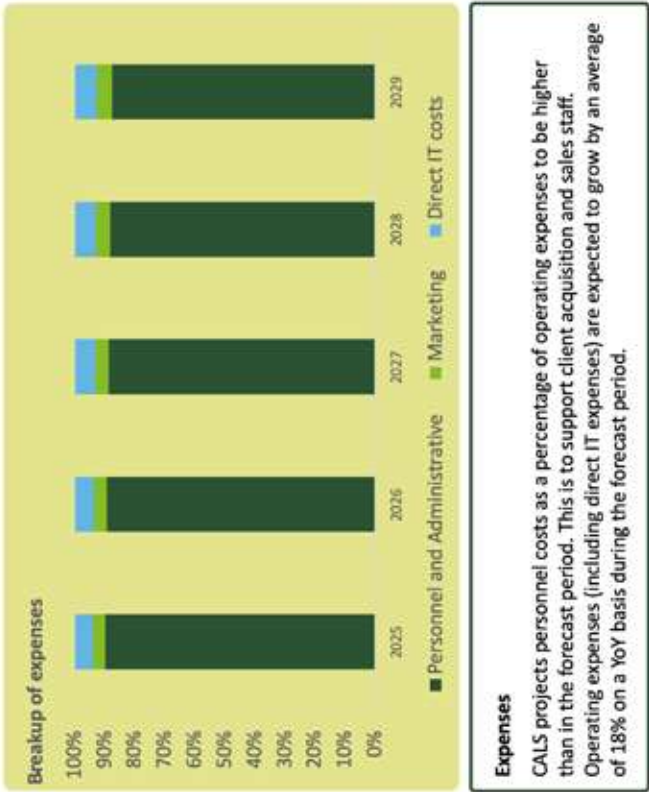
Capital Alliance Securities (Private) Limited Income Statement For the year ended 31st March							In LKR Mn.	
	2024/2025F	2025/2026F	2026/2027F	2027/2028F	2028/2029F			
Revenue	512.2	592.2	673.5	765.2	868.6			
Direct Operating Expenses	(21.0)	(24.9)	(29.4)	(34.8)	(41.2)			
Gross Profit	491.1	567.4	644.1	730.4	827.4			
Administration and general expenses	(306.9)	(345.4)	(386.4)	(432.6)	(484.5)			
Marketing Expenses	(13.8)	(16.3)	(19.4)	(23.0)	(27.3)			
Profit from operations	170.5	205.7	238.3	274.8	315.6			
Finance cost	(2.0)	(2.1)	(2.2)	(2.3)	(2.4)			
Net Finance Income	(2.0)	(2.1)	(2.2)	(2.3)	(2.4)			
Profit before tax	168.5	203.6	236.1	272.5	313.2			
Income tax	(50.5)	(61.8)	(70.8)	(81.7)	(93.9)			
Profit after tax	117.9	141.8	165.3	190.7	219.2			

Deloitte FAS (Private) Limited | Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited

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Capital Alliance Securities (Private) Limited (CALS)

Forecasted financials



Deloitte FAS (Private) Limited | Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited

Capital Alliance Securities (Private) Limited (CALS)

Forecasted financials

Profitability

Profits of LKR 106.7 Mn have been made for the first 6 months ending September 2024 and projected to be only LKR 154.7 Mn by March 2025 which is conservative. This figure is then expected to increase to LKR 219.2 Mn by the end of 2029, representing a 7% cumulative growth rate. This appears reasonable but can be subject to downside risk in the form of lower than expected market turnover.

Depreciation

The forecast period depreciation provided to us is based on the remaining depreciation of existing assets. This figure averages approximately 1% of revenue throughout the forecast period and is negligible.

We however considered same for the valuation where we add back the depreciation to EBIT in the computation of Free Cash Flows to the Firm.

Maintenance Capex

The maintenance capex needed is computed as the historical average capital expenditure as a percentage of opening book values of tangible assets. The maintenance capex figure (derived for the valuation) during the forecast period averages a little over 1% of revenue.

Where there is no considerable Capex required to support growth of the business on an as is basis, we follow the accepted valuation approach of equating capital expenditure and depreciation for the purpose of computing a terminal value for the discounted cashflows based valuation.

Working Capital

As discussed previously owing to the nature of the debtors and creditors, we feel that there is no requirement for working capital funding. All relevant balance sheet amounts are still captured in the valuation via inclusion as net cash or net debt like items.

Weighted Average Cost of Capital

Capital Alliance Securities (Private) Limited (CALS)

WACC is a rate of return that an investor would expect to receive, from a market participant basis, if capital were invested in a similar venture.

The WACC which is the weighted average of the costs of equity and debt of the business has been worked out as follows:

$$WACC = K_e (E/(D+E)) + K_d (1-t) (D/(D+E))$$

- "K_e" represents the cost of equity, i.e., the return required by shareholders;
- "K_d" represents the after-tax cost of debt, i.e., the return required by debt holders;
- "E" represents the value of equity; and
- "D" represents the value of debt.
- **Cost of Equity** – We used the Capital Asset Pricing Model ("CAPM") to determine the required return on equity.
- **Cost of Debt** – We used after tax cost of debt - Cost of Debt * (1-Tax %)

Ref	Key Assumptions	Source	FY25F+
A	Sri Lankan Government Treasury bond rates	Average <10-year T-bond rate from the secondary bond market as of the Valuation Date	13.3%
B	Equity market risk premium (EMRP)	EMRP for Sri Lanka based on market sources. The value presented here is a beta adjusted EMRP	5.2%
C	Cost of Equity	A + B	18.5%
D	Cost of Debt (Pre-tax)	AWPLR as of September 2024 considered to be suitable for company of CALH size and profile	9.3%
E	Effective Tax Rate	Corporate tax rate as of the Valuation Date	30.0%
F	Debt/(Debt+Equity)	We have considered an average of the Debt to Equity ratio of investment bank holding companies to arrive at the D/E. This is based on public and non public information available to Deloitte.	37.5%
G	Weighted Average Cost of Capital (WACC)	$\{(C \times (1-F)) + (D \times (1-E) \times F)\}$	14.0%

*Rates and ratios considered are as of 30 September 2024 – which is the Valuation Date

Value Considerations

Capital Alliance Securities (Private) Limited (CALS)

Net debt adjustment

As per the balance sheet as at 30 September 2024, we have considered below line items as net debt items. Any balances from business related activities have been excluded from the net debt computation.

