

**Generating
Energy,
Preserving
Value.**



LAUGFS POWER PLC
Annual Report 2020/21

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Generating Energy, Preserving Value.

At LAUGFS Power our focus is to utilise renewable energy resources and our innovative technologies to generate fair returns to all our stakeholders. Established on strong partnerships that value, support and empower our people, we are continuing to craft a remarkable legacy through improved strategies and technologies that have designed a steady and resilient future for all.

Today at LAUGFS Power we are reliant on our inherent agility, resourcefulness, and strength to rise above a turbulent environment; aspiring to enhance stakeholder experiences from all corners of the island.

LAUGFS Power. We're generating energy and preserving value.

About us

Engaged in renewable energy solutions, LAUGFS Power operates the largest solar power plant in Sri Lanka. This was commissioned in 2017 with an aggregate capacity of 20MW, adding 38GWh per year to the national grid. LAUGFS Power also operates three mini-hydro power plants at Balangoda and Ginigathena and two solar projects in Embilipitya supplying green energy to the National Grid.

LAUGFS Group

Vision

To be the most preferred and trusted Sri Lankan conglomerate that touches the day-to-day lives of people in Sri Lanka and beyond, through a diverse range of businesses that extends across transnational borders.

LAUGFS Group

Mission

- Be the leader in the market segments we operate in.
- Introduce latest innovations, technology and solutions to add value to the consumer.
- Promote a safety culture, encompassing People, Products and Processes.
- Ensure fair returns to all our stakeholders.
- Lead by example as a responsible corporate entity.
- Foster a culture of one 'LAUGFS family'.



Energy

44.6 GWh



Capacity

24.3 MW



Revenue

Rs.983 MN



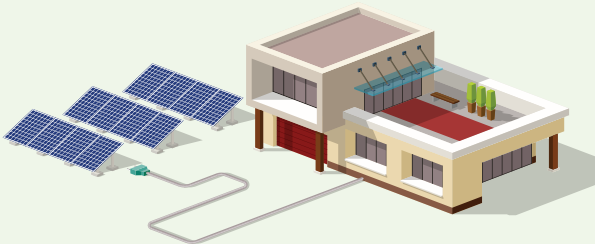
With a total installed capacity of 24.3 MW, LAUGFS Power PLC is leading contender in Sri Lanka’s renewable power sector. Equipped with seven power plants located in four locations we made a contribution of 44.6 GWh green energy to the national grid in year 2020/21. ”

With a total installed capacity of 24.3 MW, LAUGFS Power PLC is leading contender in Sri Lanka’s renewable power sector. Equipped with seven power plants located in four locations we made a contribution of 44.6 GWh green energy to the national grid in year 2020/21.

With the increasing focus given to environmental sustainability we believe renewable energy will play a vital role in the energy sector in future. LAUGFS Power plays a leading role in building the sustainable

energy sector in country not only by being one the largest producers of solar and hydro energy but also by exploring opportunities in sources such as wind power.

SOLAR POWER PLANTS

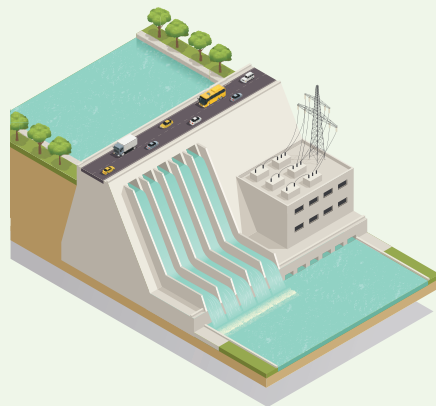


The largest solar power plant in Sri Lanka with an aggregate capacity of 20MW. The plants, Iris and Anorchi located in a 90 acre land in Hambantota was commissioned in 2017 and contributes 38GWh annually to the national grid.

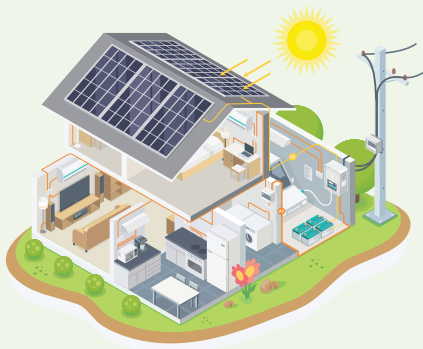
Another 2MW Solar projects are operating in Embilipitiya

HYDRO POWER

Three mini-hydro plants located in Balangoda and Ginigathhena.



ROOFTOP SOLAR POWER



A total capacity of 567KW four diverse locations in the Western, North Western and Eastern province.

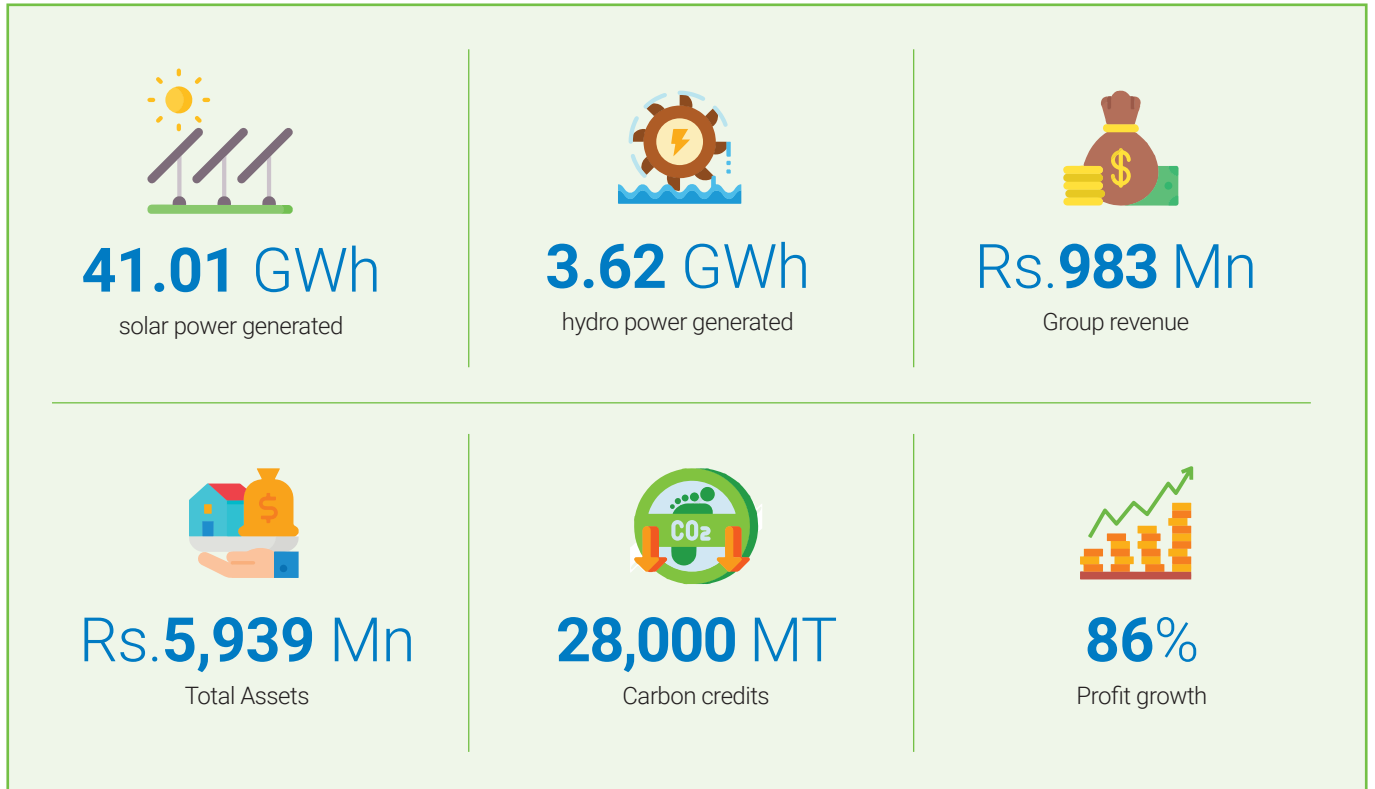
OTHER PROJECTS

Exploring opportunities in energy generation through wind power

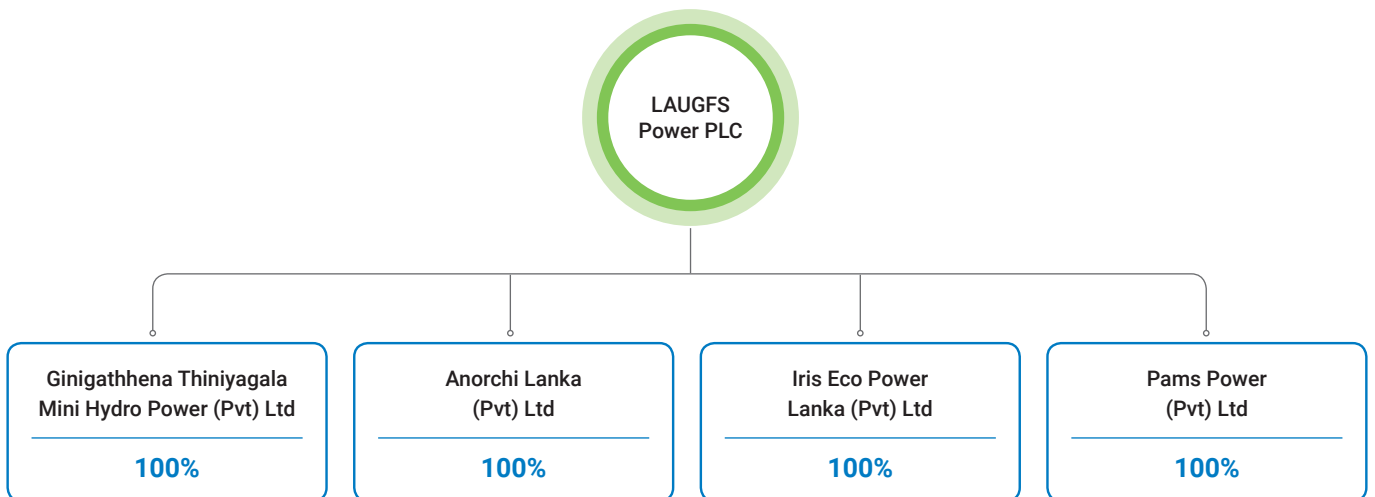


About us

KEY NUMBERS



GROUP STRUCTURE



Performance Highlights

	Group			Company		
	2021 Rs. 000	2020 Rs. 000	Change	2021 Rs. 000	2020 Rs. 000	Change
SUMMARY OF OPERATIONS						
Power Generation (kWh)	44,628	44,308	1%	4,595	4,706	-2%
Revenue	982,880	979,343	0%	76,941	76,439	1%
Gross Profit	666,600	680,193	-2%	48,141	54,409	-12%
Other Operating Income	-	73	-100%	100,000	500,074	-80%
Profit/(Loss) for the year	234,744	125,926	86%	29,374	314,816	-91%
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	787,683	788,920	0%	107,685	497,804	-78%
SUMMARY OF FINANCIAL POSITION						
Total Non-Current Assets	5,447,025	5,667,828	-4%	4,440,794	4,328,727	3%
Total Current Assets	491,778	522,483	-6%	171,814	112,713	52%
Total Assets	5,938,803	6,190,312	-4%	4,612,608	4,441,441	4%
Total Non-Current Liabilities	2,403,241	2,842,223	-15%	203,864	195,401	4%
Total Current Liabilities	590,081	638,994	-8%	1,234,614	1,211,423	2%
Total Liabilities	2,993,322	3,481,216	-14%	1,438,477	1,406,824	2%
Total Equity	2,945,481	2,709,096	9%	3,174,130	3,034,617	5%
FINANCIAL RATIOS						
Gross Profit Margin	68%	69%	-2%	63%	71%	-12%
EBITDA Margin	80%	81%	-1%	140%	651%	-79%
Net Profit Margin	24%	13%	86%	38%	412%	-91%
Earnings Per Share (EPS)	0.61	0.33	86%	0.08	0.81	-91%
Net Assets Value per Share (Rs.)	7.61	7.00	9%	8.20	7.84	5%

Chairman's Message



Despite countries across the world experiencing waves and variants, global energy demand is growing at 4.6% to pre-pandemic levels, with emerging economies accounting for 70% of the increase in demand driving 3.4% above pre-pandemic levels while the advanced economies are on track to reduce demand 3% below than pre-pandemic levels.

Dear Shareholder,

I am pleased to announce that LAUGFS Power PLC delivered profit growth of 86%, recording Rs. 234 Mn as Group profit after tax for the financial year ending 31st March 2021. A diversified portfolio of Non-Conventional Renewable Energy (NCRE)

comprising three mini-hydro power plants and the country's largest solar power project supports our growth aspirations in alignment with the country's clean energy agenda. We are encouraged and inspired by the growing interest in NCRE that is shaping supportive policy frameworks to drive exponential growth of NCRE technologies which are

socially and environmentally responsible. Sri Lanka's own growth plans for NCRE are encouraging and our plans for growth are aligned to these to build a strong pipeline for this long-term business.

RENEWABLES GATHER MOMENTUM POST COVID-19

Despite countries across the world experiencing waves and variants, global energy demand is growing at 4.6% to pre-pandemic levels, with emerging economies accounting for 70% of the increase in demand driving 3.4% above pre-pandemic levels while the advanced economies are on track to reduce demand 3% below than pre-pandemic levels. Accordingly, global CO2 emissions are set to record their second-ever largest annual increase, reversing the drop in emissions in 2020 to reach 33 Gt by end of 2021.

Although demand for transportation fuel remains sluggish, coal, Liquid Natural Gas and electricity are expected to increase by 4.5%, 3.2% and 4.5% in 2021. The demand for electricity is driven by emerging and developing economies who account for 80% of the increase while demand in advanced economies remain below 2019 levels. Renewables were the success story in the COVID era, maintaining a growth rate of 3% in 2020 and on course to record 8% growth in 2021.

NCRE IN SRI LANKA

Approximately 99% of Sri Lanka's population has access to electricity. Sri Lanka's demand for electricity is also forecast to grow by 4.5% until 2039 according to the CEB. Per capital consumption of electricity has grown steadily in the country, reaching 650 kWh per person in 2018.

Renewable energy accounted for 36.8% of total electricity generated in 2020 with NCRE accounting for 11.9% of the total. Total installed capacity of NCRE in the country increased by 12.1% in 2020 amounting to 713 MW. NCRE generation also increased by 5.9% to 1,866 GWh. Construction of several planned power projects were affected by the disruptions due to the pandemic during the year, which also impacted the LAUGFS Power Group as well. Sri Lanka also added 4,400 consumers to the Soorya Balansangramaya rooftop solar power generation project adding 64 MW to the grid.

CEB has changed method of floating tenders from a Feed-In Tariff rate to a competitive bidding process necessitating increasing attention to minimising costs due to intensifying competition. CEB is also expected to float tenders for solar power generation in the near future as solar and wind energy are the main areas of NCRE growth according to the Long Term Generation Expansion Plan for 2020-2039.

PERFORMANCE

Performance of the hydro power sector continued to be troubled by volatile weather patterns and high operational costs resulting in a loss in this segment, reflected in a segmental loss after tax of Rs. 6.9 Mn for the year under review. This was offset by the

sustained performance of the solar power portfolio which recorded a profit of Rs. 341.7 Mn for the financial year ending 31st March 2021. Accordingly, the Group profit after tax was Rs. 234.7 Mn which was largely attributable to lower finance costs as we reduced borrowings by Rs. 356 Mn during the year and the benchmark AWPLR declined due to the accommodative monetary policies adopted by the Government. Capacity expansion was confined to upgrades due to various delays in completing the projects on hand. However, we expect these to be resolved in the year that has commenced, enhancing our installed capacity.

Ensuring the safety of our people who came to work during lockdowns and high risk periods was a key priority during the year. Precautions set in place during the first wave were reinforced with the onset of the subsequent waves to ensure the health and safety of our employees.

OUTLOOK

The outlook for NCRE continues to strengthen as the demand for energy continues to grow, particularly in emerging and developing economies. The Group's experience in the sector can be leveraged to drive strong growth, both within the country and in other countries. The Government's stated policy to ensure that 70% of the country's electricity generation will be from renewable sources underscores the potential for growth as an economically, socially and environmentally responsible strategy.

LAUGFS Power is encouraged by the growing focus on NCRE and remains committed to growth in the sector as a leading player, supporting the upliftment of the economic and social infrastructure of the country as we move into a digital era with heavy dependence on stable electricity generation and supply. We continue to monitor the advances in technology to bring efficient and low cost solutions that will support clean and affordable energy for all.

We also expect the construction with a view for capacity enhancement of the our operational solar power projects to be completed during FY 2021/22 at an estimated cost of Rs. 105 Mn adding 1.5 MW of solar capacity to the Group's

portfolio. Expansion of rooftop solar also will recommence in the year ahead and we expect to add a further 0.655 MW through this over the next years. The 2 Mw mini hydro power plant under construction is expected to be commissioned by end of this financial year adding a further 2 MW of hydro power to the portfolio. Accordingly, our firm pipeline of projects add 2.155 MW of solar and 2 MW of hydro power over a period of one to two years.

The Group is yet to venture into wind power and we are looking for opportunities to diversify our portfolio with wind as diversification is key to success in NCRE due to the vagaries of the climate.

Downside risks to the outlook include the exchange rate as all machinery needs to be imported and exchange rate volatility adds an additional dimension of risk to the competitive bidding process. Climate change is a key risk which has been managed through diversification with solar and hydro. Rapid technological advances present both risks and opportunities which are carefully managed.

