



## Lanka Rating Agency

# Rating Report

First Capital Holdings PLC - Listed, rated, senior, unsecured, redeemable debenture - LKR 3Bn - 5 years

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### Rating History

Dissemination Date	Long Term Rating	Outlook	Action	Rating Watch
05-Jun-2026	A+	Stable	Initial	-
11-Jul-2025	A+	Stable	Preliminary	-

### Rating Rationale and Key Rating Drivers

Lanka Rating considers both the consolidated and standalone profiles of First Capital Holdings PLC (FCH or “the Company”) in assessing its market position and operating performance. The assigned rating reflects the Company’s ability to maintain its strong relative standing as the holding company of the First Capital Group within Sri Lanka’s financial services industry. FCH sustained its profitability and performance metrics during the year, albeit some moderation, supported by its diversified financial services operations and the continued contribution of its key subsidiaries. FCH’s recorder net profit of LKR~3.1bn in 9MFY26 compared to LKR~4.3bn in 9MFY25. The Group’s profitability stood at LKR~3.3bn during 9MFY26 (9MFY25: LKR~4.5bn). On a consolidated basis, the Company reported a total asset and equity base of LKR~88.2bn and LKR~9.8bn, respectively, in 9MFY26.

First Capital Treasuries PLC (FCT), the Group’s prominent subsidiary engaged in primary dealer activities, remains the majority contributor to FCH’s business profile. The performance of primary dealers is expected to normalize as interest rates stabilize and are expected to increase given current operating environment. However, the performance mix of subsidiaries has become diversified, with First Capital Limited emerging as a key contributor during 9MFY26, supported by the dealing securities division. This has increased the Group's exposure to equity market. The Group recorded trading gains on equity investments during the period. The wealth management and stockbroking divisions also reported profits during the period, further supporting the Group’s overall performance. The rating also takes into account a slight improvement in the asset quality of the Company’s investment portfolio, supported by better credit profiles of certain core investments, including Janashakthi Insurance, during the period.

FCH maintains a diversified funding base across debentures, commercial papers, and bank borrowings. The Company's maintains and leveraged capital structure with leveraging increasing to ~63.7% in 9MFY26 (FY25: ~57.4%). The Company was also able to contain its exposure to related-party receivables during the period. The listing of parent company (Janashakthi Limited) is expected to reduce group funding requirements to an extent.

The rating is dependent on the Company's ability to maintain its strong market position and performance in the evolving macroeconomic environment. Sound financial discipline, including strong capitalization, managed leverage, controlled related-party exposure, and sustained debt repayment capacity, remains imperative. Continued strong performance of subsidiaries, particularly FCT, will be a critical rating factor, going forward.

### Disclosure

Name of Rated Entity	First Capital Holdings PLC - Listed, rated, senior, unsecured, redeemable debenture - LKR 3Bn - 5 years
Type of Relationship	Solicited
Purpose of the Rating	Debt Instrument Rating
Applicable Criteria	Methodology   Debt Instrument Rating(Aug-24)
Related Research	Sector Study   Holding Company(May-25)
Rating Analysts	Ruwanthi Sylva   ruwanthi@lra.com.lk   +94 114 500099



## Issuer Profile

**Profile** FCH operates as a holding company across four business lines being Government Securities, Corporate Finance Advisory and Corporate Securities Dealing, Asset Management, and Stock Brokering, serving corporates, institutions, high net-worth individuals, and retail clients through a five-branch national network. First Capital Holdings PLC (FCH) is a publicly listed Investment Holding Company, incorporated in 1992 under the Companies Act No. 17 of 1982 and re-registered under the Companies Act No. 07 of 2007. The Company's registered office is at No. 2, Deal Place, Colombo 03.