As at 30 September 2024	in LKR Mn.	
	LKR	
Financial assets measured at amortized cost	157.1	
Financial assets measured at FVTPL	619.8	
Amounts due from related companies	5.1	
Trade and other receivables	1,101.6	
Cash and cash equivalents	29.3	
Interest bearing loans and borrowings	(600.0)	
Trade and other payables	(811.0)	
Income tax payables	(43.2)	
Investments in preference shares by Holding company	(325.0)	
Net (debt)/cash	133.7	

Surplus assets/liabilities

Where assets are not considered to be integral to the core operating activities of a Company, we have not considered associated cash flows in the projections. We have accounted for these assets or liabilities in the Surplus assets/liabilities adjustment in estimation of overall Equity value.

As per the balance sheet as of 30 September 2024, there are no line items reported as surplus assets/liabilities.

Marketability Discount

As CALS is not traded on a recognized stock exchange, we adopt a marketability discount to reflect the costs that may need to be incurred for a listing/buyer search.

Discounted Cash Flow (DCF) Approach

Capital Alliance Securities (Private) Limited (CALS) – As of 30th September 2024

Capital Alliance Securities (Private) Limited		In LKR Mn.				
For the year ended 31st March		2H 2025	FY2026F	FY2027F	FY2028F	FY2029F
Discounted Cash Flow Valuation						
WACC %		14.0%	14.0%	14.0%	14.0%	14.0%
Terminal growth rate						3.0%
Revenue		256.1	592.2	673.5	765.2	868.6
Growth %			131.3%	13.7%	13.6%	13.5%
EBIT		85.2	205.7	238.3	274.8	315.6
EBIT margin %		33.3%	34.7%	35.4%	35.9%	35.9%
Less: Taxation		(25.6)	(61.7)	(71.5)	(82.4)	(94.7)
Taxation as a % of EBIT		30.0%	30.0%	30.0%	30.0%	30.0%
Add: Depreciation and amortisation		4.7	9.4	9.4	9.2	9.2
Add: Decrease/(Increase) in working capital						
Less: Capital expenditure ('Capex')		(4.9)	(8.3)	(6.8)	(5.2)	(3.8)
As a % of revenue		1.9%	1.4%	1.0%	0.7%	0.4%
Free Cash Flow to Firm ('FCFF')		59.5	145.0	169.4	196.3	226.4
Discount rate %		0.97	0.88	0.77	0.67	0.59
Discounted Terminal Value						2,067.8
Discounted FCFF		57.6	127.2	130.4	132.5	1,280.5
Enterprise value		1,728.2				
Less: (Net Debt)/ Net Cash		133.7				
Equity value before marketability discount		1,861.9				
Less: Marketability discount		(93.1)				
Equity value		1,768.8				

Deloitte FAS (Private) Limited | Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited

Comparable Transaction Multiples Approach

Capital Alliance Securities (Private) Limited (CALS)

Comparable Transaction Multiples Approach

As a cross-check, we assessed the fair value of a 100% equity interest using the Comparable Transaction Multiples approach. While we selected transactions that align closely with CALS's business operations, since these transactions occurred in countries outside Sri Lanka and involved entities with significantly larger sizes, differing market conditions, and characteristics, we believe the DCF approach is more appropriate as the primary valuation basis.

The Transaction data was sourced from the public domain, covering the period from 2020 to 2024, to support this analysis.

Capital Alliance Securities (Private) Limited Market comparable methodology - Transactions EV/Sales Multiple					In LKR Mn.	
	Lower	Base	Upper			
TTM Sales	533.6	533.6	533.6			
EV/Sales Multiple (+/- 5%)	4.8	5.0	5.2			
Enterprise Value as at 31 December 2024	2,561.4	2,668.2	2,774.9			
Less: (Net Debt)/Net Cash	133.7	133.7	133.7			
Equity value before marketability discount	2,695.2	2,801.9	2,908.6			
Less: Marketability Discount (5%)	(134.8)	(140.1)	(145.4)			
Equity value	2,560.4	2,661.8	2,763.2			

Deloitte FAS (Private) Limited | Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited



Capital Alliance Partners Limited (CALP)

Company and industry overview



Capital Alliance Partners (Pvt) Ltd (CALP) is the Corporate Finance/Investment banking arm of the CAL Group. 100% of CALP equity shares are held by the UAE based holding company in the structure, CALIC.

Investment banking services such as Initial Public Offers management, Private Placements and Debenture issue management are highly dependent upon a stable economic environment where investors have a relatively optimistic outlook.