ACKNOWLEDGEMENTS

I am extremely grateful to the team at LAUGFS Power for their unwavering commitment to ensure that operations were managed smoothly despite the trials stemming from the pandemic during the year. I commend the able leadership of the Group CEO who has steered the Group to deliver a stable performance that has strengthened the balance sheet of the Group. I thank the Board for their counsel and guidance during the year. The cooperation of the officials of the Public Utilities Commission of Sri Lanka, the Sustainable Energy Authority of Sri Lanka and the Ceylon Electricity Board have been invaluable. We are grateful for the confidence of our shareholders and look forward to their continued support in the year ahead.



Deshabandu W.K.H. Wegapitiya
Group Chairman

30 June 2021

Deputy Chairman's Message



Performance of LAUGFS Power PLC Group remained resilient despite a year of volatile weather patterns, recording strong growth in profitability and strengthening of the financial position of the company supported by prudent financial management. ”

Dear Shareholder,

Performance of LAUGFS Power PLC Group remained resilient despite a year of volatile weather patterns, recording strong growth in profitability and strengthening of the financial position of the Company, supported by prudent financial management. I am pleased

to announce that LAUGFS Power has created value for our shareholders recording a profit of Rs.234 Mn, which is an increase of 86% over the previous financial year. Net Assets of the Group also increased by 9% to Rs. 2,945 Mn during the year, strengthening the value proposition for shareholders.

A POWERFUL PROPOSITION

LAUGFS Power PLC is well positioned to support Sri Lanka's stated policy to generate 70% of electricity from renewable sources by 2030 in line with the President's directive and eagerly awaits the formalisation and roll out of the plans to bid for more projects, strengthening our growth prospects. We also note that Sri Lanka has pledged to generate 100% of electricity through renewable sources by 2050 at the UN Framework Convention of Climate Change in 2016. The CEB's Long Term Generation Expansion Plans and the 100% Electricity Generation through Renewable Energy By 2050 Assessment of Sri Lanka's Power Sector published by the Asian Development Bank (ADB) and the United Nations Development Programme (UNDP) identify solar and wind as the key areas of growth. A proven track record of constructing and operating the

largest solar park in the country will no doubt be an advantage as projects are announced for bidding by the CEB.

The economic benefits of the proposed increase in renewable energy are considerable. The savings of foreign exchange are substantial as the fuel cost to CEB for coal and furnace oil for 2018 was Rs. 80 Bn which translates to a cost of almost USD 439 Mn per annum by avoiding the use of imported fossil fuels in a 100% renewable energy scenario. LAUGFS Power's business model is an economically, socially and environmentally responsible model that is aligned to the country's development agenda in a sector that has remained resilient to the fluctuating demand patterns and business disruptions that were experienced by most businesses during the pandemic, presenting a powerful proposition for creating shareholder value.

PERFORMANCE

Diversity across sources of power in the portfolio was a key factor supporting sustained profitability as hydro power generation was subdued due to alternate periods of high rainfall and dry weather, increasing maintenance costs and eroding margins while solar power generation remained steady throughout the year. Operating profit of the hydro power segment was also impacted by lower dividends from the subsidiaries including the solar power focused subsidiaries. Consequently, the hydro power segment recorded a loss of Rs. 6.9 Mn for the financial year 2020/21. The solar power segment delivered a resilient performance supported by lower interest rates, reduced borrowings and a lower charge on taxation.

A strong focus on working capital management enabled a decrease in debtors, supporting cashflow. Lockdowns and health and safety concerns dampened progress on projects in hand resulting in a marginal increase in capacity from upgrading solar technology as no new projects were completed. Regulatory processes also remained sluggish with no progress on the power purchase agreement for the landmark

solar project with the Sustainable Energy Authority. Consequently, property, plant and equipment value declined as depreciation exceeded the additions during the year. Total assets decreased by 4% to Rs. 5.9 Bn due to the decrease in Non-Current and Current assets which were largely attributable to lower values for property, plant and equipment and lower debtors.

Efficient cashflow management and sustained profitability supported strengthening of the balance sheet as we reduced debt by Rs. 356 Mn and improved debt equity positions. This strengthens our positioning as we move forward.

A POSITIVE OUTLOOK

A review of developments both globally and locally are extremely encouraging for the growth of NCRE. Sri Lanka's stated policies to move towards 70% renewables by 2030 in the last Budget and the circular by the President's Office highlight the positive economic, environmental and social impacts of renewable energy. Our expertise can be leveraged not just in Sri Lanka but also tap into the growing interest in renewables outside the country as the world looks to reduce emissions which are expected to rise above pre-pandemic levels. As developing and emerging economies are the drivers of growth, these are markets that we can penetrate, leveraging connections with other companies within the LAUGFS Group which have successfully established themselves as key players in the energy sector outside the country.

We are eagerly awaiting the floating of projects by the CEB to bid for the same. Current plans to float a large number of small projects provide space for growth of independent power producers although the reduced scale will encourage more competition, exerting pressure on potential returns as the CEO aggressively follows the least cost objective. This approach frontloads project risks for private power producers as review of technologies, cost estimations, time taken for approvals, exchange rate fluctuations combine to increase the potential headroom for errors.

While familiarity with the technologies and a proven track record facilitate management of these risks, this can also be a disadvantage as it allows less knowledgeable bidders to win projects due to underestimation of related costs.

At present, we schedule to recommence the rooftop solar installations as we normalise work post vaccinations. The pending projects in the pipeline are also expected to be completed during FY 2021/22 which will add a further 4.155 MW to the Group's installed capacity, taking total capacity to 28.47 MW. With electricity demand growth estimated at rates between 4.5% and 6%, the future for NCRE is promising and we plan to play a key role in realising the country's vision of 70% renewable energy by 2030.

ACKNOWLEDGEMENTS

A loyal and motivated team ensured that our power plants remained operational in good weather and bad, despite lockdowns and concerns for their own health and safety as we were an essential service. We are deeply appreciative of their commitment to their work and look forward to their continued support as we grow to fulfil our purpose of providing clean and affordable energy for all.

I also take this opportunity to thank the Chairman and the Board for their insights and perspectives which have enabled the creation of value to our stakeholders including our shareholders. It is also necessary to acknowledge the cooperation of the regulators, the Public Utilities Commission of Sri Lanka, the Sustainable Energy Authority of Sri Lanka and the Ceylon Electricity Board on various regulatory matters. We thank our shareholders who have shared the journey with us and look to their continued confidence as we move forward to a new era of sustainable growth.



U.K. Thilak De Silva
Group Managing Director

30 June 2021

Group Managing Director/Group Chief Executive Officer's Message



Long-term contracts, priority access to the grid, and continuous installation of new plants underpinned renewables growth and resilience. Renewable electricity generation is forecast to expand by more than 8% in 2021 with Solar PV and wind contributing around two-thirds of renewables growth. ”

Dear Shareholder,

LAUGFS Power PLC delivered strong profit growth of 86% to record Rs. 234.7 Mn as Profit After Tax for the year ended 31st March 2021 strongly supported by the

performance of the solar power segment and lower interest rates. As in the previous year, diversity of the portfolio was key to performance as renewable energy remains vulnerable to weather patterns. The essential nature of our operations supported business

resilience against the business disruptions that prevailed during the year due to COVID-19 supporting equity growth in a year of exceptional uncertainty and volatility.

GLOBAL FOCUS ON RENEWABLE ENERGY

Although global demand for electricity declined sharply in the immediate aftermath of the COVID-19 pandemic, demand stabilised in the latter half of the year and is forecast to increase by 4.5% in 2021. Despite this, renewable energy use increased by 3% as generation increased by 7%. Long-term contracts, priority access to the grid, and continuous installation of new plants underpinned renewables growth and resilience. Renewable electricity generation is forecast to expand by more than 8% in 2021 with solar PV and wind contributing around two-thirds of renewables growth.

SRI LANKA

While total electricity generation in the country declined by 1.3% in 2020 due to the impact of the pandemic, total electricity generated from Non-Conventional Renewable Energy (NCRE) increased by 5.9%. Overall, NCRE accounted for 11.9% of total electricity generated in 2020, an increase over 11.1% in 2019. Installed capacity of NCRE also increased by 12.1%. However, the average tariff for NCRE declined by 3.7% from Rs. 18.22 per kWh in 2019 to Rs. 17.55 per kWh in 2020 reflecting the pressures on margins from the competitive bidding process.

The Ceylon Electricity Board expects the demand for electricity to grow annually by 4.9% for the next 20 years as stated in its draft Long-Term Generation Expansion Plan 2020-2039. The 2018-2037 Long-Term Generation Expansion Plan of CEB which is the most recently approved plan (base case) envisages total annual generation from Renewable Energy sources to increase from 2,103 GWh in 2018 to 8,670 GWh by 2037. It is noteworthy that the draft plan for 2020-2039 proposes a higher rate of growth for Other Renewable Energy, with total annual generation from ORE reaching 9,357 GWh by 2037 and 10,198 GWh by 2039. As can be seen in the graph below, growth in NCRE is focused mainly on wind and solar with little growth in mini-hydro and biomass. Wind capacity is forecast to increase from 144 MW in 2018 to 1,349 MW in 2037 while the installed capacity of solar power is forecast to increase from 210 MW in 2018 to 1,442 MW by 2037. According to this approved plan, solar and wind will account for 41.7% and 39.1% of installed Other Renewal Energy capacity by 2037.

Independent power producers (IPP) supplied 29.1% of the country's electricity requirement in 2020 compared to 28.9% in 2019 reflecting the potential for IPP's to support provision of reliable power supply in the country.

Pricing of electricity continues to be a key concern which has driven wide-ranging measures to reduce costs resulting in the average cost of NCRE by the private sector reducing by 3.7% to Rs. 17.55. Its noteworthy

that the cost of generating electricity using fuel oil declined by 7.6% to Rs. 27.87 which reflects the overall pressure to reduce costs of generating electricity.

PERFORMANCE IN 2020/21

The Group maintained its top line despite the decline in mini-hydro power generation as solar power sustained the top line which grew marginally by 0.4% to Rs. 982.9 Mn. There was no change in the installed capacity during the year and unpredictable weather patterns resulted in high maintenance costs in hydro power generation. Consequently, operating profit declined by 3.3% to Rs. 531 Mn. Decreased interest bearing liabilities and lower interest rates resulted in finance costs decreasing by 26.7% to Rs. 268.8 Mn. This enabled the Group to record Rs. 265.2 Mn as profit before tax, which is a growth of 43% over the previous year. Income taxes decreased, largely due to lower disallowable items.

The financial position of the Group strengthened during the year as net assets increased from Rs. 2,709 Mn to Rs. 2,945 Mn as retained profits increased by Rs. 236 Mn. Interest bearing borrowings decreased by Rs.356 Mn, further strengthening the financial stability of the Group as debt equity improved from 120% to 98%. Working capital was also managed efficiently with debtors working days reducing from 186 days to 177 days.

Expected Carbon Credits from both Hambanthota Iris and Anorchi SPPs in year 2020/21 is around 28,000 MT (14,000 MT each) of CO₂ equivalents.

LOOKING AHEAD

As the world commences recovery from the pandemic with the roll out of vaccines, there is significant concern that emissions will increase at a faster rate than before. Consequently, the focus on NCRE has strengthened both in Sri Lanka and across the world. LAUGFS Power is well positioned for growth in this lucrative area with a diversified portfolio of hydro power and solar power.

A pipeline of NCRE projects await completion while we also expect tender processes to commence for a 150 MW solar power plant and 40 MW wind power plant which will strengthen the pipeline. The Joint Venture with the Sustainable Energy Authority of Sri Lanka for 10 MW of solar power was signed in 2018 and is expected to be the first of its kind with a battery storage system, paving the way for stability in power generation. The power purchase agreement with our sole customer CEB is pending for commencement of the project at the time of writing. The 2 MW mini hydro project is also pending completion within this year.

LAUGFS will look to further diversify its portfolio by adding wind power projects and solar power projects. Additionally, the Group is looking at overseas growth in as well, diversifying across markets. A long-term approach to the business supports our aspirations in this socially and environmentally responsible venture.

ACKNOWLEDGEMENTS

I wish to thank the Chairman, Deputy Chairman and the Board for their guidance throughout the year as we worked to move the projects along despite wide-ranging business disruptions. I also commend the employees of the LAUGFS Power Group who continued to work throughout lockdowns as we were an essential service. I also take this opportunity to thank the officials of the Public Utilities Commission, the Ceylon Electricity Board and the Sustainable Energy Authority for their cooperation on regulatory matters during the year. We are pleased to have delivered value to our shareholders in excess of the value delivered in the previous year and count on their continued support as we look forward to unlocking further value in the year ahead.



Mr. Piyadasa Kudabalage
Group Managing Director/GCEO

30 June 2021

Board of Directors



Deshabandu W.K.H. Wegapitiya
Group Chairman



Mr. U.K. Thilak De Silva
Group Deputy Chairman



Mr. Piyadasa Kudabalage
Group Managing Director/GCEO



Mr. Mayura Fernando
Independent Non-Executive Director



Mr. Murali Prakash
Independent Non-Executive Director

DESHABANDU W. K. H. WEGAPITIYA

Group Chairman

Mr. W.K.H. Wegapitiya is the founder Chairman of LAUGFS Holdings Limited, the parent company of LAUGFS Gas PLC, one of the highly-diversified business groups in Sri Lanka, Having its presence in a wide business spectrum, such as LPG distribution, petroleum, lubricants, power generation, property development, shipping, heavy engineering, automobile services, leisure and restaurants, consumer retailing, manufacturing of salt, and manufacturing of industrial solid tyres. He functioned as the Executive Chairman and the Group CEO of LAUGFS Gas PLC at the time it was listed in the Colombo Stock Exchange in 2011, and as a part of the Group management succession plan, handed over the role of Group CEO to the newly-appointed Group MD, and currently functions as Group Chairman. He holds a degree (B.Sc) in Business Administration from the University of Sri Jayewardenepura, and obtained his MBA from the Post Graduate Institute of Management (PIM). Currently, he is reading for his PhD at the Post Graduate Institute of Management (PIM).

In 1995 he was instrumental in creating Gas Auto Lanka (Private) Limited, the initial enterprise of now diversified LAUGFS Holdings Limited. The visionary leadership, remarkable entrepreneurship and his extraordinary personal traits to withstand and overcome all adversities thrown in his way, enabled him to succeed in all his endeavours to create the business conglomerate "LAUGFS", during a comparatively short period of time. A popular figure in the local entrepreneurial community in Sri Lanka as a success story, he was recognised as the best entrepreneur of the country many times. He is a frequent speaker, presenter and a panelist on topics such as "Business Excellence", "Leadership" and "Entrepreneurship" organised by a variety of organisations. He is a well-known personality in the global LP gas and energy circles and also a regular participant and a speaker at international forums on LP gas and energy management. Presently he serves as a Board member of Sri Lanka Telecom PLC. He served on many public and private

sector institutes as an honorary member of the management. He was a Board member of Mobitel (Private) Limited, past Chairman of the Chamber of Young Lankan Entrepreneurs (COYLE), former Senior Vice President of FCCISL, Executive council member of FCCISL, Executive Committee member of Ceylon Chamber of Commerce, member of National Pay Commission, and Council member of University of Sri Jayewardenepura.

MR. U.K. THILAK DE SILVA

Group Deputy Chairman

Mr. Thilak De Silva served as the Group Managing Director of LAUGFS Holdings Limited and all its subsidiaries from the inception, in the year 1995, until the new Group MD was appointed as a result of the Group management succession plan. Thereafter, he is presently serving as the Group Deputy Chairman of this highly-diversified business conglomerate. The Group, is engaged with the widest landscape in business in the country, consisting of LP Gas downstream operations, petroleum fuel distribution, blending, storage distribution and sale of lubricants, maritime services including ownership and management of gas carriers, heavy engineering, vehicle emission testing, property development, leisure and hospitality with ownership and management of star class hotels, consumer retail chains, fast food chains, manufacture and export of solid tyres, manufacture and export of pharmaceuticals and IV solutions, hydro, solar and other types of renewable energy generation.

He was instrumental in the phenomenal growth of "LAUGFS", one of the household brands in Sri Lanka with over 50,000 customers across the country looking forward to its products and services on a daily basis for their varying needs. Mr. De Silva's untiring efforts, business acumen and industry knowledge amply supplemented by his undisputed and amazing charisma had driven the business operations to greater heights and had also made an indelible imprint in the glorious story of growth and development of the Group.

Mr. Thilak De Silva hails from a widely known, well-respected family with business interests from southern Sri Lanka having had its lucrative operations in the south and in the central highlands. He had his primary and secondary education in the country and moved to the United Kingdom for his undergraduate studies in the sphere of Engineering Technology in the first instance, followed by a study in operations management. Having qualified from the prestigious institutions in the United Kingdom in both disciplines he returned to Sri Lanka to take up the mantle of the family business as its Executive Director. In the year 1995, however he was compelled to leave the business in the able hands of the rest of the family to join with his erstwhile colleague to commence the ground breaking initiative of "LAUGFS" to convert the vehicles driven by traditional fuels into LPG driven ones. This initiative proved to be the turning point that laid the foundation for the creation of a massive business conglomerate, and the rest is history.

Mr. De Silva had been a member, mover and a participant of number of entrepreneur and management development programmes conducted in the country and overseas. He was a recipient of a scholarship from the Association for Overseas Technical (AOTS) programmes in Japan in the year 2003. He is a regular participant in many LP gas business forums conducted at various parts of the world over the years and widely connected to the industry personalities in the energy sector.

MR. PIYADASA KUDABALAGE

Group Managing Director/GCEO

Mr. Piyadasa Kudabalage was appointed as the Group Managing Director and Group Chief Executive Officer of LAUGFS Holdings Limited and all its subsidiary companies with effect from 21st May 2020. He performs the overall provision of supervisory and leading the management of all the subsidiary companies under LAUGFS Holdings Limited.