**Ownership** FCH is ~76.6% owned by Janashakthi Limited, controlled by the Schaffter brothers. The public shareholding of ~16.98% satisfies the CSE Minimum Public Holding requirement under Section 7.13.1(b) of the Listing Rules. A recent JXG IPO diluted the Schaffter family's direct stake from 100% to ~79.4%, with no consequential impact on Janashakthi's holding in FCH. FCH benefits from concentrated ownership stability, with Janashakthi Limited holding ~58.02% and the Schaffter family holding ~79.4% of the shares of Janashakthi, providing a consistent strategic foundation underpinned by decades of multi-sector experience. The ultimate ownership structure is expected to remain stable in the near term. Janashakthi Limited, as the ultimate parent, has established a diversified investment portfolio spanning Financial Services, NBFIs, and Insurance, building significant market recognition and prominence over time. Janashakthi Limited reported consolidated assets of LKR ~179.3bn and equity of LKR ~19.5bn as of 3MFY26, with FY25 PAT of LKR ~8.8bn (FY24: LKR ~15.4bn) and revenue of LKR ~24.7bn (FY24: LKR ~37.9bn). At the FCH consolidated level, total assets stood at LKR ~88.3bn in 9MFY26 (prior period: LKR ~94.2bn), with PAT declining to LKR ~3.3bn from LKR ~4.5bn in 9MFY25, remaining below the LKR ~9.4bn recorded in 9MFY24. Net profit margin has partially rebounded to ~27.35% in 9MFY26 following a sharp contraction from ~53.42% in 9MFY24 to ~14.23% in 9MFY25.

**Governance** The FCH Board comprises eight members with an Independent Non-Executive majority of five, chaired by Mr. Rajendra Theagarajah. Non-independent representation includes Mr. Manjula Mathews (Deputy Chairperson), Mr. Dilshan Wirasekara (MD/CEO), and Mr. Ramesh Schaffter, with Mr. Kuda Banda Herath, Ms. Rachini Rajapaksa, Ms. Inoshini Perera, and Mr. Dilendra Wimalasekera serving as the remaining Independent Non-Executive Directors. Chairman Mr. Rajendra Theagarajah brings extensive cross-sector experience across financial services, technology, and insurance, with directorships spanning Orient Finance PLC, Siam City Cement (Lanka) Ltd, and Professional Insurance Corporation Zambia, among others. The remaining Board members collectively provide well-diversified expertise supporting strong oversight and strategic guidance. Governance effectiveness is reinforced through six Board committees: Audit, Remuneration, Related Party Transaction Review, Integrated Risk Management, Investment Asset & Liability, and Nomination - ensuring comprehensive oversight across all key operational and risk dimensions. FCH's financial statements are externally audited by KPMG, who issued an unqualified audit opinion for the year ended March 31, 2025, affirming the integrity and reliability of the Company's financial reporting.

**Management** FCH operates a lean holding company structure, with each subsidiary maintaining its own CEO and dedicated functional teams, ensuring focused and autonomous operational management across the Group. The Company is led by MD/CEO Mr. Dilshan Wirasekara (Board member since May 2017), an alumnus of INSEAD Business School, France and the Association for Overseas Technical Cooperation, Tokyo. FCH is supported by an experienced and professional management team across all entities. In lieu of formal management committees, FCH conducts monthly KPI and management meetings to monitor performance and drive strategic alignment across subsidiaries and the Group. Internal audit is handled by Ernst & Young across subsidiaries and the Janashakthi Group Internal Audit Division at the FCH level, with the Audit Committee overseeing control weaknesses, management responses, and forward audit scope.

**Business Risk** FCH's investment portfolio spans seven subsidiaries, all operating within the Financial Services sector of Sri Lanka. While the portfolio reflects horizontal diversification across financial service segments, it remains sector-concentrated with limited exposure beyond financial services. FCH remained a dominant contributor with total assets of LKR ~66.4bn and PAT of LKR ~1.6bn in 9MFY26. FCH reported earnings of LKR ~2.5bn in 9MFY26 (9MFY25: LKR ~2.5bn) on assets of LKR ~15bn. FCE and FCAM delivered PAT of LKR ~166mn and LKR ~78.1mn respectively, while FCAS grew to LKR ~32mn, FCTS returned to marginal profitability, and FCM recorded LKR ~3.2mn on assets of LKR ~170.9mn. FCH's consolidated PAT declined sharply from LKR ~9.4bn in 9MFY24 to LKR ~4.5bn in 9MFY25 before further declining to LKR ~3.3bn in 9MFY26, driven predominantly by the interest rate cycle rather than structural earnings strength. The Company aims to build sustainable cashflows through a diversified range of business segments.