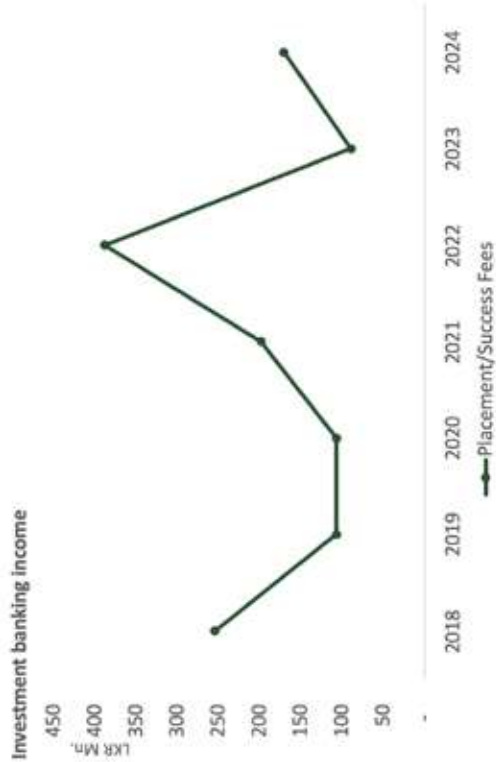
With heightened activity during the low-interest rate period CALP and investment banks performed well while making minimal revenue during periods such as the COVID downturn and economic crisis periods.

Historical financials

CALP topline in recent years is almost entirely driven by placement and success fees. Earlier periods in the historical financials shown have had some extraordinary income such as profit on sale of subsidiaries and dividend income.

Revenue

Total revenue is somewhat volatile as explained previously reaching a level of LKR 387.9 Mn in for year ending March 2022 but declining to LKR 89.2 Mn and LKR 170.7 Mn for the financial years of 2023 and 2024 March, respectively.



Capital Alliance Partners Limited (CALP)

Summarized historical profit and loss accounts

In LKR Mn.

Capital Alliance Partners Limited Income Statement For the year ended 31st March	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	1H 2024
Revenue	254.4	106.9	106.8	198.2	387.9	89.2	170.7	97.1
Direct Operating Expenses	(0.3)	(3.4)	(1.2)	-	(0.5)	-	(2.8)	-
Gross Profit	254.1	103.5	105.6	198.2	387.4	89.2	167.8	97.1
Other Income	102.1	7.0	5.1	175.4	23.0	1.2	-	0.4
Administration and general expenses	(144.1)	(174.8)	(133.8)	(140.2)	(388.9)	(140.9)	(193.3)	(135.0)
Marketing Expenses	(7.5)	(8.7)	(7.6)	(4.9)	(3.3)	(2.8)	(7.8)	(3.5)
Operating Loss	204.6	(73.1)	(30.7)	228.5	18.2	(53.3)	(33.2)	(40.9)
Finance Income	-	-	0.5	7.4	24.2	32.3	2.7	-
Finance expenses	-	-	(0.9)	(0.3)	(1.0)	(0.9)	(4.4)	(2.0)
Net Finance Income	-	-	(0.4)	7.1	23.2	31.4	(1.7)	(2.0)
Loss before taxation	204.6	(73.1)	(31.1)	235.6	41.4	(21.9)	(35.0)	(43.0)
Income tax reversal / expense	(18.4)	-	-	(2.5)	(9.0)	(1.9)	4.6	(0.6)
Loss for the year	186.2	(73.1)	(31.1)	233.1	32.3	(23.8)	(30.4)	(43.6)

Deloitte FAS (Private) Limited | Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited

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Capital Alliance Partners Limited (CALP)

Summarized historical balance sheet

Capital Alliance Partners Limited Balance Sheet For the year ended 31st March											In LKR Mn.
Assets	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024	2024	2024	1H 2024
Non Current Assets											
Equipment	2.3	6.6	15.3	12.0	11.0	9.3	11.0	9.7			
ROU	-	-	4.2	13.4	11.2	7.1	3.1	2.0			
Intangible Assets	28.8	29.1	19.3	9.8	1.2	0.8	0.5	0.4			
Deferred tax assets	-	-	-	4.7	5.8	5.0	9.7	-			
Investments in subsidiaries	176.5	176.5	176.5	-	-	-	-	-			
Tangible Fixed Assets	-	-	-	-	-	-	-	-			
Total Non Current Assets	207.6	212.2	215.3	40.0	29.2	22.2	24.2	12.2			
Current Assets											
Inventory	0.5	1.7	1.2	0.9	0.8	0.3	-	-			
Financial Assets measured at amortised cost	-	-	-	303.3	459.6	53.6	-	-			
Trade & other receivables	34.6	71.7	43.1	116.5	87.3	50.6	41.4	26.3			
Income tax receivables	-	-	-	-	-	1.5	1.5	10.5			
Amounts due from related companies	141.5	3.2	42.5	20.9	14.7	45.2	9.9	16.6			
Cash and cash equivalents	-	7.2	1.8	54.1	21.8	1.0	85.7	62.6			
Total Current assets	176.6	83.8	88.6	495.7	584.3	152.4	138.6	116.0			
Total Assets	384.3	296.0	303.9	535.7	613.5	174.6	162.8	128.2			

Deloitte FAS (Private) Limited | Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited

Capital Alliance Partners Limited (CALP)