Mr. Kudabalage has an extensive and impressive career spanning well over 35 years, both in the leading and reputable

Board of Directors

public and private sector organisations in a diverse landscape of businesses across, plantation management, insurance, banking and finance, leisure and hospitality, power and energy and industrial manufacture.

Mr. Kudabalage had occupied the top-rung positions in all sectors he was engaged with. He was the Managing Director/Chief Executive Officer of Sri Lanka Insurance Corporation Limited, Litro Gas Lanka Limited and Canwill Holdings (Private) Limited (Hyatt Hotel Group); former Director of People's Bank and all its subsidiaries, People's Leasing & Finance PLC and all its subsidiaries, Seylan Bank PLC, Ceybank Asset Management Limited and Colombo Dockyard PLC; and was also the former Chairman of Merchant Bank of Sri Lanka, Ceylon Asset Management PLC and E-Channeling PLC. Presently, Mr. Kudabalage serves as the Chairman of Alerics Dairy Product (Private) Limited and Piccadilly Cafe Limited. He is also carrying out a reputable audit firm as a sole proprietorship under his name. He is a well-qualified and experienced professional and also an alumni of the University of Kelaniya from where he graduated in Business Administration and Management. Besides, he is a Fellow member of the Institute of Chartered Accountants of Sri Lanka and also a Fellow member of the Institute of Certified Management Accountants and the Institute of Chartered Professional Managers of Sri Lanka.

In consideration of his outstanding career achievements, the "Professional Excellence Award" was awarded to Mr. Kudabalage by the Institute of Chartered Management Accountants of Sri Lanka in year 2014 and also "Prasada Sambawana" award was granted to him by the University of Kelaniya in year 2014 for the excellent service rendered to the Government of Sri Lanka.

MR. MAYURA FERNANDO

Independent, Non-Executive Director

Mr. P. M. B. Fernando started his professional career at KPMG Ford Rhodes Thornton & Company and was a Partner of the Firm. He has extensive experience as Head of Finance, holding positions of Senior Vice President – Finance of Vanik and Forbes Ceylon Group, Group Finance Director of Confifi Group and Director Finance – Asian Region of Virtusa (an Information Technology company based in Boston USA).

Moving on to General Management, Mr. Fernando was the Managing Director of Capital Reach Holdings Ltd, Director/Chief Executive Officer of Softlogic Finance PLC, Director/Chief Executive Officer of LAUGFS Capital Ltd and Chief Executive Officer of Orient Finance PLC. He is a Non-Executive Independent Director of DFCC Bank PLC, LAUGFS Power PLC, LAUGFS Eco Sri Limited, LAUGFS Leisure Limited and Lanka Hospitals Corporation PLC.

Mr. Fernando is a Fellow Member of The Institute of Chartered Accountants of Sri Lanka and a Fellow Member of the Chartered Institute of Management Accountants of UK. He holds a Bachelor of Science (Applied Science) Degree from University of Sri Jayawardenepura.

MR. MURALI PRAKASH

Independent Non-Executive Director

Mr. Murali Prakash serves as a Non-Executive Director of several public quoted and private entities. He currently serves on the boards of LAUGFS Gas PLC, LAUGFS Power PLC, LAUGFS Leisure Limited, LAUGFS Eco Sri Limited, Dankotuwa Porcelain PLC, Colombo City Holdings PLC, Millennium I.T. E.S.P. (Pvt) Ltd and Millennium IT ESP Singapore (Pte) Limited.

With over 35 years of experience handling key management positions in the areas of general management, strategic restructuring, investments/credit management, manufacturing, marketing / sales and business consultancy, some of his previous roles include serving as Group Managing Director/Chief Executive Officer of Ambeon Holdings PLC/Ambeon Capital PLC, Executive Director of LAUGFS Holdings Group, Group Managing Director/CEO of Browns Group of Companies, Chairman of Galoya Holdings (Pvt) Ltd and Sales Director of Singer (Sri Lanka) PLC. He has also served on the Boards of Singer (Sri Lanka) PLC, Singer Industries (Ceylon) PLC Ltd and Singer Finance (Lanka) PLC and several other public, private and quoted companies over the years.

Mr. Prakash holds an MBA from the University of Southern Queensland and is a Certified Professional Marketer (Asia Pacific) and a Certified Management Accountant (Australia). He additionally holds an Executive Diploma in Business Administration from the University of Colombo and is an Alumnus of the National University of Singapore and the Asian Institute of Management, Manila. He is also a Fellow Member of the Chartered Management Institute (London) and Certified Professional Managers, Sri Lanka.

Corporate Management



Mr. Mahinda Senarath
General manager



Mr. Sanjeewa Perera
Assistant General Manager – Engineering
& Mechanical



Mr. Rajiv Nagodavithana
Project Manager – Electrical



Mr. Udara Kapuduwa
Electrical Engineer



Mr. Gayan Maduranga
Finance Manager



Mr. Sajith Wickramaarachchi
Director/ Group Chief Human
Resource Officer



Mr. Dhammika Cabral
Director/ Group Head of Supply Chain



Mr. Shanaka Indradasa
Chief Financial Officer



Ms. Samantha Haddegoda
Head of Legal

Corporate Management



Mr. Sanjeeva Wickramasinghe
Head of Group Risk & Control



Maj. Gen. Devinda Perera (Rtd.)
Head of Group Security &
Administration



Mr. Gayan Ranasinghe
Senior Manager IT - Development,
Data Centre & IT Projects

Management Discussion & Analysis



Total solar power generated during the year amounted to 41.01 GWh compared to 39.78 GWh produced in the previous year. Hydro-power generated 3.62 GWh, reporting a 20% decline. Total energy generated by the Group amounted to 44.63 GWh in comparison to 44.32 GWh last year.

Total electricity generation recorded a decline in 1.3% in 2020 with a significant decline in the months of March, April and May due to the reduced demand as the country was in lockdown. A rebound in consumption was seen in June, however a declining trend was witnessed towards the end of the year owing to the second wave of the pandemic. Sufficient rainfall in the catchment areas during the year had a positive impact on hydro power generation while coal power generation also increased. Power generation through Non-Conventional Renewable Energy (NCRE) sources, including mini-hydro generation recorded an increase during the year. Overall, the CEB contributed 71% of total power generation, while Independent Power Producers (IPPs) accounted for the remainder.

SECTOR OUTLOOK

Construction of power generation projects continued at a slower pace 2020 due to the restriction caused by the pandemic. Uma Oya (120MW) and Broadlands (35MW) hydropower projects are nearing its completion while Moragolla (30.5MW) project is preleasing at a much slower pace. Mannar wind power project with a capacity of 100MW is connected to the national grid in 2021.

Globally, renewable energy makes up for more than one-third of global installed power capacity. This global energy transition is led by the developed countries with large capacities for energy production and consumption.

	Units	2020/21	2019/20	Variance
Financial Performance				
Revenue	Rs.000	982,880	979,343	0%
Gross Profits	Rs.000	666,600	680,193	-2%
Earnings Before Interest, Tax, Depreciation and Amortisation	Rs.000	787,683	788,920	0%
Profits after tax	Rs.000	234,744	125,926	86%
Gross profit margin	%	68%	69%	-2%
EBITDA margin	%	80%	81%	-1%
Net profit margin	%	24%	13%	86%
Financial Position				
Non-current Assets	Rs.000	5,447,025	5,667,828	-4%
Current Assets	Rs.000	491,778	522,483	-6%
Total Assets	Rs.000	5,938,803	6,190,312	-4%
Non-current Liabilities	Rs.000	2,403,241	2,842,223	-15%
Current Liabilities	Rs.000	590,081	638,994	-8%
Total Liabilities	Rs.000	2,993,322	3,481,216	-14%
Total equity	Rs.000	2,945,481	2,709,096	9%
Gearing	%	49%	54%	
Net assets per share	Rs./share	7.61	7.00	9%
Shareholder Information				
No of shares in issue	No	387,000,086	387,000,086	
Earnings per share	Rs./share	0.61	0.33	86%

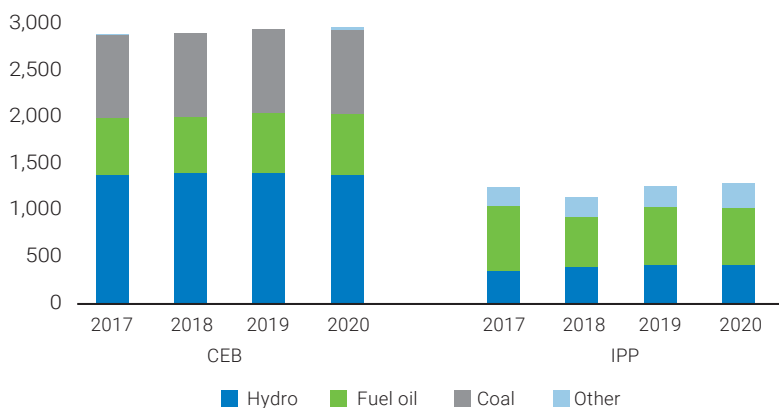
Management Discussion & Analysis

PROJECTS IN OPERATION

Project	Plant Capacity (kW)	Generation (2020/ 2021), GWh	Generation (2019/ 2020), GWh
Balangoda PI MHP	500	1.37	1.81
Balangoda PIII MHP	550	1.12	1.63
Thiniyagala MHP	700	1.13	1.10
Anorchi SPP - Hambanthota	10,000	18.65	18.88
Iris SPP - Hambanthota	10,000	18.76	18.94
Embilipitiya LP SPP	1,000	1.50	0.68
Embilipitiya Iris SPP	1,000	1.49	0.68
Roof top Solar PV	665	0.61	0.59
		44.63	44.31

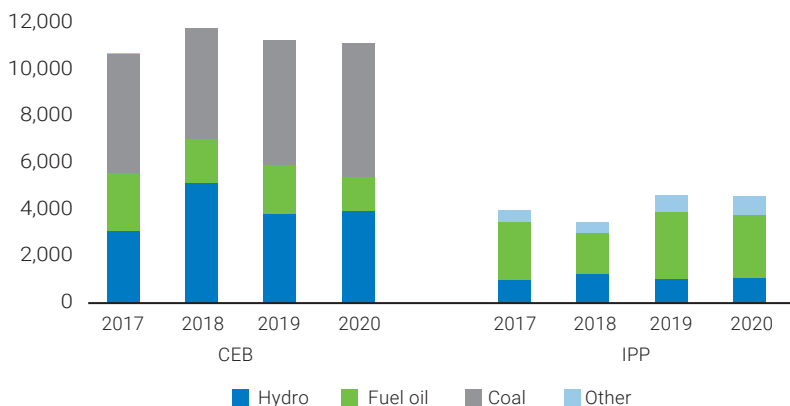
INSTALLED CAPACITY

(MWh)



UNITS GENERATED

(GWh)



UPCOMING PROJECTS

- 650 kW DC roof-top solar power developments
- Commissioning of 2 MW Kehelgamu Oya mini hydro power plant
- 1 MW solar power capacity addition to existing solar power plant at Hambantota to compensate for panel degradation.

CARBON CREDITS

Our Hambantota solar power projects qualified for carbon credits in 2019 by United Nations Framework Convention on Climate Change (UNFCCC). During 2020/21 we generated 37.41 GWh, equivalent to 28,000 metric tonnes of CO₂ saved. Due to the ongoing pandemic situation LAUGFS Power adopted a remote process for carbon credit verification and it is currently in progress.

IMPACT OF COVID-19

As an essential service, the power sector was less impacted by the pandemic compared to most industries. However, due to mobility restrictions, extra efforts and additional costs were incurred.

- Faced difficulties in verification and submission of monthly electricity bills due to non-operational situation of related CEB's regional offices. This resulted in delays in payments from the CEB
- Sourcing of spare parts for plant maintenance has been disrupted due to prevailing import restrictions. Consequently, special arrangements had to be made for possible modified spare parts to be sourced locally.

PERFORMANCE REVIEW

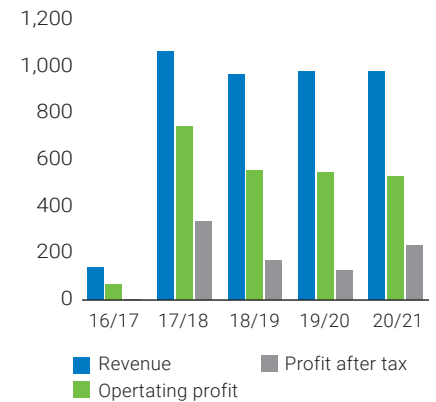
Revenue

The changes in weather patterns disrupted the operations due to its unpredictability. Total revenue remained flat to reach Rs. 982.8 Mn compared to Rs. 979 Mn reported in the previous year. Revenue from solar power, which contributed to 94% of the



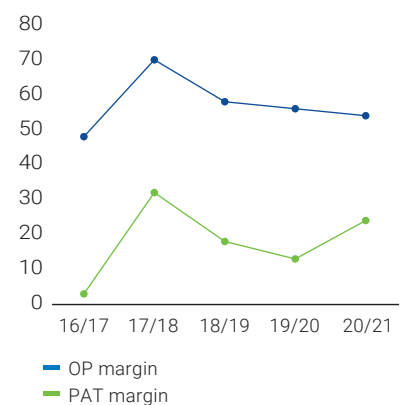
PERFORMANCE

(Rs.Mn)



PROFITABILITY

(%)



total revenue, increased by 2% while revenue from hydro power declined by 21% due to volatile weather patterns compared to last year.

Total solar power generated during the year amounted to 41.01 GWh compared to 39.78 GWh produced in the previous year. Hydro power generated 3.62 GWh, reporting a 21% decline. Total energy generated by the Group amounted to 44.63 GWh in comparison to 44.32 GWh of last year.

Average tariffs during the year amounted to Rs. 22.02/ kWh. Most project operate under fixed power purchase agreements.

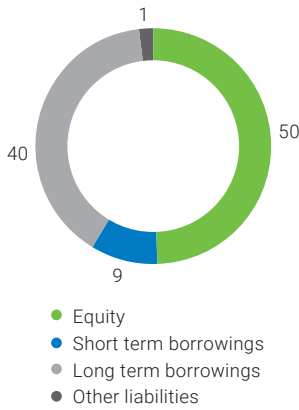
NET ASSETS AND FUNDING PROFILE

Group Real Estate Profile

Company	Plant	Location	Land extent (acres)
FREEHOLD			
LAUGFS Power PLC	Ranmudu Oya Phase 3 MHP	Pidaligannawala, Balangoda	0.67
Ginigathhena Thiniyagala Mini Hydropower (Pvt) Ltd	Ginigathhena Thiniyagala MHP	Thiniyagala, Ginigathhena	0.98
Pams Power (Pvt) Ltd	Kehelgamuwa Oya II MHP	Dagampitiya, Ginigathhena	0.6
LEASEHOLD			
LAUGFS Power PLC	Embilipitiya 2 SPSP II SPP	Hingura, Embilipitiya	5
	Ranmudu Oya Phase I MHP	Pambagolla, Balangoda	1.48
Anorchi Lanka (Pvt) Ltd	Anorchi Lanka SPP	Baruthankanda, Hambanthota	45
Iris Eco Power Lanka (Pvt) Ltd	Iris Eco Power Lanka SPP	Baruthankanda, Hambanthota	45
	Embilipitiya 3 SPSP II SPP	Hingura, Embilipitiya	4.68
Pams Power (Pvt) Ltd	Kehelgamuwa Oya II MHP	Dagampitiya, Ginigathhena	2.16

Management Discussion & Analysis

FUNDING PROFILE (%)



Profitability and Efficiency

The Group’s operating profit recorded a negative growth of 3% to reach Rs. 531 Mn as both gross profit and operating profit margins declined marginally by 2% and 3% respectively. However, net profit margin improved to 24% from the previous year’s 13% as finance costs came down by 27% on the back of reduced borrowings. The Group reported a net profit of Rs. 235 Mn, recording a commendable growth of 86% compared to the previous year’s performance.

Net Assets and Funding Profile

Total assets declined by 4% as property, plant and equipment which accounts for 79% of total assets fell due to depreciation charges. Trade and other receivables also declined by 6% but remained high due to payment delays from CEB caused by mobility restrictions.

Gearing ratio improved to 49% from last years 54% as total debt declined by 11% to reach Rs. 2,883 Mn.

Shareholder funds increased by 9% to reach Rs. 2,945 Mn, driven by the profits made during the year. Share of equity funding increased to 50% from previous year’s 44% on the back of increased equity and reduction in total debt



LAUGFS power is committed to move towards a sustainable future and will explore avenues not only in solar and hydro power generations but also other sources of green energy such as wind power.

LIQUIDITY

Operating activities generated a net cashflow of Rs. 393 Mn while capital expenditure incurred amounted to Rs. 27 Mn resulted in a net cash outflow of Rs. 24 Mn from investing activities. Repayment of long term borrowings exceeded the fresh short term borrowings made during the year resulting in a net cash outflow of Rs. 324 Mn from financing activities.

Outlook

We will continue to make impactful investments to improve our renewable energy operations with focus given to completing the ongoing projects. LAUGFS Power is committed to move towards a sustainable future and will explore avenues not only in solar and hydro power generations but also other sources of green energy such as wind power.

OPPORTUNITIES

- The Government’s commitment to move towards green energy. The Government has set a target to source 70% of electricity demand through renewable energy by 2035.
- Upcoming solar and wind tenders.
- Increasing demand for electricity.

RISK

- Intense competition to secure projects.
- Low tariff structure due to the competitive bidding process.
- Fluctuating weather conditions impact availability of renewable energy.
- The tariffs are determined by the Ceylon Electricity Board (CEB).