**Financial Risk** FCH's interest coverage ratio (TCF/FC) stood at ~0.2x in both FY25 and FY24. In 9MFY26, the Company recorded a negative coverage of ~1.1x, signaling weaker operating cashflow generation despite improved profitability and topline performance - a divergence that warrants ongoing monitoring. FCH's leverage rose to ~63.7% in 9MFY26 from ~57.4% in FY25, with total borrowings up ~53% to LKR ~15.8bn, led by long-term borrowings more than doubling to LKR ~7.0bn. Contingency facilities of LKR ~1.7bn offer limited comfort as ~87% comprises same-day intraday lines. Subsidiary guarantees of LKR ~2.05bn are partially offset by upstream support from Janashakthi Limited (LKR ~1.45bn) and First Capital Limited (LKR ~8.6bn). FCH recorded consolidated net profit of LKR ~3.3bn in 9MFY26 (FY25: LKR ~5.0bn) against total assets of LKR ~88.3bn (FY25: LKR ~99.3bn; FY24: LKR ~78.7bn). Dividend income flows primarily from First Capital Limited, which distributes upstream from FCT, FCAM, and FCE, with FCH's payout ratio at ~64.8% in FY25 within a policy range of 20% to 80%. Related party receivables as a proportion of total equity rose to ~4.9% in 9MFY26 from ~2.7% in FY25, remaining at a manageable level.

## Instrument Rating Considerations

**About The Instrument** FCH has issued Listed, Rated, Senior, Unsecured, Redeemable Debentures at LKR ~100/- per debenture, with a tenure of five years. The debentures carry a fixed coupon of ~11.75% p.a. payable annually, a fixed rate of ~11.42% p.a. payable semi-annually, and a floating rate of 364-day T-Bill plus ~2% p.a., payable and repriced annually.

**Relative Seniority/Subordination Of Instrument** The claims of the Debenture Holders shall in the event of winding up of the Company rank after all the claims of secured creditors and any preferential claims under any Statutes governing the Company but pari passu to the claims of unsecured creditors of the Company and shall rank in priority to and over any subordinated debt of the Company and the claims and rights of the shareholder/s of the Company.

**Credit Enhancement** The debenture is not underwritten. The debenture spans up to 5 years from the date of allotment and coupon will be paid on an annual/semi-annual basis and principal amount will be paid at the maturity date.



**Lanka Rating Agency**

First Capital Holdings PLC Holding Company	Dec-25 9M Unaudited	Mar-25 12M Audited	Mar-24 12M Audited	Mar-23 12M Audited
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**A BALANCE SHEET**

1 Investments	10,876	7,475	4,663	2,217
2 Related Party Investments	12,409	13,476	13,246	13,348
3 Non-Current Assets	161	163	41	40
4 Current Assets	1,973	942	2,171	942
<b>5 Total Assets</b>	<b>25,419</b>	<b>22,056</b>	<b>20,120</b>	<b>16,547</b>
6 Current Liabilities	570	1,427	2,429	111
7 Borrowings	15,824	11,826	10,559	10,340
8 Related Party Exposure	8	10	14	1
9 Non-Current Liabilities	-	-	-	-
<b>10 Net Assets</b>	<b>9,017</b>	<b>8,793</b>	<b>7,119</b>	<b>6,095</b>
<b>11 Shareholders' Equity</b>	<b>9,017</b>	<b>8,793</b>	<b>7,119</b>	<b>6,095</b>

**B INCOME STATEMENT**

1 Total Investment Income	4,141	6,332	11,244	5,659
2 Cost of Investments	(831)	(1,112)	(1,832)	(2,971)
<b>3 Net Investment Income</b>	<b>3,310</b>	<b>5,220</b>	<b>9,411</b>	<b>2,689</b>
a Other Income	112	120	95	20
b Operating Expenses	(369)	(669)	(481)	(230)
<b>4 Profit or (Loss) before Interest and Tax</b>	<b>3,053</b>	<b>4,671</b>	<b>9,025</b>	<b>2,479</b>
a Taxation	38	20	(54)	(127)
<b>6 Net Income Or (Loss)</b>	<b>3,091</b>	<b>4,692</b>	<b>8,971</b>	<b>2,352</b>
<b>7 Net Income Or (Loss) - Preferred Dividends</b>	<b>3,091</b>	<b>4,692</b>	<b>8,971</b>	<b>2,352</b>

