

Confidential

**APPLICATION FOR A LICENCE UNDER  
THE FINANCE BUSINESS ACT, NO. 42 OF 2011**

*For office use*

Applicant : .....

Date of receipt of Application : .....

Evaluation fee : .....

Remarks : .....

## **Important**

Any person who submits information in this application, which is false, incomplete or incorrect shall be guilty of an offence under section 5(9) of the Finance Business Act, No. 42 of 2011, punishable under section 56(2) of the said Act.

## **Instructions**

- (1) Basic requirements to obtain a licence to carry on finance business under the Finance Business Act, No. 42 of 2011 are given at Schedule I.
- (2) A non-refundable application fee of Rs. 100,000/- should be paid on submission of this application.
- (3) All applications should be typewritten or written in clear block letters.
- (4) If the space provided to give full details pertaining to the relevant item of the application is not adequate, please use a separate sheet of paper wherever necessary. Such sheets should carry a cross reference to the relevant item. If an item is not applicable it must be clearly stated.
- (5) (a) Every page of the completed application including annexures should be initialed by at least two Directors.  
(b) All documents and statements (except audited accounts) submitted with the application should be certified as true and accurate by at least two Directors.
- (6) Completed application signed by all members of the Board of Directors of the applicant company along with the other required documents set out in Schedule II should be submitted to:

*The Director*

*Department of Supervision of Non-Bank Financial Institutions*

*Central Bank of Sri Lanka*

*No. 30, Janadhipathi Mawatha,*

*Colombo 01*

*Sri Lanka*

**APPLICATION FOR A LICENCE UNDER THE  
FINANCE BUSINESS ACT, NO. 42 OF 2011**

To : The Monetary Board of the Central Bank of Sri Lanka  
Central Bank of Sri Lanka  
Colombo 01.

.....  
(Name of the Company)  
of .....  
(Address)  
.....

do hereby apply to the Monetary Board of the Central Bank of Sri Lanka for a licence in terms of the provisions of the Finance Business Act, No. 42 of 2011. The following information and documents are furnished in support of the application.

**Part 1**

**1. General Information of the Company**

- 1.1 Date of incorporation as a company: -
- 1.2 Date of commencement of business:-
- 1.3 Address of:
  - 1.3.1 Registered Office :
  - 1.3.2 Head/Administrative Office :
  - 1.3.3 Branch Office(s) :

Location	District	Province	Contact Details

- 1.4 Financial year of the company:-

1.5 Description of the main lines of business:-

1.6 Listing with the Colombo Stock Exchange

1.6.1 Whether the company is a listed company. If so, since when?

1.6.2 If not listed, expected date of listing.

1.7 Shareholding Structure of the Applicant Company as at the date of application:

1.7.1 Total number of shares :

1.7.2 Number of shareholders :

1.7.3 Names of the ten major shareholders :

<b>Name of Shareholder</b>	<b>No. of Shares</b>	<b>% of Issued Share Capital</b>
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		

1.8 Names and addresses of the company's bankers:

1.9 Name, address and contact details of the Secretary of the company:

1.10 Auditors (External)

1.10.1 Name of the Auditor, Address and Contact Details:

1.10.2 Since which financial year has the said auditor audited the company?

1.10.3 Whether any of the partners/directors of the audit firm is a shareholder of the company. (If yes please give details)

1.10.4 Audit fees paid for the last three financial years (Rs. million).

1.10.5 Any financial accommodation granted to the audit firm or a partner/director of the firm. (If yes please give details.)

1.11 Auditors (Internal)

1.11.1 Name of the authority to which the internal auditor reports:

1.11.2 State whether the internal audit function is outsourced.

1.11.3 State the following details:

1.11.3.1 Name of the internal auditor:  
(If outsourced please state address and contact details)

1.11.3.2 Qualifications and experience

1.11.3.3 Number of years of service in the company.

1.11.4 Total staff available to the internal auditor and their qualifications

Name	Qualifications	No. of years in service
1.		
2.		
3.		
4.		
5.		

**2. Core Capital<sup>1</sup> confirmed by the company's external auditor**

(As at end of the last three financial years and at end of the month immediately preceding the month in which the application is made.)