Summarized historical balance sheet

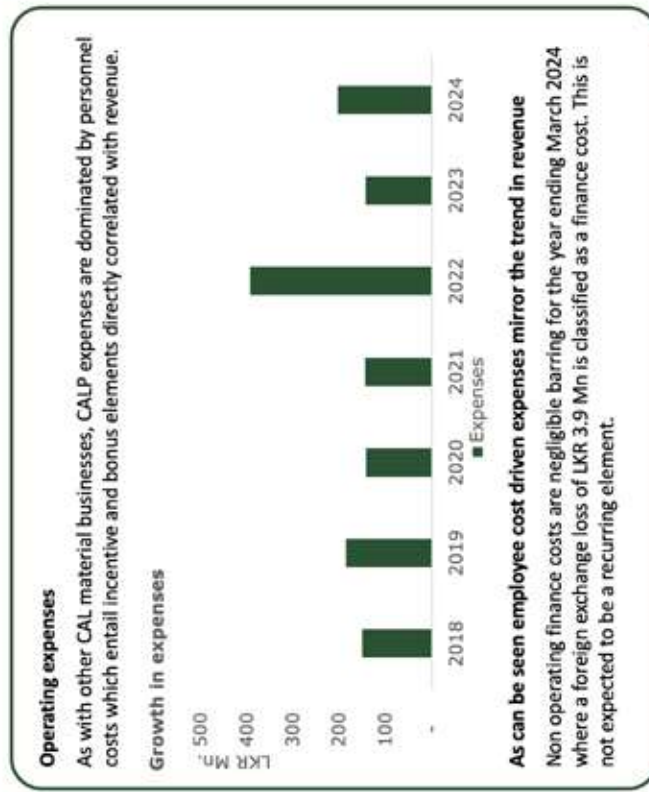
Capital Alliance Partners Limited Balance Sheet For the year ended 31st March											In LKR Mn.
Equity & Liabilities	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2023/2024	2023/2024	1H 2024	
Equity											
Stated Capital	340.4	314.5	314.5	314.5	314.5	314.5	80.0	80.0	80.0	80.0	
Retained earnings	6.4	(42.7)	(73.1)	155.7	45.1	18.9	(37.8)	(37.8)	(37.8)	(77.2)	
Total Equity	346.8	271.8	241.4	470.3	359.6	98.9	42.2	42.2	42.2	2.8	
Non current Liabilities											
Retirement Benefit Obligation	8.2	13.1	16.6	28.0	22.5	11.1	7.9	7.9	7.9	-	
Lease Liability	-	-	-	10.3	7.9	3.7	-	-	-	-	
Total Non Current Liabilities	8.2	13.1	16.6	38.3	30.4	14.8	7.9	7.9	7.9	-	
Current Liabilities											
Lease Liability	-	-	5.2	3.2	3.8	4.2	3.7	3.7	3.7	-	
Other payables	24.9	10.7	7.8	24.0	197.5	40.7	8.7	8.7	8.7	11.8	
Amounts due to related companies	1.0	0.4	33.0	-	22.1	16.1	100.3	100.3	100.3	113.6	
Bank Overdraft	3.2	-	-	-	-	-	-	-	-	-	
Total Current Liabilities	29.2	11.1	45.9	27.1	223.4	60.9	112.7	112.7	112.7	125.4	
Total Equity and Liabilities	384.3	296.0	303.9	535.7	613.5	174.6	162.8	162.8	162.8	128.2	

Deloitte FAS (Private) Limited | Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited

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Capital Alliance Partners Limited (CALP)

Historical financials



Composition of Balance Sheet

CALP has a very small asset base (relative to the other CAL businesses) of LKR 128.2 Mn as of September 2024. Assets are comprised of LKR 62.6 Mn in cash and a trade receivables amount of LKR 26.3 Mn as of September 2024.

There are minimal liabilities and equity in CALP and an intercompany payable of LKR 113.6 Mn accounts for majority of the equity and liabilities as of the Valuation Date.

Capital Alliance Partners Limited (CALP)

Forecasted financials

Outlook

The view of a relatively stable environment adopted, indicates interest rates largely remaining at their existing levels. Coupled with somewhat improved sentiment, particularly post the conclusion of negotiations pertaining to international sovereign bond restructure, there could be an increase of IPO's, debenture listings, private placements and structured debt issues.

As with the other material businesses any significant deviation from the IMF programme however and materialization of some of the downside risks identified in the economic outlook (section 4) could have a significant negative impact on investment banking activities.

CALP forecast financials

CAL management has indicated an optimistic outlook for their investment banking arm based on the below high level assumptions provided to us.

The revenue figure of LKR 280 Mn projected for March 2025 is based on actual revenue of LKR 97 Mn attained until September and a confirmed pipeline of investment banking business; collectively being 2 M&A transactions, an IPO and six transactions on the debt raising side.

The revenue of LKR 280 Mn is then projected to increase by 10% on a YoY basis. Management has not provided us details of the pipeline underpinning the revenue in future years owing to difficulties around providing exact details of a future pipeline.

The 10% YoY growth is somewhat aggressive, particularly considering that revenue growth has been very volatile in the historical period.

However, We are of the view that the Weighted Average Cost of Capital we use to discount cashflows captures the risk profile.

Further, the economic environment presently does not entail circumstances such as COVID impact, economic crisis and Easter attacks which prevailed between 2019 to 2022/23.

Revenue

Revenue is expected to increase from LKR 280 Mn in FY March 2025 to LKR 410 Mn by the end of the explicit forecast horizon.

Capital Alliance Partners Limited (CALP)