Corporate Governance Check list

COMPLIANCE WITH CSE CONTINUING LISTING REQUIREMENTS

Rule No.	Subject	Applicable Requirement	Compliance Status
7.10.1(a)	Non-Executive Directors (NED)	2 or at least 1/3 of the total number of Directors should be NEDs	Complied
7.10.2(a)	Independent Directors (ID)	2 or 1/3 of NEDs, whichever is higher, should be independent	Complied
7.10.2(b)	Independent Directors (ID)	Each NED should submit a declaration of independence	Complied
7.10.3(a)	Disclosure relating to Directors	The Board shall annually determine the independence or otherwise of the NEDs	Complied
		Names of IDs should be disclosed in the Annual Report (AR)	Complied
7.10.3(b)	Disclosure relating to Directors	The basis for the Board's determination of ID, if criteria specified for independence is not met	Complied
7.10.3(c)	Disclosure relating to Directors	A brief resume of each Director should be included in the AR including the Director's areas of expertise	Complied
7.10.3(d)	Disclosure relating to Directors	Provide a brief resume of new Directors appointed to the Board with details specified in 7.10.3(a), (b) and (c) to the CSE	Complied
7.10.4 (a-h)	Determination of Independence	Requirements for meeting criteria	Complied
7.10.5	Remuneration Committee (RC)	The RC of the listed parent company may function as the RC	Complied
7.10.5(a)	Composition of Remuneration Committee	Shall comprise NEDs, a majority of whom will be independent	Complied
7.10.5.(b)	Functions of Remuneration Committee	The RC shall recommend the remuneration of the Chief Executive Officer (CEO) and NEDs	Complied
7.10.5.(c)	Disclosure in the Annual Report relating to Remuneration Committee	Names of Directors comprising the RC	Complied
		Statement of Remuneration Policy	Complied
		Aggregated remuneration paid to NED/NIDs and NED/IDs	Complied
7.10.6	Audit Committee (AC)	The Company shall have an AC	Complied
7.10.6(a)	Composition of Audit Committee	Shall comprise NEDs a majority of whom will be Independent	Complied
		A NED shall be appointed as the Chairman of the Committee	Complied
		CEO and Chief Financial Officer (CFO) should attend AC meetings	Complied
		The Chairman of the AC or one member should be a member of a professional accounting body	Complied

Corporate Governance Check List

Rule No.	Subject	Applicable Requirement	Compliance Status
7.10.6(b)	Audit Committee Functions	Overseeing of the,	Complied
		Preparation, presentation and adequacy of disclosures in the Financial Statements in accordance with Sri Lanka Accounting Standards	Complied
		Compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements	Complied
		Processes to ensure that the internal controls and risk management are adequate to meet the requirements of the Sri Lanka Auditing Standards	Complied
		Assessment of the independence and performance of the External Auditors	Complied
		Make recommendations to the Board pertaining to appointment, re-appointment and removal of External Auditors, and approve the remuneration and terms of engagement of the External Auditor	
7.10.6(c)	Disclosure in Annual Report relating to Audit Committee	Names of Directors comprising the AC	Complied
		The AC shall make a determination of the independence of the Auditors and disclose the basis for such determination	Complied
		The AR shall contain a Report of the AC setting out the manner of compliance with their functions	Complied
9	Related Party Transactions Review Committee	Names of Directors comprising the Committee. Will monitor and approve recurrent and non-recurrent related party transactions as set out in the Group policy guidelines and applicable Listing Rules.	Complied

Risk Management



The outbreak of the COVID-19 pandemic has tested the Company’s resilience and agility. LAUGFS Power is well equipped to counter these risks with an effective risk management process and a strong progressive business planning process, which have addressed these risks effectively.

LAUGFS takes risk management as its highest priority, where the Board is responsible for the risk management processes and monitoring their effectiveness. An effective system of internal controls and risk management will ensure mitigation of such risks and achievement of business objectives. The risk management system defines and monitors the key challenges for the Company, and it plays a crucial role in the decision-making process, ensuring that opportunities to deliver value for shareholders are pursued and challenges are dealt prudently.

RISK GOVERNANCE

The magnitude, geographical reach and diversity of the LAUGFS Group expose it to numerous risks stemming from the internal and external environments.

While the Board of Directors bears the apex responsibility for Risk Management, all employees of the Group are responsible for risk management in their sphere of operations. The Group Risk and Control Division ensures that, the Group’s risk exposures are managed effectively and in a prudent manner while striving to keep within the risk appetite parameters, risk strategies and appetites are defined by the GRC Division and approved by the Board of Directors.

A structured and transparent Enterprise Risk Management (ERM) framework is in place. The Audit Committee, which reviews risk assessments on an ongoing basis, help to improve the Company’s risk management mechanism. Key areas of concern are discussed with the LAUGFS Power PLC Audit Committee through presentations and discussions. Minutes of these meetings are presented to the LAUGFS Power PLC Audit Committee, allowing main Board Directors to



obtain a comprehensive understanding of the risks encountered at the company and Power Group level.

The outbreak of the COVID-19 pandemic have tested the Company’s resilience and agility. LAUGFS Power is well equipped to counter these risks with an effective risk management process and a strong progressive business planning process, which have addressed these risks effectively. It also ensures that the organisation meets its priorities and objectives while managing efficiently the risks associated.

KEY DEVELOPMENTS DURING THE YEAR

During the year under purview, GRC undertook comprehensive risk assessment of structural, operational, financial and environmental risks by using a Risk Register uniquely prepared for LAUGFS Power PLC, from which an annual audit plan is compiled.

At the onset of the pandemic, across the organisation, we took specific measures to

sustain our business and operations as well as protect our employees.

Risks identified are conveyed to the Company Management through risk registers, special risk reports and internal audit reports and actions are agreed upon with the Management and are followed up by the GRC.

It’s indeed ambiguous that what may affect future changes, including any new Government regulations could have on the Company and the Group, including the effects on the customers, employees, and prospects, as well as the financial results. LAUGFS will continue to closely track the situation and may take additional steps to modify our business operations that we believe are in the best interests of the staff, consumers, partners, suppliers, and stakeholders, as well as needed by Government, or local authorities.

The Risk Register comprises risks in the following categories:

Risk Management

No	Risk Category	Risk Type	Risk Description	Severity	Probability	Management Approach for mitigation	Residual total risk
01.	Business risk	Risk of Technical Know-how	<ul style="list-style-type: none"> • Risk of insufficient expertise and/or insufficient management know-how resulting in potential revenue losses. • Risk of potential technological obsolescence. 	Critical	Low	<ul style="list-style-type: none"> • The company is operated with industry experts. Details of the management team is on page 15 to 16. • Avoiding obsolescence is accomplished through actions in planning and programming; design; construction; operations, maintenance, and renewal; and retrofitting or reuse of a facility. • Consultation is obtained from the industry experts as an when it is required. 	Low
02.	Business risk	Failures in new projects	<ul style="list-style-type: none"> • Adverse exposure to possible downturn results in terms of operational excellence which may lead to inadequate investment in new projects resulting in low profitability, resource shortages and lack of organisational progress. 	Medium	Medium	<ul style="list-style-type: none"> • We are at LAUGFS undertake projects with proper due diligence covering all technical, financial and legal aspects. • Furthermore, we have an integrated planning process for every project that we undertake and we continue to monitor. • We do also continuously monitor all projects on a periodic manner which is presented to the investment committee as progress reviews. 	Medium
03.	Business risk	Stakeholder intervention	<ul style="list-style-type: none"> • Risks arising from possible adverse changes in public adoption and /or resistance. 	Medium	Low	<ul style="list-style-type: none"> • Intervention in line with the degree of relevance and the effect that the stakeholders will have on the affairs of the Company. As most of our power plants are located in rural areas, the organisation establishes a long-term relationship with the community through continuous interactions, welfare and CSR programmes, providing job opportunities to the local community, etc. • LAUGFS keep close relationships with all stakeholder including regulatory authorities. 	Low
04.	Business risk	Feed-in-Tariff (New Projects)	<ul style="list-style-type: none"> • With the competitive feed-in-tariff bided by new entrant may dilute the project's financial viability. 	High	High	<ul style="list-style-type: none"> • Collaboration at the industrial level for a positive direction. • Continues lobbying with the CEB and other authorities. 	Moderate

No	Risk Category	Risk Type	Risk Description	Severity	Probability	Management Approach for mitigation	Residual total risk
05.	Financial & Economic Risk	Credit Risk	<ul style="list-style-type: none"> Failure in loss of principal or loss of financial compensation due to the inability of the debtor to meet its contractual obligation. 	High	Low	<ul style="list-style-type: none"> The transactions are based on the Power Purchase Agreements. Risk is low since the sole counter-party being the Government. LAUGFS sells generated power to the CEB of Sri Lanka. The entity is backed by the GoSL, which reduce the risk significantly. 	Low
06.	Financial & Economic Risk	Risk of Working Capital Management	<ul style="list-style-type: none"> Risk of inadequacy of funds to balance liquidity with financial commitments. 	Moderate	Moderate	<ul style="list-style-type: none"> Company performs detailed cash flow forecasting and this is monitored on a regular basis. We have diversified revenue streams (Hydro and Solar) hence we are better in management of the working capital. Group Treasury ensure it has sufficient funds to meet the operational cash flow. 	Low
07.	Financial & Economic Risk	Gearing risk	<ul style="list-style-type: none"> Adverse impact by failure to appropriately manage its external debt position, or if markets are not available at the time of any financing or refinancing requirement. 	High	Moderate	<ul style="list-style-type: none"> Stable debt position and stable revenue streams. Appropriate financial strategies have been adopted in terms of, the Group's credibility, reputation, strength and financial dependability which influence the negotiation of concessionary rates for debt requirements. Renewable power sector eligible for preferential loan schemes. LAUGFS Group Treasury involvement in borrowing negotiations. 	Low
08.	Financial & Economic Risk	Interest Rate Risk	<ul style="list-style-type: none"> Adverse impact on profitability of the Company due to the interest rate fluctuations. 	Moderate	Moderate	<ul style="list-style-type: none"> The Company maintains proper combination of fixed and variable borrowing rates, which assist to minimising the risk of negative variation of interest rates. The Group Treasury have alternative borrowing options which can be activated as & when required. Group Treasury also maintain a cordial relationship with banks to obtain the best possible interest rates. 	Low

Risk Management

No	Risk Category	Risk Type	Risk Description	Severity	Probability	Management Approach for mitigation	Residual total risk
09.	Weather Risk	Risk of adverse weather patterns	<ul style="list-style-type: none"> • Risk of interruption and economic difficulties due to shifting weather patterns. • Mini-hydro plants are mainly affected by the adverse weather patterns. 	High	Moderate	<ul style="list-style-type: none"> • The Company has diversified its power plant portfolio geographically and technologically. The Company operates with 03 mini-hydro power plants and 04 solar power projects. • Hydrological liability is mainly a risk of drought. Projects are built on the basis of previous hydrological data analyses to minimise the chance of any divergence from their intended energy. 	High
10.	Political Risk, Regulatory and Policy Risk	<p>Political Instability & Country Risk</p> <p>Risk of project delays</p> <p>Unstable renewable energy policy</p> <p>Risk of transition of administration and new policies adopted.</p>	<ul style="list-style-type: none"> • The risk of an investment being impacted by unfavourable macroeconomic factors, such as Government policies on renewable energy, interest rates, etc. • SLGo halting the issuance of new licenses through CEB for hydro power projects in Sri Lanka. • Risk of reform legislation and regulations that have a significant impact on industry costs or the feasibility of investment in industry. 	Moderate	Moderate	<ul style="list-style-type: none"> • The Company conduct in-depth macro-economic review and economic feasibility prior to the investment of the Company via the Group Investment Committee. • LAUGFS future revenue portfolio is more focused on Solar and Wind power projects. (renewable) • Continues lobbying with the SLGo and CEB for the betterment of the industry. • LAUGFS contributes to the policy process of the Authority by actively participating in public forums, industry associations and proactively engage with policy makers. 	Moderate
11.	Health and Safety Risk	Inability of safe and reliable operations	<ul style="list-style-type: none"> • The risk of employees getting exposed to dangers during the working hours in the power plant construction sites and the office space. 	Moderate	Low	<ul style="list-style-type: none"> • The employees are provided with the required safety equipment during both construction and operations. • Safety trainings, HSE audits, fire trainings are carried-out on a periodic manner. • In addition, plant operating instructions, visual aids are in place at the workplaces as safety measures. • The Company strives for a zero-accident at workplace status. • Extensive insurance policies are also in place to mitigate consequence by transferring financial risk exposure to 3rd party. 	Low

No	Risk Category	Risk Type	Risk Description	Severity	Probability	Management Approach for mitigation	Residual total risk
12.	Environment & Disaster Risk	Damage due to natural hazards (severe weather conditions/lighting/landslide/earthquake)	<ul style="list-style-type: none"> The risks of potential adverse disaster events occurring during the operations. 	Moderate	Low	<ul style="list-style-type: none"> The risk is minimised by considering the environmental factors in the design stage. The Company in advance obtains technical and specialised support from external experts in the handling of such potential adverse cases. Appropriate insurance covers are in place. Weather patterns are regularly monitored closely, by the technical team of LAUGFS Power, for the each location. 	Low
13.	Legal risk	Penalties due to environmental damages Pending Court litigation in preventive commence new projects	<ul style="list-style-type: none"> Risk arising from third party liabilities. 	Moderate	Low	<ul style="list-style-type: none"> Appropriate insurance covers in place. The Company is seeking expertise consultation for any matters arising due to litigation. LAUGFS adopts mandatory and voluntary corporate governance best practices and Environmental, Legal and Compliance best practice. LAUGFS adopts a mandatory compliance review procedure prior to commence any project. (E.g. reviewing title clearances prior to entering with any lease agreement, obtaining necessary approvals and on-time renewal of the approvals.) All relevant documentations related to the past projects have been documented and complied. 	Low
14.	Human Resources Risk	Lack of productive employee relationships and risk of failure to attract and maintain appropriate talent.	<ul style="list-style-type: none"> The threat would lead to low efficiency in the Company as well as disruptions to the operations. Failure to attract and retain skilled employees. 	Medium	Low	<ul style="list-style-type: none"> A cordial working relationship have been developed with the employees. Remuneration is maintained at the level of the industry. Appropriate on the job training and specialised trainings are carried out. 	Low
15.	Reputation Risk	Adverse effect of industry on culture and unfavourable public reaction.	<ul style="list-style-type: none"> Risk of losing credibility and contributing to a negative confrontation with stakeholders. 	Low	Low	<ul style="list-style-type: none"> The Company continues to participate in local community jobs creation and other CSR activities etc. Organisation has adopted corporate communication protocols that moderate the formal actions of its workers. 	Low

Risk Management

No	Risk Category	Risk Type	Risk Description	Severity	Probability	Management Approach for mitigation	Residual total risk
16.	Information & Cyber security	Adverse impact on losses or harm stemming from an organisation's information and communications system.	<ul style="list-style-type: none"> Cyber security incidents leads to a breach of privacy, loss of and/or corruption of commercially valuable data, and/or destruction of vital business processes. 	Low	Low	<ul style="list-style-type: none"> Group IT is continuously monitoring the existing IT systems established. Compliance with the ISO 27001-Information security Management System (ISMS and BCMS). Continues awareness programmes on malware attacks. Increased server capacity and availability of multiple data locations. Access to sensitive information are limited only to authorised personnel. 	Low
17.	Operational Risk	Disruption to power generation	<ul style="list-style-type: none"> Risk of operation in the possibility of damages resulting from internal operations, systems and procedures. Risk of the national grid failure 	High	Low	<ul style="list-style-type: none"> Availability of operating procedure manuals. Providing proper regular trainings (internal), on location meetings. Pre-scheduled maintenance of the equipment. Conducting periodic internal audits where the critical findings are escalated to the Board and Audit Committee. Review of former power generation reports and analyse those by using engineering modules and software for better estimations. Regular clearance of transmission lines. Effective communication with CEB engineers. 	Low
18.	Competition Risk	Changing marketing dynamics	<ul style="list-style-type: none"> The risk of failure to adapt a changing market climate in the context of intensified competition between green energy developers for new projects. 	Moderate	Moderate	<ul style="list-style-type: none"> The Board is composed inclusive of Directors with high industry acumen. Both Management and the Board keenly monitoring foreseeable business opportunities to invest and thereby obtain competitive advantage. Strong strategic relationship with the SLGo. Strong entry barriers with high initial cost and compliances. 	Moderate

No	Risk Category	Risk Type	Risk Description	Severity	Probability	Management Approach for mitigation	Residual total risk
19.	Risk of Joint venture agreement	Adverse impact deriving from 3rd party strategic partnership.	<ul style="list-style-type: none"> Third party contractual partnership operators could have financial or other business interests that clash with the objectives of LAUGFS and may take contrary actions to the objectives, interests or aspirations of the Company. This could lead to potential industrial, reputational and environmental damage in the event of a significant incident. 	Moderate	Low	<ul style="list-style-type: none"> All the JVs are scrutinise by the Group Management, Corporate Finance and Group Legal teams prior to adoption. 	Low
20.	Social Risk	Negative impact from the society toward the project.	<ul style="list-style-type: none"> Adverse effects on the company's image and operations from the neighbouring communities in adjacent areas of the project. 	Moderate	Moderate	<ul style="list-style-type: none"> The business has built a strong rapport with local families, social by helping them to raise their lives and livelihoods also by providing jobs opportunities, etc. 	Low

Annual Report of the Board of Directors on the Affairs of the Company

The Board of Directors of LAUGFS Power PLC has pleasure in presenting the Annual Report and the Audited Financial Statements of the Company and its subsidiaries for the financial year ended 31st March 2021. LAUGFS Power PLC is a public limited company incorporated in Sri Lanka under the Companies Act No. 17 of 1982 and re-registered as required under the provisions of Companies Act No. 7 of 2007 and listed on the Diri Savi Board of the Colombo Stock Exchange since 30th October 2019.