(In Rupees 000')

	20...	20....	20...	As at .....
2.1 Issued and fully paid up Ordinary Shares/Common Stock – Amount only issued for cash ( 2.1.1 + 2.1.2 )				
2.1.1 Ordinary Shares/Common Stock (Voting)				
2.1.2 Ordinary Shares/Common Stock (Non-voting)				
2.2 Issued and fully paid up non-cumulative non-redeemable Preference Shares				
2.3 General reserves and other free reserves				
2.4 Accumulated profit or loss as shown in last audited statement of accounts.				
2.5 Unpublished current year's profits/(losses) subject to certification by the company's external auditor				
2.6 Core Capital ( sum from 2.1 to 2.5)				

<sup>1</sup> Definition given in section 74 of the Finance Business Act No. 42 of 2011

2.7 If the company has revalued its assets, please indicate the following.

Type of Asset	Location	Cost	Date of revaluation	Surplus/Deficit

2.7.1 Certified copy of each Valuation Report of revalued properties.

### 3. Board of Directors

Full Name of Director <i>(Please begin with the name of the Chairman)</i>	Residential Address	Date of Birth	NIC No.	Passport No.	Date of appointment to the applicant company	Number of years he/she has been a Director in the applicant company	For office use
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							

## Part II

4. State whether the company is a subsidiary or an associate of another company or a member of a group of companies.

4.1. If so please provide the detail of the Holding Company in the format given at SNBFI/LFC/HC.

4.2. Please submit the audited annual accounts of the Holding Company for the past three years.

5. Please provide the details of the related parties<sup>2</sup> as per the following format.

Name of Company	Equity Investments		Inter Company Current Account receivables	Any Other Exposures (Please Specify)	Nature of Business
	Cost (Rs. 000')	Shareholding %			
<b>Own Subsidiaries</b>					
(i)					
(ii)					
(iii)					
<b>Own Associates</b>					
(i)					
(ii)					
(iii)					
<b>Other Investee entities</b>					
(i)					
(ii)					
(iii)					
<b>Any other related party</b>					
(i)					
(ii)					
(iii)					

<sup>2</sup>A company which is the holding company, subsidiaries or associates of the holding company, subsidiaries or associates of the holding company's holding company, subsidiaries, associates of the applicant company or a company which is a member of the group in which the applicant company is a member.

5.1. Names of the Board of Directors and quantum of shares held by them in respective related companies:

5.2. Please provide the audited accounts of the related company/companies for the last financial year.

### Part III

6. If the company has been engaged in lending, please give details as at the date of the application, as per the format below:

#### 6.1. Lending to related parties<sup>3</sup>

Item	No. of A/Cs	Granted Value (Rs.000 <sup>7</sup> )	Interest & Other Charges Accrued (Rs.000 <sup>7</sup> )	Interest & Other Charges held in Suspense as at end of last financial year (Rs.000 <sup>7</sup> )
i	Loans to the holding company			
ii	Loans to subsidiary and associate companies			
iii	Loans and advances to Directors of the company and their relatives <sup>4</sup>			
iv	Loans or any other financial accommodation given to individuals on the guarantee or indemnity of a Director, a relative of a director of the Company or any employee of the company			
v	Unsecured loans (promissory note and commercial papers are not considered as security)			
vi	Loans and advances to purchase its own shares			
vii	Loans and advances granted on the security of its own shares or on the security of the shares of any of its subsidiary company			

6.2. Accommodation by the company to related parties. Please provide the following details for each entity separately.

Name of the Related Party	Relationship	Type of Facility	Amount Granted	Amount Outstanding	Collateral Provided	Date of Granting Loans	Annual Interest Rate

<sup>3</sup> As defined in section 5 above.

<sup>4</sup> Relative shall mean the spouse and dependent child of such individual.

### 6.3. Asset Quality

Product	Performing Loans		Non-Performing Loans				Total	
	0-6 months in arrears		6 - 12 months in arrears		over 12 months in arrears			
	No. of Accounts	Amount Outstanding (Rs. 000'')	No. of Accounts	Amount Outstanding (Rs. 000'')	No. of Accounts	Amount Outstanding (Rs. 000'')	No. of Accounts	Amount Outstanding (Rs. 000'')
Term Loans								
Finance Lease								
Hire Purchase								
Pawning								
Other products								
Total								

7. Borrowers of Applicant Company exceeding 10% of shareholder funds as per last audited accounts.

Name of Borrower	Amount Granted (Rs. 000')	Annual Interest Rate	Date of Granting Loans	Nature of Security	Amount Outstanding (as at the date of application) (Rs. 000')
<b>1. Individuals</b>					
i.					
ii.					
iii.					
iv.					
<b>2. Group of Borrowers</b>					
i.					
ii.					
iii.					
iv.					

8. Borrowings by the company as at the date of application. (Please provide details of individual borrowings as per below categories.)