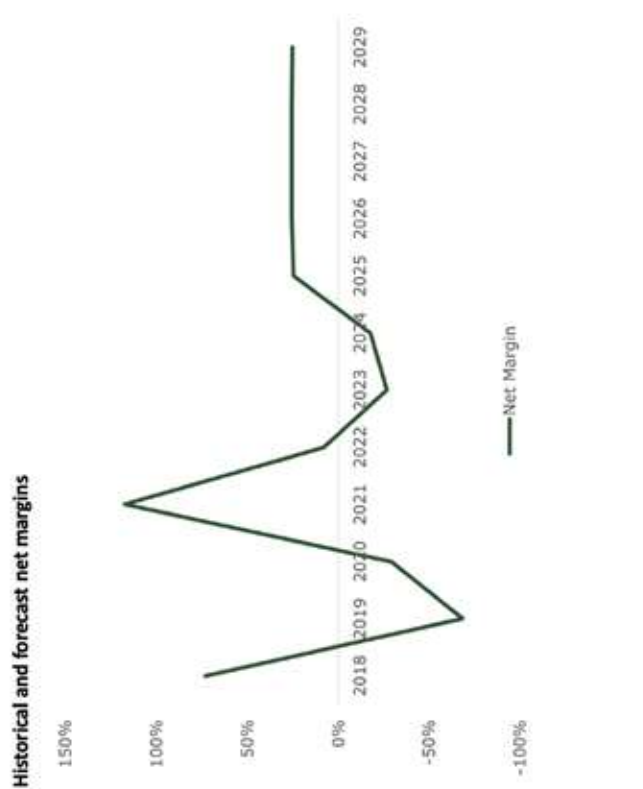
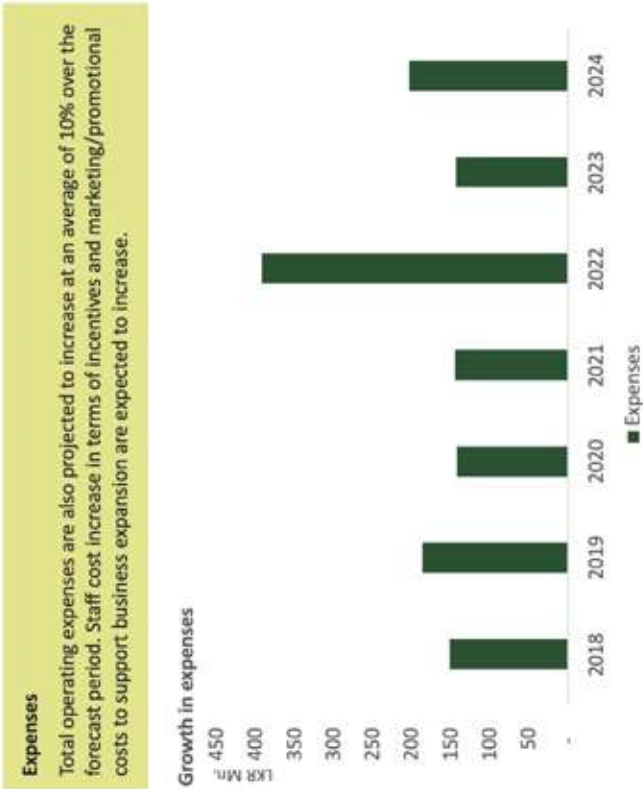
Summarized forecasted profit and loss accounts

Capital Alliance Partners Limited						In LKR Mln.
Income Statement						
For the year ended 31st March						
	2024/2025F	2025/2026F	2026/2027F	2027/2028F	2028/2029F	
Revenue	280.0	308.0	338.8	372.7	409.9	
Direct Operating Expenses	(1.0)	(1.2)	(1.3)	(1.5)	(1.7)	
Gross Profit	279.0	306.8	337.5	371.2	408.2	
Staff related costs	(76.5)	(84.0)	(92.3)	(101.5)	(111.5)	
Administration and general expenses	(19.5)	(16.9)	(18.6)	(20.4)	(22.5)	
Marketing Expenses	(7.2)	(7.9)	(9.0)	(10.3)	(11.8)	
Depreciation	(2.7)	(2.7)	(2.7)	(1.4)	(1.4)	
IT Expenses	(5.1)	(5.8)	(6.7)	(7.7)	(8.8)	
EBS Cost Allocations	(25.2)	(27.9)	(30.8)	(34.1)	(37.7)	
Incentives	(42.8)	(48.4)	(53.2)	(58.7)	(64.3)	
Operating Loss	100.0	113.2	124.2	137.1	150.1	
Finance expenses	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	
Net Finance Income	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	
Loss before taxation	99.9	113.0	124.0	136.9	150.0	
Income tax reversal / expense	(30.0)	(33.9)	(37.2)	(41.1)	(45.0)	
Loss for the year	69.9	79.1	86.8	95.8	105.0	

Deloitte FAS (Private) Limited | Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited

Capital Alliance Partners Limited (CALP)

Forecasted financials



Deloitte FAS (Private) Limited | Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited

Capital Alliance Partners Limited (CALP)

Forecasted financials

Profitability

The fairly aggressive nature of the forecasts are seen via the loss as of financial year ending March 2024 translating into a projected profit of LKR 70 Mn as of the year ending March 2025. Profits are then projected to grow at a cumulative annual growth rate of 10.7% until March 2029.

The net profit margin is projected to stabilize at 25% during the forecast period which contrast markedly with the volatile margins in the historic period. However, it is noted that excessive profitability/margins have been attained in some of the historical periods.

Depreciation

The forecast period depreciation provided to us is based on the remaining depreciation of existing assets. This figure averages approximately 1% of revenue throughout the forecast period and is negligible. We however considered same for the valuation where we add back the depreciation to EBIT in the computation of Free Cash Flows to the Firm.

Deloitte FAS (Private) Limited | Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited

Working Capital

In the context of CALP, the only component considered as working capital amounts to the trade receivables component. During the historical period from March 2018 onwards average receivables days amounts to 85 days (excluding outlier years). We have adopted same in the valuation to compute the net change in working capital required.

There are no trade payables or inventory elements in the business resulting in the receivables being commensurate with working capital requirements.

Maintenance Capex

The maintenance capex needed is computed as the historical average capital expenditure as a percentage of opening book values of tangible assets. The maintenance capex figure (derived for the valuation) during the forecast period averages a little under 0.5% of revenue.

Where there is no considerable Capex required to support growth of the business on an as is basis we follow the accepted valuation approach of equating capital expenditure and depreciation for the purpose of computing a terminal value for the discounted cashflows based valuation.

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Weighted Average Cost of Capital

Capital Alliance Partners Limited (CALP)

WACC is a rate of return that an investor would expect to receive, from a market participant basis, if capital were invested in a similar venture.