PRINCIPAL ACTIVITIES

The principal activities of LAUGFS Power PLC is construction and management of renewable energy projects in the fields of solar and hydro resources and transmitting such generated electricity to the national grid.

During the year under review, the principal activities of the companies within the Group were as follows:

LAUGFS Power PLC – Engaged in hydro and solar power generation

Iris Eco Power Lanka (Pvt.) Ltd. - Engaged in Solar power generation

Anorchi Lanka (Pvt.) Ltd. - Engaged in solar power generation

Ginigathena Thiniyagala Mini Hydro Power (Pvt.) Ltd. -

Engaged in hydro power generation

Pams Power (Pvt.) Ltd. – Engaged in construction of a hydro power generation project.

The Company and the Group has not engaged in any activity which contravene any local, foreign or international law or regulations.

BUSINESS REVIEW

A review of the financial and operational performance and future business developments of the Group, sectors, and its business units are described in the Chairman's message, Deputy Chairman's message, management discussion and analysis section of the Annual Report. These Reports together with the Audited Financial Statements reflect the state of the affairs of

the Company and its subsidiaries. Segment wise contribution to group revenue, results, assets and liabilities is provided in Note 3 to the Financial Statements.

RESULTS AND APPROPRIATIONS

Revenue generated by the Company for the year under review amounted to Rs. 77 Mn whilst Group revenue amounted to Rs. 983 Mn Contribution to group revenue, from the different business segments carried out by the subsidiaries are provided in Note 3 to the Financial Statements.

FINANCIAL STATEMENTS AND THE REPORT OF THE AUDITORS

The Financial Statements of the Company and the Group for the year ended 31st March 2021 as approved by the Board of Directors on the 30th of June 2021 are given on pages 44 to 94.

The Auditors' Report on the Financial Statements of the Company and the Group is given on page 41.

ACCOUNTING POLICIES

A note on the Accounting Policies adopted in the preparation and presentation of the Financial Statements are given on pages 49 to 60. There were no material changes in the Accounting Policies adopted by the Company and its subsidiaries during the year under review.

DONATIONS

Total donations made by the Company and its subsidiaries during the year under review amounted to Rs. 61,400. Of these, the donations to approved charities were Rs. Nil These amounts do not include contributions on account of Corporate Social Responsibility (CSR) initiatives.

INVESTMENTS

Total investments of the Company in subsidiaries, associate and other equity investments amounted to Rs. 4,053 Mn The details of the investments are given in Note No. 9 to the Financial Statements.

PROPERTY, PLANT AND EQUIPMENT

The net book value of property, plant and equipment as at the balance sheet date amounted to Rs. 377 Mn and Rs. 4,710 Mn for the Company and Group respectively.

Total capital expenditure during the year for acquisition of property, plant and equipment by the Company and the Group amounted to Rs. 12 Mn and Rs. 27 Mn respectively.

Details of property, plant and equipment are given in Note No. 7 to the Financial Statements.

STATED CAPITAL AND RESERVES

The stated capital of the Company remains at Rs. 1,880,000,000 as at 31st March 2021, which consist of 335,000,086 ordinary voting and 52,000,000 ordinary non-voting shares.

The total Group Equity was Rs. 2,945 Mn as at 31st March 2021.

INTERNAL CONTROL AND RISK MANAGEMENT

The Directors acknowledge their responsibility for the Group's system of internal control. The systems are designed to provide reasonable assurance that the assets of the Group are safeguarded and to ensure that proper accounting records are maintained.

The Board of Directors having reviewed the system of internal control is satisfied with the systems and measures in effect at the date of signing this Annual Report.

HUMAN RESOURCES

The Company has an equal opportunity policy and these principles are enshrined in specific selection, training, development and promotion policies, ensuring that all decisions are based on merit. The Group practices equality of opportunity for all employees irrespective of ethnic origin, religion, political opinion, gender, marital status or physical disability. Further the Company continued to appropriate human resources management policies to develop the team and focus their contribution towards the achievement of corporate goals.

BOARD OF DIRECTORS

The Board of Directors of the Company and their brief profiles are given on the pages 12 to 14. Accordingly the following persons were the Directors of the Company as at 31st March 2021.

(a) Mr. W. K. H. Wegapitiya -

Group Chairman
Non Independent-Executive Director

(b) Mr. U. K. Thilak De Silva -

Group Deputy Chairman
Non Independent-Executive Director

(c) Mr. P. Kudabalage

Group Managing Director/ GCEO
Non Independent-Executive Director

(d) Mr. H. A. Ariyaratne -

Non-Executive Director
(Resigned w.e.f 13th February 2021)

(e) Mr. N. M. Prakash -

Independent Non-Executive Director

(f) Mr. P. M. B. Fernando -

Independent Non-Executive Director

BOARD COMMITTEES

The following members serve on the Board, Audit, Related Party Transactions Review, Investment, Remuneration and Management Committees.

AUDIT COMMITTEE

The Audit Committee comprises of two members namely Mr. P. M. B. Fernando (Chairman of the Audit Committee) and Mr. N. M. Prakash. The broad purpose of this Committee is to oversee the preparation, presentation and adequacy of the disclosure of information in Financial Statements in accordance with Sri Lanka Accounting Standards and all other statutory requirements. The Audit Committee also ensures that the Company's internal control system and Risk Management procedure are up to industrial standards. The Committee also assesses the independence and performance of the Company's Auditors. The report of the Audit Committee is given under the Board committee reports section of the Annual Report.

RELATED PARTY TRANSACTIONS COMMITTEE REVIEW

The Related Party Transactions Committee Review comprises Mr. N. M. Prakash (Chairman of the Committee) and Mr. P. M. B. Fernando. This Committee has been established as a requirement under Section 9 of the Colombo Stock Exchange Listing Rules, in order to monitor and regulate related party transactions in the best interests of the shareholders in order to ensure that the operations of the Group of Companies are compliant with Section 9 of the Colombo Stock Exchange Listing Rules.

As required under Section 9.3.2(d) of the Colombo Stock Exchange Listing Rules, the Board of Directors would like to hereby declare and confirm that there had been related party transactions during the year under review, and all such transactions were proceeded as per provisions stipulated under Section 9 of the Colombo Stock Exchange Listing Rules pertaining to Related Party Transactions.

The report of the Related Party Transactions Review Committee is given under the Board Committee reports section of the Annual Report.

REMUNERATION COMMITTEE

The Remuneration Committee comprises of Mr. N. M. Prakash and Mr. P. M. B.

Fernando. This Committee recommends the remuneration payable to the Executive Directors and sets guidelines for the remuneration of the Senior Management of the Company. The Board makes the final determination having considered the recommendations of the Remuneration Committee and also the performance of the Senior Management. The report of the remuneration committee is given under the Board Committee reports section of the Annual Report and the Remuneration Policy is given in the corporate governance report.

INTEREST REGISTER

The Company maintains an Interest Register in compliance with the Companies Act No. 07 of 2007. In Compliance with the requirements of the Companies Act this Annual Report also contains particulars of entries made in the Interest Register.

DIRECTORS' INTEREST IN CONTRACTS

Directors' interest in contracts are disclosed in the related party transactions under Note 21 to the Financial Statements.

DIRECTORS SHAREHOLDING

The shareholdings of the Directors of the Company as at 31st March 2021, and as defined under the Listing Rules of Colombo Stock Exchange are as follows.

LPL N	No. of Shares	%
Mr. W. K. H. Wegapitiya	1,411,536	0.421
Mr. U. K. T. N. De Silva	1,077,897	0.322
Mr. H. A. Ariyaratne (Resigned w.e.f 13th February 2021)	3,900	0.001
Mr. N. M. Prakash	17,000	0.005
Mr. P. M. B. Fernando	100	0.000
Mr. P. . Kudabalage	Nil	Nil

LPL X	No. of Shares	%
Mr. W. K. H. Wegapitiya	Nil	Nil
Mr. U. K. T. N. De Silva	Nil	Nil
Mr. H. A. Ariyaratne (Resigned w.e.f 13th February 2021)	3,400	0.007
Mr. N. M. Prakash	Nil	Nil
Mr. P. M. B. Fernando	Nil	Nil
Mr. P. . Kudabalage	Nil	Nil

Annual Report of the Board of Directors on the Affairs of the Company

Mr. W. K. H. Wegapitiya and Mr. U. K. Thilak De Silva are shareholders of LAUGFS Holdings Limited, which is the Holding Company which holds a significant stake of the Company directly.

DIRECTORS' REMUNERATION

Directors' remuneration is established within a framework approved by the Remuneration Committee. Directors' remuneration in respect of the Company for the year is given in Note 21.5 to the Financial Statements.

SHARE INFORMATION

Information relating to earnings, dividends, net assets and market value per share is given on page 95. The distribution and the composition of shareholding are given on page 96 and 97 of this Annual Report.

The details of the twenty major shareholders of the Company including the number of shares held by them are given on page 98 and 99 of the Annual Report.

CORPORATE GOVERNANCE

The Board of Directors has ensured that the Company has complied with the Listing Rules of the Colombo Stock Exchange and the Code of Best Practices on corporate governance issued by the Securities and Exchange Commission and the Institute of Chartered Accountants of Sri Lanka. Directors are committed towards the furtherance of corporate governance principles of the Company. The measures taken in this regard are set out in the corporate governance. Further the Directors declare that the Company has not engaged in any activity which contravenes laws and regulations. All material interest in contracts involving the Company have been declared by the Directors and they have refrained from voting on matters in which they were materially interested, the Company has made all endeavours to ensure the equitable treatment of shareholders, the business is a going concern and a review of internal

controls covering financials, operational and compliance controls and risk management has been conducted and the Directors have obtained a reasonable assurance of their effectiveness and successful adherence.

ENVIRONMENT

The Company has not engaged in any activity that was detrimental to the environment and has been in due compliance with all applicable laws and regulations of the country to the best of its ability.

STATUTORY PAYMENTS

The Board of Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company and its subsidiaries, all contributions, levies and taxes payable on behalf of, and in respect of the employees of the Company and its subsidiaries, and all other known statutory dues as were due and payable by the Company and its subsidiaries as at the balance sheet date have been paid or, where relevant provided for.

GOING CONCERN

The Board of Directors are satisfied that the Company, its subsidiaries and associates, have adequate resources to continue in operational existence for the foreseeable future, to justify adopting the going concern basis in preparing these Financial Statements.

DIVIDENDS

The Company has not declared or proposed any dividend for the year under review.

AUDITORS

Messrs. Ernst & Young, Chartered Accountants are deemed re-appointed in terms of Section 158 of the Companies Act No. 07 of 2007 as the Auditors of the Company. A resolution to authorise the Directors to determine the remuneration of the Auditors will be proposed at the forthcoming Annual General Meeting.

Total audit fees paid to Messrs. Ernst & Young by the Company and the Group are disclosed in Note 4.5 to the Financial Statements. The Auditors of the Company and its subsidiaries have confirmed that they do not have any relationship with the Company or its subsidiaries (other than the Auditor) that would have an impact on their independence.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 30th September 2021 at 3.00 pm at the Head office of LAUGFS Holdings Ltd as a virtual meeting as a precautionary measure due to the prevailing COVID-19 protocols issued by the relevant authorities and guidelines issued by the Colombo Stock Exchange. The notice of meeting appears in the supplementary information section of the comprehensive Annual Report.

This Annual Report is signed for and on behalf of the Board of Directors.

By Order of the Board



W.K.H. Wegapitiya
Group Chairman



U.K. Thilak De Silva
Group Deputy Chairman



PW Corporate Secretarial (Pvt) Ltd.
Secretaries

30th June 2021

Statement of Directors' Responsibilities

The Directors are responsible under the Companies Act No. 07 of 2007, to ensure compliance of the requirements set out therein to prepare Financial Statements for each financial year giving a true and fair view of the state of the affairs of the Company and its subsidiaries as at the balance sheet date and the profit of the Company and its subsidiaries for the financial year. Further the Board of Directors ensures the compliance of all the regulatory requirements imposed by the Listing Rules of the Colombo Stock Exchange and other applicable statutory and regulatory provisions.

The Financial Statements comprise:

- The Statements of Financial Position, which presents a true and fair view of the state of affairs of the Company and its subsidiaries as at the end of the financial year.
- The Statements of Comprehensive Income, which presents a true and fair view of the profit or loss and/or other comprehensive income of the Company and its subsidiaries for the financial year.
- The Board of Directors accepts the responsibility for the integrity and objectivity of the Financial Statements prepared and presented. The Directors confirm that the Financial Statements have been prepared;
- Using appropriate and applicable accounting policies which have been selected and applied in a consistent manner, and material departures, if any, have been disclosed and explained; and
- Presented in accordance with the Sri Lanka Financial Reporting Standards (SLFRS); and that

- Reasonable and prudent judgements and estimates have been made so that the form and substance of transactions are properly reflected; and
- Provides the information required by and otherwise comply with the Companies Act and the Listing Rules of the Colombo Stock Exchange.

The Directors confirm that the Financial Statements have been prepared on a going concern basis and are of the view that sufficient funds and other resources are available within the Company and its subsidiaries to continue its operations and to facilitate planned future expansions and capital commitments.

Further, the Directors ensure that the Company maintains sufficient accounting records to disclose, with reasonable accuracy the financial position of the company and its subsidiaries.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and of the Group and in this regard to give proper consideration to the establishment of appropriate internal control systems with a view to preventing and detecting fraud and other irregularities.

The Directors are required to prepare the Financial Statements and to provide the Auditors with every opportunity to take whatever steps and undertake whatever inspections that may be considered being appropriate to enable them to give their audit opinion.

The Directors are of the view that they have duly discharged their responsibilities as set out in this statement.

COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge and belief that all statutory payments in relation to regulatory and statutory authorities that were due in respect of the Company and its subsidiaries as at the balance sheet date have been duly paid or where relevant provided for.

By Order of the Board



P W Corporate Secretarial (Pvt) Ltd.
Secretaries

30th June 2021

Audit Committee Report

The Audit Committee's primary goal is to assist the Board in carrying out its oversight responsibilities in relation to the integrity of the Company's and Group's Financial Statements, internal control and risk management systems, the performance, qualifications, and independence of the External Auditors, and the adequacy and performance of the Internal Audit function. The Audit Committee is also responsible for ensuring that the organisation's governance structure is in effect and followed.

The authority and responsibilities of the Audit Committee of LAUGFS Power PLC are governed by the Audit Committee Charter which is approved and adopted by the Board.

Composition of the Audit Committee

The Committee comprises the following three Non-Executive Directors.

Director	Membership status	Independent/Non-Independent	Remarks
Mr. Mayura Fernando	Chairman	Independent Non-Executive	
Mr. N Murali Prakash	Member	Independent Non-Executive	
Mr. H A Ariyaratne	Member	Non Independent Non-Executive	Resigned with effect from 13/02/2021

The Head of Group Risk & Control, Mr. Sanjeeva Wickramasinghe, serves as the Secretary to the Committee.

Mr. P.M.B Fernando, who is a Fellow Member of The Institute of Chartered Accountants of Sri Lanka and a Fellow Member of the Chartered Institute of Management Accountants of the UK with extensive experience in the finance and auditing field leads the committee.

The detailed experience of the Audit Committee members is outlined on page 14.

MANDATE

The Audit Committee has written terms of reference by way of an audit charter which is reviewed regularly and approved by the Board of Directors. The terms of reference comply with the requirements of the Corporate Governance Listing Rules of the Colombo Stock Exchange (CSE).

SCOPE

The scope of the function and responsibilities are adequately set-out in the terms of reference of the Committee which has been approved by the Board and is reviewed annually. Audit Committee assists the Board

in fulfilling its oversight responsibilities in areas such as,

- External financial reporting obligations of the Company, including its obligations under the Colombo Stock Exchange Listing Rules, Rules/Regulations of the Securities and Exchange Commission and Companies Act No. 7 of 2007.
- Review and evaluate the performance of the Company's internal audit function.
- Maintaining an effective system of internal control, compliance with legal and regulatory requirements that may have a material impact on the Company and its Financial Statements.
- Compliance with Code of Best Practices on Corporate Governance jointly advocated by the Securities and Exchange Commission of Sri Lanka (SEC) and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). Compliance to other relevant statutory regulations such as BOI and applicable Local Government regulations.
- The integrity of financial reporting, the effectiveness of the risk management and internal control system and related governance and compliance matters

- Recommending to the Board on the appointment, reappointment, Dismissal and audit fee of the External Auditor.
- Pre-approve all auditing and non-audit services performed by the external audit firm and internal audit service providers.

MEETINGS AND ATTENDANCE

The Committee formally met four times during the financial year. The meeting attendance of the members is set out in the table below:

Member	Attendance
Mayura Fernando	4/4
N.M. Prakash	4/4
H.A.Ariyaratne *	4/4

* Note: Mr H.A. Ariyaratne resigned with effect from 13.02.2021

The Group Chairman, Group Deputy Chairman, Group Managing Director/ Group CEO, Group Finance Director, General Manager Operations, Chief Financial Officer, head of Legal, Finance Manager, were permanent attendees by invitation, while heads of functions within the Group, whose internal audit reports were being reviewed also attended by invitation. The External Auditors also attended meetings, on invitation, to brief the Audit Committee on specific issues.

The activities of the Committee have been communicated to the Board of Directors quarterly through the verbal briefing, and by tabling the minutes of the Committee's meeting. The Committee also invited members of the Senior Management team to participate in meetings, on a need basis.

FINANCIAL REPORTING

The Audit Committee has reviewed and discussed the Group quarterly and annual Financial Statements with Management and the External Auditors prior to the recommendation of the same to the Board for adoption and release.

General Manager/ Director - Group Finance/ Chief Financial officer/ Finance Manager of the company provided information and confirmation to the Audit Committee that the said Financial Statements for the year were prepared in accordance with the Sri Lanka Accounting Standards and the information required by the Companies Act No. 07 of 2007 therein, presented a true and fair view of the Company's state of affairs as at that date.

