

**IN THE SUPREME COURT OF THE  
DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA**

*In the matter of a Petition of Appeal Canvassing  
the judgment entered by the Commercial High  
Court of the Western Province sitting Colombo,  
dated 20.07.2021.*

**S.C. CHC. Appeal No.  
19/2022**

Commercial High Court Case  
No: CHC/235/13/MR

People's Leasing and Finance PLC,  
(Previously known as People's Leasing  
Company Limited)  
No. 1161,  
Maradana Road,  
Colombo 08.

**PLAINTIFF**

**Vs.**

1. Thiyagaraja Gajendren,  
No. 22,  
New Town,  
Digana,  
Rajawella.
2. Somasundaram Ravikumar,  
No. 1/4/B  
37,  
Farm Road,  
Colombo 15.
3. Mirando Robin Shantha Kumara,  
No. 63/2A,  
Hewaheta Road,  
Talawatta,  
Kandy.

**DEFENDANTS**

**AND NOW BETWEEN**

People's Leasing and Finance PLC,  
(Previously known as People's Leasing  
Company Limited)  
No. 1161,  
Maradana Road,  
Colombo 08.

**PLAINTIFF-APPELLANT**

**Vs.**

1. Thiyagaraja Gajendren,  
No. 22,  
New Town,  
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37,  
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Colombo 15.
3. Mirando Robin Shantha Kumara,  
No. 63/2A,  
Hewaheta Road,  
Talawatta,  
Kandy.

**DEFENDANT-RESPONDENTS**

**BEFORE** : **P. PADMAN SURASENA, CJ.**  
**ACHALA WENGAPPULI, J.**  
**MAHINDA SAMAYAWARDHENA, J.**

**COUNSEL** : Sanjeewa Dasanayake with Nithil Fernadopulle and Asanka Lowe instructed by Kamani Dematawewa for the Plaintiff-Appellant.

Ms. Sajeevi Siriwardhena instructed by Mrs. A. Nepatharachchi for the Defendant-Respondents.

**ARGUED ON** : 19-03-2026

**DECIDED ON** : 18-06-2026

**P. PADMAN SURASENA, CJ.**

The 1<sup>st</sup> Defendant has obtained a leasing facility from the Plaintiff in respect of the vehicle having the registration number CP KE 9089. The 2<sup>nd</sup> and 3<sup>rd</sup> Defendants are persons who have stood as guarantors. The Plaintiff in the trial has produced the Finance Lease Agreement marked **P2**. The learned Judge of the Commercial High Court has dismissed the Plaintiff's action on the basis that the Plaintiff has failed to serve on the Defendants, a notice required to be served in terms of Section 20 and 21 of the Finance Leasing Act No. 56 of 2000.

Let me at the outset reproduce below, the aforementioned two sections.

**Section 20**

*20. Where a lessee fails to comply with certain terms and conditions of the finance lease in such circumstances as would amount to a substantial failure of such lease, the lessor may, subject to the provisions of section 21—*

*(a) require the lessee to make accelerated payment of the monies due under the lease, where the lease so provides; or*

*(b) where a lessee fails to make accelerated payments as required under paragraph (a), terminate the finance lease and—*

*(i) recover possession of the equipment provided; and*

*(ii) recover such damages as would place the lessor in a position the lessor would have been if the lessee had complied with the provisions of the finance lease in accordance with its terms and conditions.*

## Section 21

*21. (1) A lessor shall, prior to enforcing the right to accelerated payment or to the termination of a finance lease under section 20, serve by registered post a notice on the lessee—*

*(a) specifying the circumstances which had caused a substantial failure of the lease within the meaning of the finance lease;*

*(b) appointing a date, not being a date less than seven days after the receipt of the notice, for remedying the failure referred to in paragraph (a).*

*(2) Where a lessee fails to remedy the failure specified in a notice served under subsection (1) on or before the date appointed in the notice, or fails to give a reasonable cause for such failure, the lessor may act in accordance with the provisions of section 20.*

The Plaintiff being aggrieved by the Judgment dated 20-07-2021 pronounced by the learned Judge of the Commercial High Court, has preferred the instant Appeal to this Court. There is no dispute that the Plaintiff has sent two notices at two different times. The First Notice is dated 25-01-2007. The Plaintiff has produced this Notice marked **P4**. Let me reproduce the body of **P4** below.