The WACC which is the weighted average of the costs of equity and debt of the business has been worked out as follows:

$$WACC = K_e (E/(D+E)) + K_d (1-t) (D/(D+E))$$

- "K_e" represents the cost of equity, i.e., the return required by shareholders;
- "K_d" represents the after-tax cost of debt, i.e., the return required by debt holders;
- "E" represents the value of equity; and
- "D" represents the value of debt.
- **Cost of Equity** – We used the Capital Asset Pricing Model ("CAPM") to determine the required return on equity.
- **Cost of Debt** – We used after tax cost of debt - Cost of Debt * (1-Tax %)

Ref	Key Assumptions	Source	FY25F+
A	Sri Lankan Government Treasury bond rates	Average <10-year T-bond rate from the secondary bond market as of the Valuation Date	13.3%
B	Equity market risk premium (EMRP)	EMRP for Sri Lanka based on market sources. The value presented here is a beta adjusted EMRP	5.2%
C	Cost of Equity	A + B	18.5%
D	Cost of Debt (Pre-tax)	AWPLR as of September 2024 considered to be suitable for company of CALH size and profile	9.3%
E	Effective Tax Rate	Corporate tax rate as of the Valuation Date	30.0%
F	Debt/(Debt+Equity)	We have considered an average of the Debt to Equity ratio of investment bank holding companies to arrive at the D/E. This is based on public and non public information available to Deloitte.	37.5%
G	Weighted Average Cost of Capital (WACC)	$((C \times (1-F)) + (D \times (1-E) \times F))$	14.0%

*Rates and ratios considered are as of 30 September 2024 – which is the Valuation Date

Value Considerations

Capital Alliance Partners Limited (CALP)

Net debt adjustment

As per the balance sheet as at 30 September 2024, we have considered below line items as net debt items. Any balances from business related activities have been excluded from the net debt computation.

	As at 30 September 2024	in LKR Mns.
		LKR
Income tax receivables		9.9
Cash and cash equivalents		22.9
Other payables		(15.2)
Amounts due to related companies		(74.0)
Tax payable		(3.9)
Net (debt)/cash		(60.3)

Surplus assets/liabilities

Where assets are not considered to be integral to the core operating activities of a Company, we have not considered associated cash flows in the projections. We have accounted for these assets or liabilities in the Surplus assets/liabilities adjustment in estimation of overall Equity value.

As per the balance sheet as of 30 September 2024, there are no line items reported as surplus assets/liabilities.

Marketability Discount

As CALP is not traded on a recognized stock exchange we adopt a marketability discount to reflect the costs that may need to be incurred for a listing/buyer search.

Discounted Cash Flow (DCF) Approach

Capital Alliance Partners Limited (CALP) – As of 30th September 2024

Capital Alliance Partners Limited For the year ended 31st March		In LKR Mn.				
Discounted Cash Flow Valuation		2H 2025	FY2026F	FY2027F	FY2028F	FY2029F
WACC %		14.0%	14.0%	14.0%	14.0%	14.0%
Terminal growth rate						
Revenue		140.0	308.0	338.8	372.7	409.9
Growth %			120.0%	10.0%	10.0%	10.0%
EBIT		50.0	113.2	124.2	137.1	150.1
EBIT margin %		35.7%	36.7%	36.7%	36.8%	36.8%
Less: Taxation		(15.0)	(34.0)	(37.3)	(41.1)	(45.0)
Taxation as a % of EBIT		30.0%	30.0%	30.0%	30.0%	30.0%
Add: Depreciation and amortisation		1.4	2.7	2.7	1.4	1.4
Add: Decrease/(Increase) in working capital		(9.1)	(6.5)	(7.2)	(7.9)	(8.7)
As a % of revenue		-6.5%	-2.1%	-2.1%	-2.1%	-2.1%
Less: Capital expenditure ('Capex')		(1.0)	(1.5)	(1.0)	(0.7)	(0.4)
As a % of revenue		0.7%	0.5%	0.3%	0.2%	0.1%
Free Cash Flow to Firm ('FCFF')		26.3	73.9	81.5	88.8	97.5
Discount rate %		0.97	0.88	0.77	0.67	0.59
Discounted Terminal Value						902.7
Discounted FCFF		25.4	64.8	62.7	60.0	558.2
Enterprise value		771.2				
Less: (Net Debt)/ Net Cash		(60.3)				
Equity value		710.8				
Less: Marketability discount		(35.5)				
Equity value		675.3				

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Comparable Transaction Multiples Approach

Capital Alliance Partners Limited (CALP)

Comparable Transaction Multiples Approach

As a cross-check, we have assessed the fair value of a 100% equity interest using the Comparable Transaction Multiples approach. We selected comparable transactions that closely align with the CALP's business operations.

However, since these transactions occurred outside Sri Lanka and involve entities with significantly larger size characteristics, we believe this approach has limited validity in providing the valuation and view DCF valuation as the more reliable basis for determining the fair value.

The Transaction data was sourced from the public domain, covering the period from 2020 to 2024, to support this analysis.

Capital Alliance Partners Limited				
Market comparable methodology - Transactions				
EV/Sales Multiple	Lower	Base	Upper	
TTM Sales	151.0	151.0	151.0	
TTM Sales Multiple (+/- 5%)	4.3	4.5	4.8	
Enterprise Value as at 30 Sep 2024	649.3	679.6	724.9	
Less: (Net Debt)/Net Cash	(60.3)	(60.3)	(60.3)	
Equity value	589.0	619.2	664.6	
Less: Marketability Discount (5%)	(31.0)	(31.0)	(31.0)	
Equity value	558.1	588.3	633.6	

In LKR Mn.

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CAL Investment Consultancy FZ LLC (CALIC)

Company and industry overview



CAL Investment Consultancy FZ LLC (CALIC) is a holding company within the CAL group structure incorporated in the United Arab Emirates. CALIC is 100% owned by the ultimate parent in the structure CALH.

Valued on an Adjusted Net Asset Value Basis

As discussed under sections 2 and 3 of the report we value CALIC separately even though it is a holding company as CALIC owns stakes in the following material entities being valued.