The Committee obtained independent input from the External auditors on the effects of any new Sri Lanka Accounting Standards that came into effect for the year under review and satisfied themselves with the necessary foundation which was laid out, to enable the Company to comply with these new standards, one of such being SLFRS 16 Leases.

The Committee also discussed with the Company's External Auditors the outcomes of their audit and material judgmental matters. The External auditors report to the Committee on the audit for the year and matters arising from the audit were discussed by the Committee in the presence of both, External auditors and Management.

ACTIVITIES IN 2020/21

The committee updated its Audit committee charter and obtained approval from the BOD during the period. In discharging responsibilities as set out in the AC Charter, In 2020/21 Audit Committee considered and discussed a variety of topics including key factors affecting the companies performances, future weather patterns, compliances related to the Group, Key controls & concerns relating to company's operation activities.

The Committee reviewed the quarterly and annual Financial Statements 2020/21 and recommended them to the Board for adoption and release.

During the year 2020/21, the committee reviewed the adequacy of the internal audit coverage for the Group and internal audit and risk management plans for the Group with the Head of GRC division and the Management.

The Head of Group Risk and control through its internal audit reports (Operational, Financial, compliance and HSE), have briefed the Management on the effectiveness of the LAUGFS/ risk management and internal control systems and one outcomes of significant audit findings and control weaknesses, including potential improvement and mitigation actions agreed with Company's top Management.

The Audit Committee having reviewed the reports, have endorsed additional controls and risk mitigation strategies where necessary in order to strengthen the existing internal control system. The Group Risk & Control select companies for review according to the annual plan, which was designed based on risk. Follow- up audits and reviews are scheduled to ascertain that audit recommendations are being acted upon.

EXTERNAL AUDIT

The External Auditors' Letter of Engagement, including the scope of the audit, was reviewed and discussed by the Committee with the External Auditors and management prior to the commencement of the audit.

The Committee also met the External Auditors, prior to the finalisation of the Financial Statements. The External Auditors' reports on the audit of the Company and Group Financial Statements for the year, were discussed with both Management and Auditors.

The Committee reviewed the management letter issued by them based on their audit and advised on the rectification actions. The Committee negotiated with the External Auditors the quantum of their fees and out of pocket expenses.

The Members of the Committee had a discussion with the auditors pertaining to issues of a sensitive nature which may have arisen during the audit, if any.

The Committee also met the External Auditors without Management being present, prior to the finalisation of the Financial Statements.

The Committee is satisfied that the independence of the External Auditors has not been impaired by any event or service that gives rise to a conflict of interest.

The performance of the External Auditors and the quality of their work has been evaluated and discussed with the Senior Management of the Company and the Committee has recommended to the Board that Messrs. Ernst & Young to be re-appointed as the auditors of the Group for the financial year ending 31st March 2022, subject to approval by the shareholders at the Annual General Meeting, at a remuneration to be decided by the Board.

APPRECIATION

The Audit Committee of LAUGFS Power PLC thanked Mr. H.A Ariyaratne for his contribution as a member of the Audit Committee since its inception. His expertise insights and advises have been of great value to the Committee.



Mayura Fernando
Chairman,
Audit Committee - LAUGFS Power PLC.

30th June 2021

Report of the Related Party Transactions Review Committee

The Related Party Transaction Review Committee was formed by the Board of Directors of LAUGFS Power in 2018 further to the provisions contained in Section 9 of the Listing Rules of the Colombo Stock Exchange (CSE).

MANDATE

The Committee is to exercise oversight on behalf of the Board of LAUGFS Power PLC and its listed Subsidiaries, to ensure compliance with the Code on Related Party Transactions, as issued by the Securities and Exchange Commission of Sri Lanka and with section 9 of the Listing Rules of the Colombo Stock Exchange (CSE). The Committee has also adopted best practices as recommended by the Institute of Chartered Accountants of Sri Lanka and the CSE.

COMPOSITION OF THE COMMITTEE

The Committee comprises of Non-Executive Directors; the majority of whom are independent. The Chairman of the Committee is an Independent Non-Executive Director.

The Head of Group Risk & Control, Mr. Sanjeeva Wickramasinghe, serves as the Secretary to the Committee.

Director	Membership status	Independent/Non-Independent
Mr. Murali Prakash	Chairman	Independent Non-Executive
Mr. H.A Ariyaratne**	Member	Non-Executive
Mr. Mayura Fernando	Member	Independent Non-Executive

**Resigned w.e.f 13.02.2021

MEETING ATTENDANCE

The committee met four times during the year under review. The meeting attendance of the members is set out in the table below:

Member	Attendance
Mr. Murali Prakash	4/4
Mr. H.A. Ariyaratne	4/4
Mr. Mayura Fernando	4/4

By Invitation,

Group Chairman	Group Deputy Chairman
Group Managing Director/GCEO	Group Director - Finance
General Manager	CFO
DGM - Group Treasury	Head of Legal
Finance Manager	

OBJECTIVES, RESPONSIBILITIES AND DUTIES

The Related Party Transactions Review Committee carries out the following duties and responsibilities:

- Reviewing Related Party Transactions of the Company except those explicitly exempted under the Listing Rules;
- Adopting policies and procedures to review Related Party Transactions of the Company and set out guidelines and methods for the capturing and reviewing of Related Party Transactions,
- Assessing whether the Related Party Transactions are in the best interests of the Company and its shareholders as a whole;
- Defining and establishing threshold values for listed companies as per the Code, which requires discussion in detail; RPTs which have to be pre-approved by the Board, those that require immediate market disclosure, those that require shareholder approval and RPTs which require disclosure in the Annual Report.
- To review all proposed Related Party Transactions of the Group either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.
- Providing guidelines that Senior Management must follow in dealing with Related Parties, including conformance with the Transfer Pricing regulations and the Code.
- Where necessary, to escalate matters to the Board for review, prior to the execution of any Related Party Transaction.
- To review and recommend the acquisition or disposal of substantial assets between related parties, including but not limited to, obtaining 'competent advice' from independent professional experts on valuations and related aspects as deemed required.

METHODOLOGY ADOPTED BY THE COMMITTEE

The Committee introduced policies and guidelines for the adoption of RPT for LAUGFS Power PLC and its subsidiaries in complying with the Code of Best Practices and Section 09 of the Listing Rules. In doing so, transaction threshold values, which required detailed discussion, prior approvals, Recurrent RPTs requiring annual reviews, were established and the Committee approved reporting templates.

On the further recommendation of the Committee, the Board adopted criteria in designating Key Management Personnel (KMPs) of the company to enhance transparency and corporate governance. The activities and views of the Committee have been communicated to the Board of Directors regularly by tabling the minutes of the Committee meetings and through discussions, as required.

In accordance with the guiding principles, self-declarations are obtained from each Director and Key Management Personnel (KMP) of the Company to identify parties related to the Directors and KMPs. Hence the Company adopts a disclosure-based approach in identifying the related parties.

KEY FUNCTIONS PERFORMED DURING THE YEAR UNDER REVIEW

- Continuous initiatives were taken by the committee in making awareness for strict compliance with Section 9 of the Listing Rules.
- The Committee further updated the RPTR policy within the financial year to provide more clarity and demarcate coverage.
- The committee quarterly monitored the recurrent (against annual approved values) and non-recurrent transactions

and their compliance to the approved values and where required have directed to the relevant Boards for further directions.

- The self-declarations from the Directors and Key Management Personnel are obtained to identify parties related to them.
- Training materials were shared with all KMPs and other functional heads to increase awareness of all regulations under the RPTRC scope. This included transaction threshold values.

During the year the Committee reviewed several related party transactions with necessary recommendations on actions as required, in line with the mandate. However, no non-recurrent or recurrent RPTs exceeded the respective thresholds mentioned in the Listing Rules of the Colombo Stock Exchange.

RECURRENT TRANSACTIONS

Name of the Related Party	Relationship	Nature of the transaction	Aggregated Value of Related Party Transactions entered into during the Financial Year	Aggregated Value of Related Party Transactions as a % of Net Revenue/ Income	Terms and conditions of the Related Party Transactions
---------------------------	--------------	---------------------------	---	--	--

For the year under review, the aggregate value of recurrent related party transaction, if any, were assessed to be within the threshold of 10% of gross revenue/income, as per Financial Statements and information provided by the Management.

NON RECURRENT TRANSACTIONS

Name of the Related Party	Relationship	Value of related party transactions entered into during the financial year	Value of related party transactions as % of Equity & as a% of Consolidated Total assets	Terms and Conditions of the Related Party Transactions	The rationale for entering into the transaction
---------------------------	--------------	--	---	--	---

For the year under review, there were no non- recurrent related party transactions nor any that was assessed to be above the thresholds of 10% of the equity /or 5% of the total assets, as per the Financial Statements and information provided by the Management.

Report of the Related Party Transactions Review Committee

The Committee has put in the necessary processes in place to identify, review, disclose and monitor Related Party Transactions in accordance with the provisions in Section 09 of the Listing Rules and in so far as to the knowledge of the Committee, such transactions submitted for review has been verified for compliance.

APPRECIATION

The RPTR Committee of LAUGFS Power PLC, places on record its appreciation to Mr. H.A Ariyaratne for his valuable contribution to the committee as a member since the inception. His expertise, insights and advises have been of great value to the committee.



N. Murali Prakash,

Chairman - Related Party Transaction Review Committee

LAUGFS Power PLC
30th June 2021

Remuneration Committee

COMPOSITION

The committee comprises of Non-Executive & Independent Non-Executive Directors and operates within agreed terms of reference. Composition of the committee;

1. Mr. N. M. Prakash – Independent Non-Executive Director
2. Mr. M. Fernando - Independent Non-Executive Director
3. Mr. P. Kudabalage – Group Managing Director

KEY RESPONSIBILITIES

- To make recommendations to the Board on Company's remuneration policy / structure and its specific application to the Board of Directors, Executive Directors and general application to the Key Management Personnel (KMP)
- To review and make recommendations on the remuneration and incentive framework, including any proposed equity incentive awards including terminal benefits/pension rights for the Executive Directors and KMPs
- To evaluate the performance of the Chief Executive Officers and KMPs and to ensure that management development plans and succession plans are in place for Executive Directors and KMPs
- Effective communication with shareholders on the remuneration policy and the committee's work on behalf of the Board through a Remuneration Committee Report.
- To make recommendations at the appropriate service contracts are available for Executive Directors.
- To review and approve compensation payable to Executive Directors and Senior Management for any loss or termination of office or appointment to ensure that it

is consistent with contractual terms and is otherwise fair and not excessive

- To ensure that no Director or any of his associates is involved in deciding his own remuneration
- To review from time to time as appropriate the Terms of Reference and the effectiveness of the Remuneration Committee and recommend to the Board any necessary changes

ACTIVITIES IN 2020/21

Considering the unpredictable Business contingencies faced due to the COVID-19 pandemic and subsequent financial impact, priorities took a shift from strategic level KMP deliverables to managing operational aspects with key focus on cost optimisation to support the business.

Convening periodic meetings to reorganise KMP deliverables/expectations with due attention is scheduled to take place commencing the new financial year.

Identified Key Challenges

1. HR Compliance
2. Cost Optimisation
3. Annual Performance Evaluation across the Group including the Evaluations of all KMPs.
4. Talent Management & Development Initiatives.

1. HR Compliance

- For better Financial & HR Compliance, the employees cost was allocated under the formation of 4 companies which was established under Power PLC.

2. Cost Optimisation

- Due to the uncertain volatility created due to the COVID-19 pandemic, salary reduction mechanisms were implemented as a measure of supporting the Business.

3. Annual Performance Evaluation across the Group including the Evaluations of all KMPs

- Successful completion of the Annual Performance Evaluations of all employees across the Group.
- Successful completion of all KMP performance evaluations for the concluded financial year.
- Successful conclusion of LAUGFS Career Council with Performance & Promotion moderations and pay for performance.

4. Talent Management & Development Initiatives

- High level succession planning and talent mapping for key positions of the business.
- Re-evaluation of Mission & Functionally critical positions.
- Launch of LAUGFS – Management Development Programme "Top Gun", designed and customised based on the LAUGFS Competency Framework. The programme targeting the talent development of Assistant Manager above across the Group is facilitated through pure in-house expertise.
- Talent and cost optimisation programs will continue to be a focal point in the post pandemic efficiency building measures across the entity in the years ahead.



N. Murali Prakash,
Member - Remuneration Committee



Mayura Fernando
Member - Remuneration Committee

30th June 2021



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Independent Auditors' Report



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TO THE SHAREHOLDERS OF LAUGFS POWER PLC REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the Financial Statements of LAUGFS Power PLC (the "Company"), and the consolidated Financial Statements of the Company and its subsidiaries (the "Group"), which comprise the statement of financial position as at 31 March 2021, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the accompanying Financial Statements of the Company and Group give a true and fair view of the financial position of the Company and Group as at 31 March

2021, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuS). Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that,

in our professional judgment, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming the auditors' opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Financial Statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Financial Statements.

Key audit matter	How our audit addressed the key audit matter
<p>Annual impairment of Intangible assets with Infinite Life</p> <p>As at 31st March 2021 the Group carries Goodwill balance of Rs. 639 Mn. Goodwill is tested annually for impairment based on the recoverable amount determined by Management using value in use computations (VIU).</p> <p>Such Management VIU calculations are based on the discounted future cash-flows of each Cash Generating Unit (CGU) to which Goodwill has been allocated. A deficit between the recoverable value and the carrying values of the CGUs including Goodwill would result in an impairment.</p> <p>Impairment testing of Goodwill was a key audit matter due to:</p> <ul style="list-style-type: none"> the degree of underlying Management assumptions coupled with inherent estimation uncertainties that arise when deriving the estimated future cashflows used for value in use calculations <p>Key areas of significant judgments, estimates and assumptions included key inputs and assumptions related to the value in use computations of future cash flows, growth rates used for extrapolation purposes, discount rates and terminal growth rates including the potential impacts of the prevailing COVID-19 pandemic.</p>	<p>Our audit procedures included the following;</p> <ul style="list-style-type: none"> We gained an understanding of how Management has forecast its discounted future cash flows which included consideration of the impacts of the prevailing COVID-19 pandemic on its operations; We checked the calculations of the discounted future cash flows and cross checked the data used by Management to relevant underlying accounting records, to evaluate their completeness and accuracy; We engaged our internal specialised resources to assist us in: <ul style="list-style-type: none"> Assessing the reasonableness of significant assumptions used by the Group, in particular those relating to the forecast revenue growth, profit margins, working capital cash flows and discount rates of the CGUs of the Group; and evaluating the sensitivity of the discounted cashflows, by considering possible changes in key assumptions We assessed the adequacy of the disclosures made in Note 10 in the financial statements.

Independent Auditors' Report

Other information included in the Group's 2021 Annual Report

Other information consists of the information included in the Annual Report, other than the Financial Statements and our auditors' report thereon. The Management is responsible for the other information. Other information is expected to be made available to us after the date of this auditors' report.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of management and those charged with governance

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

Auditors' responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

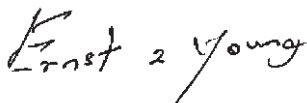
We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditors' report is 1864.



30th June 2021
Colombo

Partners: W R H Fernando FCA FCMA R N de Saram ACA FCMA Ms. N A De Silva FCA Ms. Y A De Silva FCA W R H De Silva ACA ACMA W K B S P Fernando FCA FCMA
Ms. K R M Fernando FCA ACMA Ms. J K H L Fonseka FCA A P A Gunasekera FCA FCMA A Herath FCA D K Huangamuwa FCA FCMA LLB (Lond) H M A Jayasinghe FCA FCMA
Ms. A A Ludowyke FCA FCMA Ms. G G S Manatunga FCA A A J R Perera ACA ACMA Ms. P V K N Sajeewani FCA N M Sulaiman ACA ACMA B E Wijesuriya FCA FCMA

Principals: G B Geudian ACMA T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited

Statement of Profit or Loss

Year ended 31 March	Note	Group		Company	
		2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Revenue	4.1	982,880,136	979,343,466	76,941,202	76,438,763
Cost of Sales		(316,280,264)	(299,150,125)	(28,800,284)	(22,029,396)
Gross Profit		666,599,872	680,193,341	48,140,918	54,409,367
Other Operating Income	4.2	-	72,624	100,000,250	500,073,874
Administrative Expenses		(135,593,376)	(131,211,484)	(67,441,659)	(78,670,655)
Operating Profit		531,006,496	549,054,481	80,699,509	475,812,586
Finance Costs	4.3	(268,860,807)	(366,599,183)	(21,697,160)	(110,560,610)
Finance Income	4.4	3,056,398	2,937,253	359,516	1,239,739
Profit Before Tax	4.5	265,202,087	185,392,551	59,361,865	366,491,715
Income Tax Expense	5.1	(30,458,573)	(59,466,308)	(29,988,216)	(51,675,300)
Profit for the Year		234,743,514	125,926,243	29,373,649	314,816,415
Attributable to:					
Equity Holders of the Parent		234,743,514	125,926,243	29,373,649	314,816,415
Non-Controlling Interests		-	-	-	-
		234,743,514	125,926,243	29,373,649	314,816,415
Basic/Diluted Earnings Per Share:	6	0.61	0.33	0.08	0.81

The accounting policies and notes on pages 49 to 94 form an integral part of these financial statements.