**C CASH FLOW STATEMENT**

a Total Cash Flow	(927)	894	1,863	3,443
b Net Cash from Operating Activities before Working Capital Changes	(1,637)	(220)	(8)	527
c Changes in Working Capital	(1,193)	6,666	(2,018)	(383)
<b>1 Net Cash provided by Operating Activities</b>	<b>(2,831)</b>	<b>6,446</b>	<b>(2,027)</b>	<b>144</b>
<b>2 Net Cash (Used in) or Available From Investing Activities</b>	<b>2,626</b>	<b>828</b>	<b>6,169</b>	<b>(12)</b>
<b>3 Net increase (decrease) in long term borrowings</b>	<b>600</b>	<b>(400)</b>	<b>(300)</b>	<b>(100)</b>
<b>4 Net Cash (Used in) or Available From Financing Activities</b>	<b>1,051</b>	<b>(6,657)</b>	<b>(4,084)</b>	<b>(153)</b>
<b>5 Net Cash generated or (Used) during the period</b>	<b>846</b>	<b>617</b>	<b>58</b>	<b>(21)</b>

**D RATIO ANALYSIS**

<b>1 Performance</b>				
a Asset Concentration (Market Value of Largest Investment / Market Value of	70.2%	63.5%	96.5%	95.8%
b Core Investments / Market Value of Equity Investments	72.8%	66.8%	100.0%	100.0%
c Marketable Investments / Total Investments at Market Value	27.3%	26.3%	15.8%	8.2%
<b>2 Coverages</b>				
a TCF / Finance Cost	-1.1	0.8	1.0	1.2
b TCF / Finance Cost + CMLTB	-1.1	0.8	1.0	1.2
c Loan to Value (Funding / Market Value of Equity Investments )	0.5	0.5	0.7	0.7
<b>3 Capital Structure (Total Debt/Total Debt+Equity)</b>				
a Leveraging [Funding / (Funding + Shareholders' Equity)]	63.7%	57.4%	59.7%	62.9%
b (Funding + Off Balance Sheet Exposure) / Shareholders' Equity	175.5%	134.5%	N/A	N/A

### Credit Rating

Credit rating reflects forward-looking opinion on credit worthiness of underlying entity or instrument; more specifically it covers relative ability to honor financial obligations. The primary factor being captured on the rating scale is relative likelihood of default.

Scale	Long-Term Rating
AAA	Highest credit quality. Lowest expectation of credit risk. Indicate exceptionally strong capacity for timely payment of financial commitments
AA+ AA AA-	Very high credit quality. Very low expectation of credit risk. Indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
A+ A A-	High credit quality. Low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be vulnerable to changes in circumstances or in economic conditions.
BBB+ BBB BBB-	Good credit quality. Currently a low expectation of credit risk. The capacity for timely payment of financial commitments is considered adequate, but adverse changes in circumstances and in economic conditions are more likely to impair this capacity.
BB+ BB BB-	Moderate risk. Possibility of credit risk developing. There is a possibility of credit risk developing, particularly as a result of adverse economic or business changes over time; however, business or financial alternatives may be available to allow financial commitments to be met.
B+ B B-	High credit risk. A limited margin of safety remains against credit risk. Financial commitments are currently being met; however, capacity for continued payment is contingent upon a sustained, favorable business and economic environment.
CCC CC C	Very high credit risk. Substantial credit risk "CCC" Default is a real possibility. Capacity for meeting financial commitments is solely reliant upon sustained, favorable business or economic developments. "CC" Rating indicates that default of some kind appears probable. "C" Ratings signal imminent default.
D	Obligations are currently in default.

Scale	Short-Term Rating
A1+	The highest capacity for timely repayment.
A1	A strong capacity for timely repayment.
A2	A satisfactory capacity for timely repayment. This may be susceptible to adverse changes in business, economic, or financial conditions.
A3	An adequate capacity for timely repayment. Such capacity is susceptible to adverse changes in business, economic, or financial conditions.
A4	The capacity for timely repayment is more susceptible to adverse changes in business, economic, or financial conditions. Liquidity may not be sufficient.