Entity	Stake*
Capital Alliance Investments Limited	95%
Capital Alliance Securities (Pvt) Ltd	60%
Capital Alliance Partners Ltd	100%

The valuations of the material entities at their appropriate stakes are considered in the Adjusted Net Asset Value basis valuation of CALIC.

We have used LKR/USD of 299.36 as of the Valuation Date to convert USD based values (As CALI reporting currency is the USD) of CALIC in the adjusted net asset basis computation

*The stake ownership values indicate the equity held by the immediate parent company.

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Value of material entities

Entity	Stake*	Primary basis	Absolute value (range)	Attributable value (range)
Capital Alliance Investments Limited	95%		3,985.0 to 4,256.8	3,785.8 to 4,044.0
Capital Alliance Securities (Pvt) Ltd	60%	Discounted Cashflows	1,716.4 to 1,826.2	1,029.8 to 1,095.7
Capital Alliance Partners Ltd	100%		652.7 to 700.2	652.7 to 700.2
Total			6,354.1 to 6,783.2	5,468.3 to 5,839.9

Value of affiliates valued separately to be reflected in CALIC net adjusted value is LKR 5,468.3 Mn to LKR 5,839.9 Mn

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Capital Alliance Holdings Limited

Adjusted Net Asset Valuation

Component	Value as of September 2024	Comment	In LKR Mn.
Value of affiliates(material and separately valued)	5,468.3 to 5,839.9	Please refer computation on previous page	
Cost of Bangladeshi affiliates		As explained in section 3, the Bangladeshi affiliates are not valued separately owing to their still nascent nature of operations.	
	1,259.4	These are hence considered at cost as reported on CALIC balance sheet	
Other receivables	0.6	Non intercompany receivables	
Short term loan	32.0	Loans provided to Management	
Cash and cash equivalents	590.1	Bank Deposits	
Financial liabilities at amortized cost	(214.4)	Borrowings (Commercial Papers)	
Accruals and other payables	(2.7)	Provisions for Professional Fees	
Amounts due to related parties	(0.8)	Amounts due to Capital Alliance Holdings Ltd	
Total Valuation	7,132.5 to 7,504.1		

Adjusted Net Asset Valuation of CALIC (LKR Mn)

The valuation arrived at maintained for CALIC on a nonmarketable basis ranges between LKR 7,132.5 to 7504.1

Under normal circumstances, a computed business valuation of an entity unlisted on a recognized stock exchange should be subject to a marketability discount to reflect the buyer search costs or cost of listing.

In the case of CALIC, although the entity is unlisted, the adjusted net asset value approach considered results in nearly 80% of the value stemming from affiliates which are valued separately.

These separately valued affiliates are already subjected to a marketability discounts as they are unlisted entities. Hence, we view a separate marketability discount not necessitated again to arrive at the adjusted net asset-based valuation.



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Capital Alliance Holdings Limited (CALH)

Capital Alliance Holdings Limited

Sum of the Parts Valuation

We have arrived at a Sum of the Parts valuation approach (SOTP) elaborated in section 3 to arrive at valuation for 100% of the ordinary equity shares of Capital Alliance Holdings Limited (CALH).

Valuations of material entities valued separately

Entity	Stake*	Primary Basis	Absolute value (LKR Mn)	Attributable value (LKR Mn)
Capital Alliance PLC	86%	Justified Price to Book Multiple	13,580.3 to 15,009.9	11,679.1 to 12,908.5
Capital Alliance Securities (Pvt) Ltd	40%	Discounted Cashflows	1,716.4 to 1,826.2	686.6 to 730.5
CAL Investment Consultancy FZ LLC	100%	Adjusted Net Asset Value	7,132.5 to 7,504.1	7,132.5 to 7,504.1

The value of affiliates to be valued separately for inclusion in the adjusted net asset-based valuation of 100% of the ordinary equity shares of CALH ranges between LKR 19,498.2 Mn to LKR 21,143.1 Mn.

*The stake ownership values indicate the equity held by the immediate parent company.

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Capital Alliance Holdings Limited

Sum of the Parts Valuation

We have arrived at a Sum of the Parts valuation approach (SOTP) elaborated in section 3 to arrive at a value of 100% of the ordinary equity shares of Capital Alliance Holdings Limited (CALH). The basis adopted for the valuation is an Adjusted Net Asset Value method.

Component	Value as of September 2024	Comment
Value of affiliates (material and separately valued)	19,498.2 to 21,143.1	Please refer computation on previous page
Cash and cash equivalents	6.7	Bank deposits
Financial assets		Investments in quoted shares and non-quoted shares
Advances to subsidiaries & other advances	1,076.8	
Amounts due from related parties	2,597.9	Advances to Subsidiaries
Investments in non core non material affiliates	138.4	Amounts due from related parties
Intangible assets	405.1	Considered at Cost
Equipment	2.8	Software
Deferred tax assets	0.5	Other assets
Income tax receivable	6.4	Other assets
Financial liabilities	9.6	Other assets
Trade and other payables	(428.4)	Bank loans
Amounts due to related entities	(11.2)	Accrued expenses and provisions
Retirement benefit obligations	(0.2)	Intercompany payables
Total Valuation	(18.1)	Other liabilities
	23,284.5 to 24,929.4	

Valuation

The overall valuation we arrive at for CALH ranges between LKR 23,284.5 Mn to LKR 24,929.4 Mn.

As elaborated in section 3 the valuation arrived at for CALH is for 100% of the equity of the company.

Management has confirmed a 1:15 share split which has occurred on the 23rd of December 2024.

This has resulted in the total number of shares outstanding rising to 1,914,549,345 from 127,636,623 as of 30th September 2024.

Hence the per share value is based on the number of shares in issue post the split on the 23rd of December 2024.

