

PRESS RELEASE

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இலங்கை மத்திய வங்கி
CENTRAL BANK OF SRI LANKA

Issued By

Department of Supervision of Non-Bank Financial Institutions

Date

12.01.2021

ETI Finance Ltd – Making Application to a Competent Court for Winding Up

The Monetary Board of the Central Bank of Sri Lanka (Monetary Board) has decided to cause Director, Supervision of Non-Bank Financial Institutions to make an application to a competent court for the winding up of ETI Finance Limited (ETIF), in terms of Section 31(5)(b) of the Finance Business Act, No. 42 of 2011 (FBA).

Due to the various irregularities taken place since 2011 and inability of the Board of Directors and the Senior Management of ETIF to address the resultant issues, the Monetary Board on 02nd January 2018, issued Directions to the directors of the Company and appointed a Panel of Management to oversee the affairs of the Company.

Even though the Monetary Board directed the Board of Directors of ETIF to bring suitable investor(s) to revive the Company, no viable investment proposal was available and financial condition of the Company continued to deteriorate. In the meantime, 30% of ETIF deposits was repaid in 2018 and 2019.

Having considered the continuously deteriorating financial condition and non-availability of a viable revival plan, the Monetary Board decided to suspend the business of ETIF in terms of the Section 31(1) of FBA with effect from 13th July 2020.

During the period of suspension, payment of compensation for the insured depositors under the Sri Lanka Deposit Insurance and Liquidity Support Scheme (SLDILSS) was commenced through the island wide branches of the People's Bank. By end 2020, a sum of Rs. 8,941.6 mn has been paid for 65% of the insured depositors out of the total of 37,586, up to a maximum of Rs. 600,000/- per insured depositor. Such amount covers 99.9% of the Rs. 8,955.4 mn of eligible compensation under SLDILSS. Even though, the recovery of loans continued during the suspension period, there was no considerable amount recovered by the Company.

Having considered the non-availability of a viable plan to revive the Company through a capital infusion and the continuing insolvent position, the Monetary Board decided to cause Director, Supervision of Non-Bank Financial Institutions to make an application to a competent court for the winding up of ETIF in terms of Section 31(5)(b) of the FBA. The Panel of Management shall continue to manage the affairs of ETIF and facilitate the winding up process.

SLDILSS will continue to pay compensation payment to the eligible depositors of ETIF, who have not received their compensation payment so far, up to a maximum of Rs. 600,000/- per depositor. Further, the remaining depositors of ETIF are eligible to claim their dues in the winding up process. However, the legal actions against the Directors and other wrongdoers will continue without any hindrance.

All debtors of ETIF are advised to pay their dues to ETIF on time, only through the following bank account under the name of ETIF and maintain records for all payments to avoid any possible litigation against them for non-repayment of dues.

Bank	Branch	Account Number
Commercial Bank of Ceylon PLC	Maradana Branch	2320007155

For further clarifications:

Institution	Purpose	Telephone Numbers	Email addresses
Department of Supervision of Non-Bank Financial Institutions	Winding up of ETIF	011 2477504 011 2398806 011 2398595	snbfi_query@cbsl.lk
Resolution and Enforcement Department	Payment of compensation under SLDILSS	011 2477261	dred@cbsl.lk
Call center, CBSL	General inquiries	011 2477966	
ETI Finance Ltd/ Panel of Management	Inquiries regarding deposits, settlement of advances and other clarifications	011 7534200	info@eti.lk