### Rating Modifiers | Rating Actions

Outlook (Stable, Positive, Negative, Developing)	Rating Watch	Suspension	Withdrawn	Harmonization
Indicates the potential and direction of a rating over the intermediate term in response to trends in economic and/or fundamental business / financial conditions. It is not necessarily a precursor to a rating change. 'Stable' outlook means a rating is not likely to change. 'Positive' means it may be raised. 'Negative' means it may be lowered. Where the trends have conflicting elements, the outlook may be described as 'Developing'.	Alerts to the possibility of a rating change subsequent to, or, in anticipation of some material identifiable event with indeterminable rating implications. But it does not mean that a rating change is inevitable. A watch should be resolved within foreseeable future, but may continue if underlying circumstances are not settled. Rating watch may accompany rating outlook of the respective opinion.	It is not possible to update an opinion due to lack of requisite information. Opinion should be resumed in foreseeable future. However, if this does not happen within six (6) months, the rating should be considered withdrawn.	A rating is withdrawn on a) termination of rating mandate, b) the debt instrument is redeemed, c) the rating remains suspended for six months, d) the entity/issuer defaults., or/and e) LRA finds it impractical to surveil the opinion due to lack of requisite information.	A change in rating due to revision in applicable methodology or underlying scale.

Surveillance. Surveillance on a publicly disseminated rating opinion is carried out on an ongoing basis till it is formally suspended or withdrawn. A comprehensive surveillance of rating opinion is carried out at least once every six months. However, a rating opinion may be reviewed in the intervening period if it is necessitated by any material happening. Rating actions may include "maintain", "upgrade", or "downgrade".

Note: This scale is applicable to the following methodology(s):	a) Broker Entity Rating	e) Holding Company Rating
	b) Corporate Rating	f) Independent Power Producer Rating
	c) Debt Instrument Rating	g) Microfinance Institution Rating
	d) Financial Institution Rating	h) Non-Banking Finance Company

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Regulatory and Supplementary Disclosure

Nature of Instrument	Size of Issue (LKR)	Tenor	Security	Quantum of Security	Nature of Assets	Trustee	Book Value of Assets as at 9MFY26 (LKR)
Listed, Rated, Senior, Unsecured, Redeemable Debenture	3,000,000,000.00	5 Year	Unsecured	N/A	N/A	Hatton National Bank PLC	N/A

<b>Name of Issuer</b>	First Capital Holdings PLC
<b>Issue Date</b>	29th September 2025
<b>Maturity</b>	29th September 2030
<b>Coupon Basis</b>	Bi-annual (Fixed)/ Annual (Fixed and Floating)
<b>Repayment</b>	Coupon will be paid on a annual/semi-annual basis and principal amount will be paid at the maturity date
<b>Option</b>	

First Capital Holdings PLC

Due Date Principal	Opening Principal	Principal Repayment	Coupon Due Date	Fixed Rate	Coupon	Principal Outstanding	
	LKR				YYYY-MM-DD	LKR	
<b>Type A</b>					<b>Fixed</b>		
			29-Sep-26	11.00%	310,992,000.00		2,827,200,000
			29-Sep-27	11.00%	310,992,000.00		2,827,200,000
			29-Sep-28	11.00%	310,992,000.00		2,827,200,000
			29-Sep-29	11.00%	310,992,000.00		2,827,200,000
		2,827,200,000	29-Sep-30	11.00%	310,992,000.00		
<b>Type B</b>					<b>Fixed</b>		
			29-Mar-26	10.71%	9,176,853.23		172,790,000
			29-Sep-26	10.71%	9,328,955.77		172,790,000
			29-Mar-27	10.71%	9,176,853.23		172,790,000
			29-Sep-27	10.71%	9,328,955.77		172,790,000
			29-Mar-28	10.71%	9,227,554.08		172,790,000
			29-Sep-28	10.71%	9,328,955.77		172,790,000
			29-Mar-29	10.71%	9,176,853.23		172,790,000
			29-Sep-29	10.71%	9,328,955.77		172,790,000
			29-Mar-30	10.71%	9,176,853.23		172,790,000
		172,790,000	29-Sep-30	10.71%	9,328,955.77		
<b>Type C</b>					<b>Floating</b>	<b>Floating</b>	
			29-Sep-26	1 Year T-bill + 2.00%	(1,002.00)		10,000
			29-Sep-27	1 Year T-bill + 2.00%	1 Year T-bill + 2.00%		10,000
			29-Sep-28	1 Year T-bill + 2.00%	1 Year T-bill + 2.00%		10,000
			29-Sep-29	1 Year T-bill + 2.00%	1 Year T-bill + 2.00%		10,000
		10,000	29-Sep-30	1 Year T-bill + 2.00%	1 Year T-bill + 2.00%		