NOTICE OF TERMINATION

LEGAL AGREEMENT NO. : PLC/GPLELE0600098700

FACILITY NO. : GPLELE0600098700

DATE : 25/01/2007

*We regret to inform you that you have failed and neglected to pay the lease rentals that have fallen due for payment for the months from September to January under the Lease Agreement No GPLELE0600098700 . We hereby give you notice to pay within 14 days a sum of Rs 147,652.98 being the aggregate of the rentals due and payable together with interest on overdue and other charges which are due from you.*

*Should you fail to make payment of the said sum on or before the aforesaid date the Lease Agreement shall stand determined and terminated.*

Thereafter the Plaintiff sent the Second Notice dated 29-03-2007 to the 1<sup>st</sup> Defendant. This letter was copied to the 2<sup>nd</sup> and 3<sup>rd</sup> Defendants also as guarantors. The Plaintiff has produced the Second Notice marked **P5**. The Notice **P5** is as follows.

TERMINATION OF LEASE

LEGAL AGREEMENT NO. : PLC/GPLELE0600098700

FACILITY NO. : GPLELE0600098700

DATE : 29/03/2007

*We note that we have not received any response to our several reminders directed to you and hereby request the payment of the arrears on the above Agreement. Your failure to fulfill your obligations has caused a breach of the terms of the Agreement.*

*We, therefore, declare the lease under the above Agreement TERMINATED and that our property leased to you, it is no longer in your possession with our permission and consent.*

*In the circumstances, please handover the Leased property immediately to our office at No.67, Sir Chittampalam A Gardiner Mawatha, Colombo 02, and pay at once a sum of Rs. 1,927,299.00 being the aggregate of the rentals due and payable together with interest overdue with overdue with other charges which are due from you. Should you fail to do so, we will proceed with necessary action to safeguard our interests.*

*You shall with your Guarantors however remain fully liable under the terms and conditions of the above Agreement.*

*Yours faithfully,*

*Manager*

*C. C. Guarantors :*

*MR. S.S. Ravikumar  
NO:47,  
FARM ROAD,  
MATTAKKULIYA.*

*MR M.R.S. KUMAR  
NO 63/2A,  
HEWAHETA ROAD,  
TALWATTA,  
KANDY.*

I observe that the Plaintiff through the First Notice (**P4**) sent to the Defendants on 25-01-2007 has informed the following:

1. The fact that the Defendants being deceased have failed to pay the lease rentals that have fallen due the payment for the months from September to January under the Lease Agreement.
2. The Plaintiff has given notice for the Defendants to pay a sum of Rs. 147,652.98/= being the aggregate of the rentals due and payable together with interest by them within 14 days.

The Defendants have not paid the above sum which has fallen due from them. Thus, the Plaintiff through the Second Notice (**P5**) sent to the Defendants on 29-03-2007 has terminated the Lease Agreement. This is something that the Plaintiff is entitled to do under Section 20(b) of Finance Leasing Act.

The Plaintiff by sending the First Notice (**P4**) has discharged his obligation placed on him by Section 21 of the Act. This is because he has informed the Defendants, the circumstances that had led to a substantial failure of the compliance of the Lease Agreement. In the First Notice (**P4**) the Plaintiff has also appointed a date. As the Plaintiff has given 14 days for the Defendants to pay the sums specified in the said Notice, that period of time becomes legal within the meaning of Section 21(1)(b) of the Act.

Although these notices should have been taken as statutory notices required to be sent under Section 20 and 21 of the Finance Leasing Act, the learned Judge of the Commercial High Court appears to have given undue weight to the oral evidence of the Deputy Manager, Prasanna Sri Lal Fernando. The relevant portion of his evidence is reproduced below:

ප්‍ර: පැ.4 කියන ලේඛනය කියලා තමන් අගති රහිත ලේඛනයක් ලකුණු කරනු ලැබුවා. දැන් ඒ ලේඛනය තමන් කියන විදියට නෝටිස් ඔෆ් ටර්මිනේෂන්?

උ: එසේය ස්වාමිනි.

ප්‍ර: තෝටිස් ඔෆ් ටර්මිනේෂන් එකක් යවන්න ඉස්සෙල්ලා තමන් දන්නවා වෙනත් ලේඛන කිහිපයක්ම යවන්න ඕනේ ගෙවන්නේ නැති ගිණුම් හිමියෙක් සම්බන්ධව?

උ: මම දන්න විදියට එසේ නොවේ.

ප්‍ර: ඊට ඉස්සෙල්ලා තමාට මං යෝජනා කරනවා ඉස්සෙල්ලාම තමන් යවන්න ඕනේ ඩිෆෝල්ට් තෝටිස් එක. ඒ නිසා ගෙවීම් පැහැර හැරිය බවට නොකිසියක් යවන්න ඕන?