Statement of Other Comprehensive Income

Year ended 31 March	Note	Group		Company	
		2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Profit for the Year		234,743,514	125,926,243	29,373,649	314,816,415
Other Comprehensive Income					
<i>Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods :</i>					
Gains/(Losses) on financial assets at FVTOCI	15.1	-	-	120,767,936	(558,337,904)
Actuarial Gains/(Losses) on Defined Benefit Liability	4.6	2,144,259	(209,051)	2,093,440	(209,051)
Tax Effect	5.2	(502,426)	29,267	(12,721,614)	27,513,058
Net Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods		1,641,833	(179,784)	110,139,762	(531,033,897)
Other Comprehensive Income/(Loss) for the Year, Net of Tax		1,641,833	(179,784)	110,139,762	(531,033,897)
Total Comprehensive Income/(Loss) for the Year, Net of Tax		236,385,347	125,746,459	139,513,411	(216,217,482)
Attributable to:					
Equity Holders of the Parent		236,385,347	125,746,459	139,513,411	(216,217,482)
Non-Controlling Interests		-	-	-	-
		236,385,347	125,746,459	139,513,411	(216,217,482)

The accounting policies and notes on pages 49 to 94 form an integral part of these financial statements.

Statement of Financial Position

As at 31 March 2021	Note	Group		Company	
		2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	7	4,709,768,667	4,928,162,277	376,764,411	387,385,875
Right-of-use assets	8	98,258,758	100,592,955	11,053,278	9,057,528
Investments in Subsidiaries	9	-	-	4,052,853,000	3,932,085,064
Intangible Assets	10	638,997,463	639,073,040	123,033	198,610
		5,447,024,888	5,667,828,272	4,440,793,722	4,328,727,077
Current Assets					
Trade and Other Receivables	12	477,600,647	506,076,954	167,719,361	112,612,511
Income Tax Recoverable		3,872,315	6,301,795	-	-
Cash and Cash Equivalents	13	10,304,799	10,104,556	4,094,652	100,943
		491,777,761	522,483,305	171,814,013	112,713,454
Total Assets		5,938,802,649	6,190,311,577	4,612,607,735	4,441,440,531
EQUITY AND LIABILITIES					
Equity					
Stated Capital	14	1,880,000,000	1,880,000,000	1,880,000,000	1,880,000,000
Fair Value Reserve of Financial Assets at FVOCI	15	-	-	947,353,000	838,804,251
Retained Earnings		1,065,480,889	829,095,541	346,777,346	315,812,684
Equity attributable to Equity Holders of the Parent		2,945,480,889	2,709,095,541	3,174,130,346	3,034,616,935
Non-Controlling Interests		-	-	-	-
Total Equity		2,945,480,889	2,709,095,541	3,174,130,346	3,034,616,935
Non-Current Liabilities					
Interest Bearing Loans and Borrowings	16	2,347,301,070	2,812,449,100	148,266,902	177,846,669
Employee Benefit Liability	17	6,418,018	6,053,149	6,074,721	6,053,149
Deferred Tax Liabilities	5.5	49,521,975	23,720,262	49,521,975	11,501,074
		2,403,241,063	2,842,222,511	203,863,598	195,400,892
Current Liabilities					
Trade and Other Payables	18	51,002,430	189,095,506	1,162,768,530	1,118,260,632
Interest Bearing Loans and Borrowings	16	535,343,248	426,708,632	67,156,927	71,087,252
Income Tax Payable		3,735,019	23,189,387	4,688,334	22,074,820
		590,080,697	638,993,525	1,234,613,791	1,211,422,704
Total Equity and Liabilities		5,938,802,649	6,190,311,577	4,612,607,735	4,441,440,531

I certify that these financial statements are in compliance with the requirements of the Companies Act No. 07 of 2007.



Shanaka Indradasa

Chief Financial Officer

The Board of Directors is responsible for these financial statements. Signed for and on behalf of the Board by:



W.K.H Wegapitiya

Director



U.K Thilak De Silva

Director

The accounting policies and notes on pages 49 to 94 form an integral part of these financial statements.

30th June 2021

Colombo

Statement of Changes in Equity

GROUP

Year ended 31 March	Attributable to Equity Holders of the Parent			Non-Controlling Interests	Total
	Stated Capital	Retained Earnings	Total		
	Rs.	Rs.	Rs.		
As at 01 April 2019	1,880,000,000	800,099,103	2,680,099,103	-	2,680,099,103
Profit for the Year	-	125,926,243	125,926,243	-	125,926,243
Other Comprehensive Income	-	(179,784)	(179,784)	-	(179,784)
Total Other Comprehensive Income	-	125,746,459	125,746,459	-	125,746,459
Dividend Paid	-	(96,750,022)	(96,750,022)	-	(96,750,022)
As at 31 March 2020	1,880,000,000	829,095,541	2,709,095,541	-	2,709,095,540
Profit for the Year	-	234,743,514	234,743,514	-	234,743,514
Other Comprehensive Income	-	1,641,833	1,641,833	-	1,641,833
Total Other Comprehensive Income	-	236,385,348	236,385,348	-	236,385,347
As at 31 March 2021	1,880,000,000	1,065,480,889	2,945,480,889	-	2,945,480,887

COMPANY

Year ended 31 March	Stated Capital	Fair Value Reserve of Financial Assets at FVOCI	Retained Earnings	Total Equity
	Rs.	Rs.	Rs.	Rs.
	As at 01 April 2019	1,880,000,000	1,369,658,365	97,926,071
Profit for the Year	-	-	314,816,415	314,816,415
Other Comprehensive Income	-	(530,854,114)	(179,784)	(531,033,898)
Total Other Comprehensive Income	-	(530,854,114)	314,636,632	(216,217,483)
Dividend Paid	-	-	(96,750,022)	(96,750,022)
As at 31 March 2020	1,880,000,000	838,804,251	315,812,684	3,034,616,935
Profit for the Year	-	-	29,373,649	29,373,649
Other Comprehensive Income	-	108,548,748	1,591,014	110,139,762
Total Other Comprehensive Income	-	108,548,748	30,964,663	139,513,411
As at 31 March 2021	1,880,000,000	947,353,000	346,777,346	3,174,130,346

The accounting policies and notes on pages 49 to 94 form an integral part of these financial statements.

Statement of Cash Flows

Year ended 31 March 2021	Note	Group		Company	
		2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Cash Flows Generated from/(Used in) Operating Activities					
Cash Flows from Operating Activities					
Profit/(Loss) Before Tax		265,202,087	185,392,551	59,361,865	366,491,715
Non-Cash Adjustment to Reconcile Profit Before Tax to Net Cash Flows:					
Depreciation of Property, Plant and Equipment	7	245,660,480	230,047,102	22,996,796	18,019,001
Amortisation of Intangible Assets	10	75,577	67,594	75,577	67,594
Finance Costs	4.3	260,668,075	357,789,296	21,425,006	110,070,511
Finance charge on Right of Use Asset	4.3	8,192,732	8,809,887	272,154	490,099
Finance Income	4.4	(3,056,398)	(2,937,253)	(359,517)	(1,239,739)
Amortisation of Right of Use Asset		7,883,610	6,813,551	3,553,662	2,665,444
Dividend Income	4.2	-	-	(100,000,250)	(500,001,250)
Transfer of Employee Benefit Liability	17.2	581,101	(73,830)	283,092	(73,830)
Adjustment for Retirement of Lease Liability		(1,434,781)	-	(1,434,781)	-
Provision for Employee Benefit Liability	17.1	2,008,777	2,182,642	1,912,670	2,182,642
(Profit)/Loss on Disposal of Property, Plant and Equipment		-	(72,624)	-	(72,624)
Operating Profit before Working Capital Changes		785,781,260	788,018,915	8,086,274	(1,400,438)
Working Capital Adjustments:					
(Increase)/Decrease in Trade and Other Receivables and Prepayments		28,476,310	(128,617,876)	(55,442,382)	171,152,928
Increase/(Decrease) in Trade and Other Payables		(138,093,076)	(83,050,534)	144,843,684	28,904,234
Cash Flows Generated from/(Used in) Operating Activities		676,164,494	576,350,504	97,487,576	198,656,723
Employee Benefit Liability Costs Paid	17.2	(80,750)	-	(80,750)	-
Finance Costs Paid	4.3	(260,668,075)	(357,789,296)	(21,723,309)	(110,070,511)
Income Tax Paid		(22,184,174)	(4,069,227)	(22,075,420)	(455,902)
Net Cash Flows Generated from (Used in) Operating Activities		393,231,495	214,491,982	53,608,097	88,130,311
Cash Flows from/(Used in) Investing Activities					
Acquisition of Property, Plant and Equipment	7	(27,266,873)	(294,195,663)	(12,375,332)	(126,890,209)
Acquisition of Intangible Assets	9	-	(54,740)	-	(54,740)
Proceeds from Disposal of Property, Plant & Equipment		-	5,959,930	-	5,959,931
Finance Income	4.4	3,056,398	2,937,253	359,517	1,239,739
Net Cash Flows from/(Used in) Investing Activities		(24,210,475)	(285,353,219)	(12,015,815)	(119,745,279)
Cash Flows from/(Used in) Financing Activities					
Proceeds from Interest Bearing Loans and Borrowings	16	97,521,098	562,686,253	71,463,208	312,900,296
Dividend Paid	22	-	-	-	(96,750,022)
Lease Rental Paid	8.1.2	(11,216,835)	(18,862,617)	(2,120,835)	(2,614,616)
Repayment of Interest Bearing Loans and Borrowings	16	(410,105,790)	(553,697,309)	(103,264,411)	(195,942,279)
Net Cash Flows from Financing Activities		(323,801,527)	(9,873,673)	(33,922,038)	17,593,380
Net Increase/(Decrease) in Cash and Cash Equivalent		45,219,493	(80,734,913)	7,670,244	(14,021,584)
Cash and Cash Equivalent at the Beginning of the Year	13	(36,310,153)	44,424,760	(3,575,592)	10,445,991
Cash and Cash Equivalent at the End of the Year	13	8,909,340	(36,310,153)	4,094,652	(3,575,592)

The accounting policies and notes on pages 49 to 94 form an integral part of these financial statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1 Reporting Entity

LAUGFS Power PLC (the Company) is a limited liability Company incorporated and domiciled in Sri Lanka is listed in the Colombo Stock Exchange. The registered office of the Company is located at No. 101, Maya Avenue, Colombo 06.

1.2 Consolidated Financial Statements

The consolidated financial statements of LAUGFS Power PLC, as at and for the year ended 31 March 2021 encompasses the Company and its Subsidiaries (together referred to as the "Group").

1.3 Principal Activities and Nature of Operations

During the year, the principal activities of the companies within the Group dealt within these financial statements were as follows.

Company	Activities
LAUGFS Power PLC.	Generation of hydro power and solar power.
Iris Eco Power Lanka (Pvt) Ltd.	Generation of solar power.
Anorchi Lanka (Pvt) Ltd.	Generation of solar power.
Pams Power (Pvt) Ltd	Generation of Hydro Power. However, the company has not commenced commercial operations yet.
Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Ltd.	Generation of hydro power.

1.4 Parent Entity and Ultimate Parent Entity

The Company's parent entity is LAUGFS Holdings Limited. In the opinion of the Directors, the Company's ultimate parent undertaking and controlling party is LAUGFS Holdings Limited, which is incorporated in Sri Lanka.

1.5 Directors' Responsibility Statement

The Board of Directors is responsible for these financial statements.

1.6 Date of Authorisation for Issue

The financial statements of LAUGFS Power PLC and its Subsidiaries (collectively, the Group) for the year ended 31 March 2021 were authorised for issue in accordance with a resolution of the Board of Directors on 28 June 2021.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

The financial statement of LAUGFS Power PLC and its Subsidiaries (the Group) have been prepared in accordance with Sri Lanka Accounting Standards comprising of SLFRS and LKAS (hereafter referred as "SLFRS"), as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

The preparation and presentation of these financial statements are in compliance with the Companies Act No. 07 of 2007.

2.2 Basis of Preparation and Measurement

The financial statements have been prepared on a historical cost basis, except for defined benefit obligation which is measured at present value of the obligation and financial assets at fair value through other comprehensive income which is measured at fair value.

The financial statements are presented in Sri Lankan Rupees.

2.3 Materiality and Aggregation

Each material class of similar items is presented separately in the financial statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

2.4 Going Concern

The Directors have made an assessment of the Group's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial Statements continue to be prepared on the going concern basis.

In determining the basis of preparing the financial statements for the year ended 31 March 2021, based on available information, the management has assessed the existing and anticipated effects of COVID-19 on the Group and the appropriateness of the use of the going concern basis. The Company will continue to pay close attention to the development of COVID-19 outbreak and its related impact on the Company's businesses and financials. As at the date of the financial statements

2.5 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its Subsidiaries as at 31 March 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has

Notes to the Financial Statements

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a Subsidiary begins when the Group obtains control over the Subsidiary and ceases when the Group loses control of the Subsidiary. Assets, liabilities, income and expenses of a Subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the Subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of Subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a Subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a Subsidiary, it derecognises the related assets (including goodwill), non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.6 Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which

is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SLFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with SLFRS 9. Other contingent consideration that is not within the scope of SLFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative

values of the disposed operation and the portion of the cash-generating unit retained.

2.7 Current Versus Non-Current Classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period.

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current assets.

A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period.

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.8 Fair Value Measurement

The Group measures financial instruments such as Investment in Subsidiaries at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability

Or

- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1** - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- **Level 2** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- **Level 3** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Management of the Group determines the policies and procedures for both recurring fair value measurement, such as fair value of Subsidiaries.

External valuer is involved in valuation of significant assets, such as investment in subsidiaries. Involvement of external valuers is decided upon annually by the Management after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge,

Notes to the Financial Statements

reputation, independence and whether professional standards are maintained. The Management decides, after discussions with the Group's external valuer, which valuation techniques and inputs to use for each case.

At each reporting date, the Management analyses the movements in the values of assets which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Management, in conjunction with the Group's external valuer, also compares the change in the fair value of each asset with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions (Notes 9, 14 and 16)
- Quantitative disclosures of fair value measurement hierarchy (Note 16.5)
- Financial instruments (including those carried at amortised cost) (Note 14 and Note 16.5)

2.8 Revenue

2.8.1 Supply of Electricity

Revenue from electricity supplied is recognised upon delivery of electricity to Ceylon Electricity Board. Delivery of electrical energy shall be completed when electrical energy meets the specifications as set out in Standardised Power Purchase Agreements (SPPA) is received at the metering point.

2.8.2 Dividend

Income is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

2.8.3 Gains and Losses

Gains and losses on disposal of an item of property, plant & equipment are determined by comparing the net sales proceeds with the carrying amounts of property, plant & equipment and has been accounted for in the Statement of Profit or Loss.

Gains and losses arising from incidental activities to main revenue generating activities and those arising from a group of similar transactions which are not material, are aggregated, reported and presented on a net basis.

2.8.4 Others

Other Income is recognised on an accrual basis.

2.8.5 Finance Income and Finance Costs

Finance income comprises interest income, and changes in the fair value of financial assets at fair value through profit or loss that are recognised in the statement of profit or loss. Interest income is recognised as the interest accrued unless collectability is in doubt.

Finance costs comprise interest expense on borrowings, finance leases and changes in the fair value of financial assets at fair value through profit or loss that are recognised in the statement of profit or loss.

2.9 Expenses

Expenses are recognised in the statement of profit or loss on the basis of a direct association between the cost incurred and the earnings of specific items of income. All expenditure incurred in the running of the business has been charged to income in arriving at the profit for the year.

Repairs and renewals are charged to profit and loss in the year in which the expenditure is incurred.

2.10 Taxes

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the statement of profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

2.10.1 Current Income Tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Tax withheld on dividend income from Subsidiaries is recognised as an expense in the statement of profit or loss at the same time as the liability to pay the related dividend is recognised.

2.10.2 Deferred Tax

Deferred tax is provided, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in Subsidiaries, equity accounted investee and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax assets and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in Subsidiaries, equity accounted investee and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.10.3 Sales Tax

Revenues, expenses and assets are recognised net of the amount of sales tax, except:

When the sales tax incurred on a purchase of assets or service is not recoverable from the taxation authorities, in which case, the sales tax is recognised as a part of the cost of the asset or part of the expense items, as applicable or/and

When receivables and payables that are stated with the amount of sales tax included the net amount of sales tax recoverable from or payable to, the taxation authorities is included as a part of receivables or payables in the statement of financial position.

2.11 Property, Plant and Equipment

The Group applies the requirements of LKAS 16 on 'Property Plant and Equipment' in accounting for its owned assets which are held for and use in the provision of the services or for administration purpose and are expected to be used for more than one year.

Property, plant and equipment is recognised if it is probable that future economic benefit associated with the assets will flow to the Group and cost of the asset can be reliably measured.

Items of property, plant & equipment excluding construction in progress are measured at cost net of cost of day to day servicing, accumulated depreciation and accumulated impairment, if any.

Notes to the Financial Statements

The cost of property, plant & equipment includes expenditure that is directly attributable to the acquisition of the asset and the cost of replacing part of the property, plant and equipment when that cost is incurred, if the recognition criteria are met. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and includes the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets. Purchased software that is integral to the functionality of the related equipment is capitalised as a part of that equipment.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

When a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit or loss as incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year the asset is derecognised. Gains are not classified as revenue.

Depreciation is recognised in the statement of profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant & equipment, in reflecting the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are disclosed in Note 7.6.

Depreciation of an asset begins when it is available for use and ceases at the earlier of the dates on which the asset is classified as held for sale or is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.12 Leases

Group as a lessee

i) *Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying

asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Leasehold Building – 2 Years
- Leasehold Land – 30 Years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies on Impairment of non-financial assets.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in interest bearing loans and borrowings in Note 16

2.11.1 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

2.12 Investment in Subsidiaries - Company

Investment in subsidiaries is initially recognised at cost in the financial statements of the Company. Any transaction cost relating to acquisition of investment in subsidiaries is immediately recognised in the income statement. After the initial recognition, Investments in subsidiaries are accounted in accordance with SLFRS 9 - Financial Instruments.

The Company measures the Investment in Subsidiaries at fair value at each balance sheet date using Discounted cash flow methodology (DCF).