<b>Source</b>	<b>Amount Received (Rs. 000')</b>	<b>Annual Interest Rate %</b>	<b>Date of Receipt of the Loan</b>	<b>Nature of Security</b>	<b>Amount Outstanding (as at the date of application) (Rs. 000')</b>
A. From Banks i. .... ii. .... iii. ....					
B. From Directors i. .... ii. .... iii. ....					
C. From other sources i. .... ii. .... iii. ....					
<b>Total</b>					

9. Off-balance Sheet Items of the applicant company as at the date of application.

<b>Liabilities</b>	<b>Date given</b>	<b>Value (Rs .000')</b>
Guarantees given on behalf of Directors		
Guarantees given on behalf of subsidiaries and associates		
Guarantees given on behalf of others (Please specify)		
Any other off-balance sheet liabilities		

10. Lending Rates/Charges during one year period prior to the date of application

Category	Lending rates (Range) (annual)				Default Charges	
	Less than 12 months	12 months	24 months	Over 24 months	%	Amount (Rs. 000')
Loans						
Hire Purchase						
Finance Leasing						
Pawning						
Other Products						

We declare that we have taken note of the contents of section 5 (9) of the Finance Business Act No. 42 of 2011 and we declare that the particulars stated in this application have been verified and are complete in all respects, and that the information is to our knowledge and belief true and accurate.

For and on behalf of .....

(Applicant Company)

Names of Directors

Signatures

Date: .....

(Common seal of the company)

**Basic Requirements for licensing under the Finance Business Act No. 42 of 2011**

1. To be eligible to be licenced as a finance company an applicant company;
  - a. Should be a company registered under the Companies Act, No. 07 of 2007
  - b. Should not be a company limited by guarantee, a private company, an offshore company or an overseas company within the meaning of the Companies Act, No. 07 of 2007.
  
2. Should have a minimum core capital of Rs. 400 million as per the Finance Companies (Minimum Core Capital) Direction No. 01 of 2011.

**The following documents should be submitted along with the application form**

1. A certified copy of the Certificate of Incorporation
2. Confirmation from the Auditors on the availability of core capital.
3. Articles of Association of the company or Memorandum and Articles of Association of the company.
4. Certified copy of each of the latest forms filed with the Registrar of Companies regarding the registered address, list of directors, and the annual return. ( Forms 13,15,20)
5. Affidavits and declarations of the directors as per Forms SNBFI/A1, SNBFI/D1, SNBFI/A2 and SNBFI/D2
6. Organization Chart of the applicant company
7. A copy of the Manual of Operations of the applicant company
8. A feasibility report on carrying on finance business.
9. Projections of deposits, lending and other operations and profit and loss for the first 03 years of operation after obtaining licence.
10. Board of Directors' assessment of the company's ability to comply with the Directions issued and Rules made under the Finance Companies Act No. 78 of 1988 and Finance Business Act No.42 of 2011.
11. Audited financial statements for the last three financial years and financial statements as at end of the month immediately preceding the month in which the application is made.
12. A certified copy of the auditor's confidential letter to the board of directors at the completion of their audit for the last financial year.
13. Tax clearance certificate issued by the Inland Revenue Department.

**If an existing company acts as the promoter of the applicant company the format given at SNBFI/LFC/P is needed to be submitted along with the following additional documents.**

14. Articles of Association of the promoting company.
15. Resolution passed by the Board of Directors to form a new company for the purpose of carrying on finance business, with an issued and paid up share capital of not less than the minimum required core capital.
16. Audited annual accounts of the promoting company for the last 3 years.

## Form on Promoting Company's Details

### 1. General Information of the Promoting Company

1.1 Date of incorporation as a company: -

1.2 Date of commencement of business:-

1.3 Address of:

1.3.1 Registered Office :

1.3.2 Head/Administrative Office :

1.3.3 Branch Office(s) :

1.4 Description of the main lines of business:-

### 1.5 Shareholding Structure of the Promoting Company

1.5.1 Names of the ten major shareholders :

Name of Shareholder	No. of Shares	% of Issued Share Capital
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		

## 2. Board of Directors

Full Name and Address of Director <i>(Please begin with the name of the Chairman)</i>	Date of Birth	Qualifications	Experience	NIC No.	Passport No.

We declare that the particulars stated in the form SNBFI/LFC/P have been verified and are complete in all respects, and that the information is to our knowledge and belief true and accurate.

For and on behalf of .....  
*(Promoting Company)*

Names of Directors

Signatures

Date: .....

(Common seal of the company)

## Form on Holding Company's Details

### 1. General Information of the Holding Company

1.1 Date of incorporation as a company: -

1.2 Date of commencement of business:-

1.3 Address of:

1.3.1 Registered Office :

1.3.2 Head/Administrative Office :

1.3.3 Branch Office(s) :

1.4 Description of the main lines of business:-

1.5 Shareholding Structure of the Holding Company

1.5.1 Names of the ten major shareholders :

Name of Shareholder	No. of Shares	% of Issued Share Capital
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		

## 2. Board of Directors

Full Name and Address of Director <i>(Please begin with the name of the Chairman)</i>	Date of Birth	Qualifications	Experience	NIC No.	Passport No.