උ: මෙහි සඳහන්ක වෙනවා තෝටිස් යැවූ බව.

ප්‍ර: මේ අවස්ථාවේදී පැ.4 ට අගතියක් නොමැතිව අසා සිටින්නේ පැ.4 ලේඛනයක් සාමාන්‍යයෙන් යැවීමට ප්‍රථමව සමාගම විසින් වෙනත් නොකිසි වර්ග යැවිය යුතු නේද?

උ: එසේය ස්වාමිනි.

ප්‍ර: එසේ වුනත් තමන්ගේ සාක්ෂියේදී එහෙම ලේඛනයක්, වෙනම ලේඛන තමන් විසින් අමුණලා නැහැ?

උ: එසේය ස්වාමිනි.

අධිකරණයෙන්:

ප්‍ර: මොකක්ද යවන්න ඕන ලිපිය?

උ: සබ්මිට්ෆෝර් ජේලියර්.

ප්‍ර: මොකක්ද යවන්න ඕන ලිපිය, දැන් පැ.4 න් ඉදිරිපත් වෙන්නේ බදු ගිවිසුම අවසන් කිරීම සම්බන්ධ දැන්වීමක්. ඊට අමතරව තවත් යවන්න තියෙනවාද පැමිනිලිකාර සමාගම?

උ: ඊට අමතරව ස්වාමිනි ඉමහත් පැහැර හැරීමක් සම්බන්ධව.

ප්‍ර: ගිවිසුම මතද ඒක ඉදිරිපත් වෙන්නේ?

උ: එසේය ස්වාමිනි.

ප්‍ර: කොතැනද මට පෙන්වන්න, ඒ ගිවිසුමේ?

උ: 18 වන වගන්තිය.

ප්‍ර: මම තමන්ට යෝජනා කර සිටිනවා 18 වන වගන්තියේ තමන් කිව්ව පරිදි කිසිම අවස්ථාවක ඔය කියන නොතීසි විත්තිකරුට ලබා දීම මග හැරීම සම්බන්ධයෙන් විත්තිකරුවන් එකඟ වෙලා නැහැ කියලා?

උ: මා හට මේ අවස්ථාවේදී එය ඉදිරිපත් කිරීමට නොහැකි බව සඳහන් කර සිටිනවා ස්වාමිනි.

ප්‍ර: තමුන්ට යෝජනා කර සිටිනවා තමන් විසින් මේ විත්තිකරුට ව්‍යවස්ථාපිතව ලබා දිය යුතු නොතීසි කිසිවක් ලබා දීලා නැහැ කියලා?

උ: මා එය පිලිගන්නේ නැහැ ස්වාමිනි.

මේ අනුව පැමිණිලිකාර සමාගම වෙනුවෙන් සාක්ෂි දී ඇති නියෝජ්‍ය කළමනාකාරවරයා පැහැදිලිව පිළිගෙන ඇත්තේ පැ2 ගිවිසුමේ 18 වන වගන්තිය ප්‍රකාරව 1 වන විත්තිකරු වෙත හිඟ බදු ගිවිසුම සම්බන්ධයෙන් සෑහෙන්න පැහැර හැරීම කර ඇති බවට වූ නොතීසිය යැවූ බවට කිසිදු සාක්ෂියක් තමා වෙත නොමැති බවයි.

Having regard to the contents of the First Notice (**P4**), I am of the view that the learned Judge of the Commercial High Court has failed to evaluate the oral evidence of the above witness in the light of the contents of the said Notice. It appears that the fact that there is no reference to Section 20 of the Act in the Notice has led to the view taken by the learned Judge of the Commercial High Court. The obligation under law is for the lessor

to set out the circumstances of the failures and give time which is not less than 7 days for the lessee to pay the sum of money that has fallen due. This is the obligation that the lessor is obliged to comply with, before the termination of the agreement. The Plaintiff being the lessor has discharged that obligation. In the above circumstances, I proceed to set aside the Judgment dated 20-07-2021 pronounced by the learned Judge of the Commercial High Court.

The learned Judge of the Commercial High Court has answered the other issues in favour of the Plaintiff. These include issues No. 1, 2, 3, 4, 6, 7, 8 in particular. In the above circumstances, I direct the learned Judge of the Commercial High Court to enter judgment in favour of the Plaintiff as prayed for in the Plaint.

**CHIEF JUSTICE**

**ACHALA WENGAPPULI, J.**

I agree.

**JUDGE OF THE SUPREME COURT**

**MAHINDA SAMAYAWARDHENA, J.**

I agree.

**JUDGE OF THE SUPREME COURT**