On this basis the per share valuation range arrived at for CALH ranges between LKR 12.16 to 13.02

Team Profile

Team Profile (1 of 3)

Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited



Lasanga Abeyesuriya
Senior Director - Valuation and Modelling
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Education

- Bachelor of Science in Electronic and Telecommunications Engineering

Membership and Qualifications

- Fellow of Chartered Institute of Management Accountants, UK

Lasanga's career spans over 25 years during which time he has led and delivered projects whilst managing client relationships across a diverse range of service areas exclusively within the advisory and consulting space. After initially starting with PricewaterhouseCoopers Sri Lanka in 2000, he subsequently spent 3 years at the Sydney office of PricewaterhouseCoopers Australia specializing in the Valuation & Strategy Consulting practice, prior to returning to Sri Lanka to set up the separate Corporate Finance & Valuations Consulting practice for PricewaterhouseCoopers Sri Lanka and Maldives. Lasanga currently is a Partner and lead for Valuation and Modelling at Deloitte Sri Lanka and Maldives.

Lasanga has notable experience in being the practice Leader of the Valuation and Modelling practice, specialized in providing advisory in valuations and feasibility studies for transaction advisory, financial reporting, taxation, restructurings and expert determinations across a range of industry sector including Brand valuation for several local companies in the FMCG and energy sectors in connection with their planned initial public offerings and for disclosure in their IPO prospectus and has conducted several market studies on behalf of international corporates to set up their operations in Sri Lanka, as well as for Sri Lankan companies to explore international market entry opportunities.

Lasanga has also provided Financial advisory services for the Ministry of Defense in connection with financial evaluation and viability analysis of a state-owned domestic commercial airline operation carried out by the Sri Lanka Airforce and exploration of PPP options to ensure financial self-sufficiency

Team Profile (2 of 3)

Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited



Ruvini Fernando
Head – Financial Advisory, Sri Lanka and Maldives
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Education

- Master of Business Administration Postgraduate Institute of Management, University Sri Jaywardenepura
- Membership and Qualifications
 - Fellow of Chartered Institute of Management Accountants, UK
 - Fellow of Association of Chartered Certified Accountants, UK

Ruvini currently heads the Financial Advisory practice of Deloitte Sri Lanka and Maldives. She was formerly responsible as the Deals Leader at PricewaterhouseCoopers Sri Lanka and Maldives. She has over 30 years of experience in financial advisory, deals, and capital markets. Ruvini has also evaluated and studied infrastructure projects in Sri Lanka as part of PPP advisory services, including a toll road project, a higher education institute, and a power project. Key clients include Port City, the World Bank, the Asian Development Bank, the Prime Minister's Office of Sri Lanka, and Ceylon Petroleum Storage Terminals.

She has evaluated and studied infrastructure projects for development in Sri Lanka as part of Public-Private Partnership advisory services and has also been involved in fundraising exercises for local companies, including greenfield projects, tech companies, and family businesses. Ruvini has advised several companies on their cross-border transactions.

Ruvini was formerly the CEO of a leading private sector proprietary investment fund held by a diversified conglomerate. During her twelve years in capital markets, she was responsible for expanding the company's scope of asset management services to include private equity, mutual funds, and third-party client portfolio management.

She is also a member of the National Agenda Committee on Finance and Capital at the Ceylon Chamber of Commerce, as well as a Fellow of the Chartered Institute of Management Accountants (UK) and a Fellow of the Association of Chartered Certified Accountants (UK).

Team Profile (3 of 3)

Independent valuation of the ordinary equity capital of Capital Alliance Holdings Limited



Rajiv Mel
Associate Director - Valuation and Modelling
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Education

- Master of Business Administration Postgraduate Institute of Management, University Sri Jayewardenepura

Membership and Qualifications

- Chartered Financial Analyst (CFA)
- Associate member of the Chartered Institute of Management Accountants of UK.

Rajiv is an associate director in financial advisory services at Deloitte Sri Lanka and has provided value advisory services to a diverse base of clients which among many include Airlines, a leader in the global tyre and rubber products space, a larger apparel house in Hong Kong, several 5 Star Maldivian Resorts, a leading full-service Investment Bank etc. Rajiv has also provided Corporate Finance and feasibility research services for a Qatar based conglomerate, a leading fashion brand with its foray into the Canadian market, etc. Prior to joining Deloitte, Rajiv was the Senior Manager in the Corporate Finance & Valuations practice for the PricewaterhouseCoopers offices in Sri Lanka and the Republic of Maldives.

He has also been attached to Hatton National Bank PLC in Sri Lanka and was involved in valuations and equity transactions, perusal of various local and global M&A opportunities for the Bank and its subsidiaries as well as valuations of NBFI's in the region; including in Bangladesh, Cambodia, Pakistan and Philippines. He was also involved in Equity research and managing the short- and long-term strategic equity portfolios of the Bank on behalf of its Chief Financial Officer and AGM Strategy. Rajiv has also been part of the team securing foreign funding for the Bank from institutions such as the ADB, DEG Germany and PROPARCO France. Further, he was a member of the team which successfully secured LKR 10Bn Tier II debt for the Bank in late 2021.

Glossary

Term	Definition
CALH	Capital Alliance Holdings Limited
CALT	Capital Alliance PLC
CALI	Capital Alliance Investments Limited
CALS	Capital Alliance Securities (Private) Limited
CALP	Capital Alliance Partners Limited
CALIC	CAL Investment Consultancy FZ LLC
Valuation Date	30 September 2024
EBIT	Earnings Before Interest Tax
EBITDA	Earnings Before Interest Tax Depreciation and Amortization
H	Half
FY	Financial Year
TTM	Trailing Twelve Months
NBV	Net book value
CV	Carrying Value
FV	Fair Value
YoY	Year on Year
LKR	Sri Lankan Rupees
SOPF	Statement of financial position
EV	Enterprise Value

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