



Issued By

Department of Supervision of Non-Bank Financial Institutions

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## **Swarnamahal Financial Services PLC - Resumption of business for a limited purpose on a Conditional Basis**

The Monetary Board of the Central Bank of Sri Lanka (Monetary Board) has made an order permitting Swarnamahal Financial Services PLC (SFSP) to **resume business notionally** for a limited purpose and limited time under the supervision of the Panel of Management appointed by the Monetary Board (Panel of Management), subject to several **strict conditions**, in the public interest and in the interests of the depositors of the Company, for a limited period of three (03) months from 13<sup>th</sup> January 2021 to 12<sup>th</sup> April 2021, in terms of Section 31(5)(a) of Finance Business Act, No. 42 of 2011 (FBA), **only** for the purpose of repayment up to fifty percent (50%) of the remaining deposits of the Company (repayment plan).

Due to the various irregularities taken place and inability of the Board of Directors and the Senior Management of SFSP to address the resultant issues, the Monetary Board, on 02<sup>nd</sup> 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 SFSP to bring suitable investor(s) to revive the Company, no viable investment proposal was available and the financial condition of the Company continued to deteriorate. In the meantime, 30% of SFSP 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 SFSP in terms of Section 31(1) of FBA, with effect from 13<sup>th</sup> 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. 834.1 mn has been paid for 25% of the insured depositors out of the total of 9,660, up to a maximum of Rs. 600,000/- per insured depositor. Such amount covers 84.9% of the Rs. 982.9 mn of eligible compensation under SLDILSS. SLDILSS will continue to pay compensation payment to the eligible depositors of SFSP, who have not received their compensation payment so far, up to a maximum of Rs. 600,000/- per depositor.

During the suspended period, SFSP was able to recover a significant amount of dues to the Company, mainly through recoveries of gold loans that could be utilized to repay part of the remaining deposits of SFSP. Further, the Central Bank of Sri Lanka (CBSL) has continuously received requests from the depositors as well as from the Company to repay the remaining deposits out of the money so recovered.

Having considered the non-availability of a viable plan to revive the Company through a capital infusion, the insolvent position of SFSP and continuous deterioration in the financial condition, the financial impact on depositors in receiving a part of deposits after the lengthy liquidation process, the Monetary Board decided to permit SFSP to **resume business notionally** for three (03) months from 13<sup>th</sup> January 2021 to 12<sup>th</sup> April 2021, in terms of Section 31(5)(a) of FBA, **only** for the purpose of implementation of the repayment plan mentioned in Paragraph 1 above.

The Panel of Management shall continue to manage the affairs of SFSP and oversee the above mentioned repayment process, while directors of SFSP and their agents or connected parties are prohibited from involving in any activities of SFSP in any manner.

CBSL wishes to inform the public that SFSP has **not been permitted** to carry on any finance business or non-finance business whatsoever, except executing the aforementioned repayment plan and recovering of all money due to the Company. Therefore, the public is kindly requested to **refrain from placing deposits** or engaging in any other business with SFSP in any manner, other than settlement of any dues to SFSP as indicated below.

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

<b>Bank</b>	<b>Branch</b>	<b>Account Number</b>
Sampath Bank PLC	Head Quarters	2930013377
Commercial Bank of Ceylon PLC	Kollupitiya	1107428801

**The date of commencement of the repayment of 50% of the remaining value of deposits of SFSP, after deducting 30% repayment made and the eligible compensation under SLDILSS, will be notified to the depositors by SFSP in due course.**

For further clarifications:

<b>Institution</b>	<b>Purpose</b>	<b>Telephone Numbers</b>	<b>Email addresses</b>
Department of Supervision of Non-Bank Financial Institutions	Resumption of business on a conditional basis	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	
Swarnamahal Financial Services PLC / Panel of Management	Inquiries regarding deposits, settlement of advances and other clarifications	011 7534800	info@sfs.lk