2.13 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

2.13.1 Financial Assets

Initial Recognition and Subsequent Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI (FVTOCI) with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI (FVTOCI) with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss (FVTPL)

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Financial Assets at Amortised Cost (Debt Instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

And

The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade and other receivables.

Financial Assets Designated at Fair Value Through OCI (Equity Instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

This category includes investment in subsidiaries which the Company has irrevocably elected to classify at fair value through OCI.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e., removed from the Group's statement of financial position) when:

- The rights to receive cash flows from the asset have expired

Or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of Financial Assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.13.2 Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

Financial Liabilities at Amortised Cost

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category applies to trade and other payables, refundable deposits and interest-bearing loans and borrowings including bank overdrafts.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange

or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

2.13.3 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a current enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.13.4 Fair Value of Financial Instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions.
- Reference to the current fair value of another instrument that is substantially the same.
- A discounted cash flow analysis or other valuation models

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 16.4

2.14 Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices

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for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculations on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for a property previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31 March and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Group of CGUs) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. Intangible assets with indefinite useful lives are tested for impairment annually as at 31 March either individually or at the CGU level, as appropriate and when circumstances indicate that the carrying value may be impaired.

2.15 Cash and Short-Term Deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of statement of cash flows, cash and cash equivalents consist of cash in hand short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

2.16 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.18 Employee Benefits

2.18.1 Defined Benefit Plan – Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. LAUGFS Power PLC measure the cost of defined benefit plan-gratuity; every financial year using the Projected Unit Credit Method, as recommended by LKAS 19 – Employee Benefits, with the advice of an actuary.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability. The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in Note 17.3. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary

increases, mortality rates and future pension increases. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.

Provision has been made for retirement gratuities from the beginning of service for all employees, in conformity with LKAS 19 - Employee Benefits. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

Actuarial gains and losses are recognised in the statement of comprehensive income (OCI) in the period in which it arises.

The item is stated under Employee Benefit Liability in the statement of financial position.

This is not an externally funded defined benefit plan.

2.18.2 Defined Contribution Plans - Employees' Provident Fund & Employees' Trust Fund

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to Provident and Trust Funds covering all employees are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

All employees who are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions are covered by relevant contribution funds in line with respective statutes and regulations. The Group contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

2.18.3 Short-term Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

2.19 Dividend Distribution

The Company recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. A corresponding amount is recognised directly in equity.

2.20 Statement of Cash Flows

The Statement of Cash Flows has been prepared using the "indirect method". Interest paid is classified as an operating cash flow. Dividend income are classified as cash flows from investing activities. Dividends paid and interest income are classified as financing cash flows.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

2.3.1 New and amended standards and interpretations

Amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16 - Interest Rate Benchmark Reform (Phase 1 & 2)

The amendments to SLFRS 9 & LKAS 39 provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

IBOR reforms Phase 2 include number of reliefs and additional disclosures. Amendments support companies in applying SLFRS when changes are made to contractual cash flows or hedging relationships because of the reform.

The above-mentioned amendments are effective for the annual reporting periods beginning on or after 01st January 2021.

Amendment to SLFRS 16- COVID-19 Related Rent Concession

The amendments provide relief to lessees from applying SLFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 Pandemic.

As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from COVID-19 related rent concession the same way it would account for the change under SLFRS16, if the change were not a lease modification.

The above-mentioned amendments are effective for the annual reporting periods beginning on or after 01st June 2020.

Amendments to SLFRS 3

The amendments update SLFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to SLFRS 3 a requirement that, for obligations within the scope of LKAS 37, an acquirer applies LKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

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The above-mentioned amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to LKAS 16

In March 2021, the ICASL adopted amendments to LKAS16- Property, Plant and Equipment – Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The above-mentioned amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to LKAS 37

In March 2021, the ICASL adopted amendments to LKAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The above-mentioned amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments

Amendments to LKAS 1: Classification of Liabilities as Current or Non-current

In March 2021, ICASL adopted amendments to paragraphs 69 to 76 of LKAS 1 which specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The above-mentioned amendments are effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively.

None of the new or amended pronouncements are expected to have a material impact on the financial statements of the Company in the foreseeable future.

3. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable segments as follows:

Hydro Power

Generation of hydro power.

Solar Power

Generation of solar power.

No operating segments have been aggregated to form the above reportable operating segments. The Executive Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner to transactions with third parties.

Operating Segments	Hydro Power		Solar Power		Eliminations/Adjustments		Group	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Revenue								
External Customers	64,330,059	66,398,017	918,550,078	912,945,449	-	-	982,880,136	979,343,466
Total Revenue	64,330,059	66,398,017	918,550,078	912,945,449	-	-	982,880,136	979,343,466
Results								
Operating Profit	57,769,782	466,716,567	573,236,964	582,339,164	(100,000,250)	(500,001,250)	531,006,496	549,054,481
Finance Costs	(35,168,153)	(125,101,886)	(233,692,655)	(329,845,459)	88,348,162	88,348,162	(268,860,808)	(366,599,183)
Finance Income	432,330	1,266,941	2,624,068	90,018,475	(88,348,162)	(88,348,162)	3,056,398	2,937,253
Profit/(Loss) Before Tax	23,033,960	342,881,622	342,168,377	342,512,180	(100,000,250)	(500,001,250)	265,202,087	185,392,551
Income Tax Expense	(29,988,218)	(51,675,300)	(470,357)	(7,791,008)	-	-	(30,458,575)	(59,466,308)
Profit/(Loss) for the Year	(6,954,258)	291,206,322	341,698,020	334,721,172	(100,000,250)	(500,001,250)	234,743,514	125,926,243
Actuarial Gains/(Losses) on Defined Benefit Plans	2,143,124	(209,051)	1,135	-	-	-	2,144,259	(209,051)
Income Tax Effect	(502,426)	29,267	-	-	-	-	(502,426)	29,267
Total Comprehensive Income/(Loss) for the Year Net of Tax	(5,313,560)	291,026,538	341,699,155	334,721,172	(100,000,250)	(500,001,250)	236,385,347	125,746,459
Assets & Liabilities								
Total Non-Current Assets	4,780,269,067	5,229,800,289	3,524,645,745	3,731,238,615	(2,857,889,923)	(3,293,210,634)	5,447,024,888	5,667,828,273
Total Current Assets	177,305,499	117,616,511	1,523,254,350	1,426,793,751	(1,208,782,093)	(1,021,926,954)	491,777,754	522,483,306
Total Assets	4,957,574,566	5,347,416,800	5,047,900,094	5,158,032,366	(4,066,672,016)	(4,315,137,588)	5,938,802,643	6,190,311,579
Total Non-Current Liabilities	418,050,484	383,328,996	1,985,190,578	2,365,611,719	-	93,281,797	2,403,241,062	2,842,222,511
Total Current Liabilities	1,366,035,755	1,337,625,448	432,827,031	392,856,561	(1,208,782,089)	(1,091,488,484)	590,080,697	638,993,525
Total Liabilities	1,784,086,239	1,720,954,444	2,418,017,609	2,758,468,280	(1,208,782,089)	(998,206,686)	2,993,321,759	3,481,216,037
Other Disclosures								
Depreciation for the Year	31,002,530	26,194,781	214,657,950	203,852,321	-	-	245,660,480	230,047,101
Purchase of Property, Plant and Equipment	15,643,385	246,446,104	11,623,488	120,819,042	-	-	27,266,873	294,195,663
Provision for Employee Benefit Liability	1,969,045	2,182,642	39,732	-	-	-	2,008,777	2,182,642
Deferred Tax Assets	-	-	-	-	-	-	-	-

Inter-segment revenues are eliminated upon consolidation and reflected in the adjustments/eliminations column.

Notes to the Financial Statements

4. REVENUE/OTHER INCOME AND EXPENSES

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
4.1 Revenue - from contracts with customers				
Supply of Electricity	982,880,136	979,343,466	76,941,202	76,438,763
	982,880,136	979,343,466	76,941,202	76,438,763
4.2 Other Operating Income				
Dividend Income	-	-	100,000,250	500,001,250
Gain/(Loss) on Disposal of PPE	-	72,624	-	72,624
	-	72,624	100,000,250	500,073,874
4.3 Finance Costs				
Interest Expense on Overdrafts	1,529,727	663,156	250,578	211,692
Interest Expense on Loans and Borrowings	258,032,248	355,921,360	21,472,731	20,412,126
Bank Guarantee Commission Charges	1,106,100	708,036	-	708,036
Corporate Guarantee Commission Expenses	-	106,250	-	-
Over Provision of Finance Charge on Right to Use Asset	-	-	(298,303)	-
Finance Charge on Right to Use Asset	8,192,731	8,809,887	272,154	490,099
Interest on Intercompany	-	390,494	-	88,738,657
	268,860,807	366,599,183	21,697,160	110,560,610
4.4 Finance Income				
Interest Income	3,056,398	2,937,253	359,517	1,239,739
	3,056,398	2,937,253	359,517	1,239,739

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
4.5 Profit/(Loss) Before Tax				
Stated after Charging/(Crediting)				
Included in Cost of Sales				
Depreciation of Property, Plant and Equipment	243,195,479	233,972,253	20,570,270	14,436,542
Amortisation of Right of Use Assets	638,500	266,042	333,500	138,958
Plant and Machine Maintenance	49,044,243	48,349,102	643,400	933,701
Employees Benefits including the following;				
Staff Expenses	13,382,084	10,569,049	6,329,767	5,906,991
- Defined Contribution Plan Costs - EPF and ETF (Included in employee benefits)	1,043,614	881,535	505,980	469,560
	307,303,920	294,037,981	28,382,917	21,885,751
Included in Administration Expenses				
Employees Benefits including the following;				
Staff Expenses	42,037,810	35,552,588	42,037,810	35,552,588
- Employee Benefit Plan Costs - Gratuity (Included in Employee Benefits) "	1,912,670	2,182,642	1,912,670	2,182,642
- Defined Contribution Plan Costs - EPF and ETF (Included in Employees Benefits)	4,467,734	4,257,702	4,467,734	4,257,702
Depreciation of Property, Plant and Equipment	2,438,835	3,732,011	2,384,360	3,700,203
Amortisation of Right of Use Assets	5,810,331	6,547,509	1,785,382	2,526,486
Amortisation of Intangible Assets	75,577	67,594	75,577	67,594
Auditors' Fees	732,000	962,641	336,000	492,641
Donations	61,400	550,997	5,380	543,497
Maintenance Expenses	-	133,812	-	133,812
4.6 Components of Other Comprehensive Income				
Employee Benefit Liability				
Actuarial Gains/(Losses) arising during the Year	2,144,259	(209,051)	2,093,440	(209,051)

Notes to the Financial Statements

5. INCOME TAX

The major components of income tax expense for the years ended 31 March 2021 and 31 March 2020 are:

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
5.1 Statement of Profit or Loss				
Current Income Tax:				
Current Income Tax Expense (Note 5.3)	5,159,286	30,321,729	4,688,929	22,530,721
Under/(Over) Provision in respect of Prior Year	-	-	-	-
	5,159,286	30,321,729	4,688,929	22,530,721
Deferred Income Tax:				
Deferred Taxation Charge/(Reversal) (Note 5.5)	25,299,287	29,144,579	25,299,287	29,144,579
	25,299,287	29,144,579	25,299,287	29,144,579
Income Tax Expense Reported in the Statement of Profit or Loss	30,458,573	59,466,308	29,988,216	51,675,300
5.2 Statement of Other Comprehensive Income				
Gain/(Loss) on financial assets at FVTOCI	-	-	12,219,188	(27,483,790)
Actuarial Gains/(Losses) on Retirement Benefit Plans	502,426	(29,267)	502,426	(29,267)
Income Tax Charged Directly to Other Comprehensive Income	502,426	(29,267)	12,721,614	(27,513,058)
5.3 A Reconciliation between Tax Expense and the Product of Accounting Profit Multiplied by the Statutory Tax Rate for the Years Ended 31 March 2021 and 31 March 2020 are as follows:				
	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Accounting Profit/(Loss) before Tax	265,202,087	185,392,551	59,361,865	366,491,715
Adjustments in respect to Current Income Tax				
Aggregate Disallowed Items	260,123,270	330,190,499	28,502,911	24,341,451
Aggregate Allowable Expenses	(90,131,826)	(73,302,794)	(54,372,429)	(50,741,186)
Income Exempt from Income Tax	(523,807,531)	(610,089,702)	-	-
Other Sources of Income	-	-	-	-
Investment Income	(103,056,648)	(591,284,438)	(100,359,767)	(501,240,989)
Business Income	(191,670,649)	(759,093,884)	(66,867,420)	(161,149,009)
Other Income	103,056,648	591,284,438	100,359,767	501,240,989
Less : Allowable Deductions	(67,604,476)	(397,888,185)	(66,867,419)	(340,307,271)
Total Taxable Income	35,452,172	193,396,253	33,492,348	160,933,718

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
At the Statutory Income Tax Rate				
Business Income	14%	14%	14%	14%
Other Income	24%	24%	14% - 24%	14% - 24%
Current Income Tax Expenses - Business Income	-	-	-	-
- Other Income	5,159,286	30,321,729	4,688,929	22,530,721
Income Tax Expense reported in the Statement of Profit or Loss	5,159,286	30,321,729	4,688,929	22,530,721

5.4 Deferred Tax Assets, Liabilities and Income Tax relate to the following:

Group	Consolidated Statement of Financial Position		Consolidated Statement of Profit or Loss		Consolidated Statement of Other Comprehensive Income	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Deferred Tax Liabilities						
Capital Allowances for Tax Purposes	(49,502,186)	(24,567,703)	24,934,483	4,158,907	-	-
Right of Use Asset	(1,477,722)	-	1,477,722	-	-	-
	(50,979,908)	(24,567,703)	26,412,205	4,158,907	-	-
Deferred Tax Assets						
Employee Benefit Liability	1,457,933	847,441	(1,112,918)	(295,234)	502,426	(29,267)
Losses Available for Offsetting Against Future Taxable Income	-	-	-	25,280,906	-	-
	1,457,933	847,441	(1,112,918)	24,985,672	502,426	(29,267)
Deferred Income Tax Expense			25,299,287	29,144,579	502,426	(29,267)
Net Deferred Tax Assets/Liabilities	(49,521,975)	(23,720,262)				

Notes to the Financial Statements

5.4 Deferred Tax Assets, Liabilities and Income Tax relate to the following: (Contd.)

Company	Statement of Financial Position		Statement of Profit or Loss		Statement of Other Comprehensive Income	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Deferred Tax Liabilities						
Capital Allowances for Tax Purposes	(49,502,186)	(24,567,703)	24,934,483	4,158,907	-	-
Right of Use Asset	(1,477,722)	-	1,477,722	-	-	(15,264,603)
	(50,979,908)	(24,567,703)	26,412,205	4,158,907	-	(15,264,603)
Deferred Tax Assets						
Employee Benefit Liability	1,457,933	847,441	(1,112,918)	(295,234)	502,426	(29,267)
Losses Available for Offsetting Against Future Taxable Income	-	-	-	25,280,906	-	-
Investments in Subsidiaries - FVOCI	-	12,219,188	-	-	12,219,188	(12,219,188)
	1,457,933	13,066,629	(1,112,918)	24,985,672	12,721,614	(12,248,455)
Deferred Income Tax Expense			25,299,287	29,144,579	12,721,614	(27,513,058)
Net Deferred Tax Asset/Liability	(49,521,975)	(11,501,074)				

5.5 Reconciliation of Net Deferred Tax Assets/Liabilities

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
As at 01 April	(23,720,262)	5,395,050	(11,501,074)	(9,869,553)
Tax expense/(reversal) recognised in the Statement of Profit or Loss	(25,299,287)	(29,144,579)	(25,299,287)	(29,144,579)
Tax expense/(reversal) recognised in Other Comprehensive Income	(502,426)	29,267	(12,721,614)	27,513,058
As at 31 March	(49,521,975)	(23,720,262)	(49,521,975)	(11,501,074)

5.6 Current Taxes

5.6.1 Corporate incomes taxes of Companies resident in Sri Lanka have been computed in accordance with the Inland Revenue Act No.24 of 2017.

5.6.2 Exemptions / Concessions Granted Under the Board of Investment Law

Company	Nature of the Exemption / Concession	Current Tax	Period
Anorchi Lanaka (Pvt) Ltd	Profit of the company is exempted from income tax for a period of 10 Years	Exempt	10 Years from Year2016/17
Iris Eco Power Lanka (Pvt) Ltd	Profit of the company is exempted from income tax for a period of 10 Years	Exempt	10 Years from Year2016/17

5.6.3 Exemptions/Concessions Granted Under the Inland Revenue Act

Company	Nature of the Exemption / Concession	Current Tax	Period
LAUGFS Power PLC	Enjoys a Concessionary Tax Rate	14%	upto 2020/2021
Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Ltd	Enjoys a Concessionary Tax Rate	14%	upto 2020/2021
Pams Power (Pvt) Ltd	Enjoys a Concessionary Tax Rate	14%	upto 2020/2021

6. EARNINGS PER SHARE

Basic/Diluted Earnings Per Share is calculated by dividing the net profit for the year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. The weighted average number of ordinary shares outstanding during the year and the previous year are adjusted for events that have changed the number of ordinary shares outstanding, without a corresponding change in the resources such as a bonus issue or a share split.

The following reflects the income and share data used in the Basic/Diluted Earnings Per Share computations.

Amount Used as the Numerator:	Group	
	2021 Rs.	2020 Rs.
Net Profit attributable to Ordinary Equity Holders of the Parent for Basic Earnings	234,743,514	125,926,243
Number of Ordinary Shares Used as the Denominator:	2021 Number	2020 Number
	387,000,086	387,000,086
Basic/Diluted Earnings Per Share	2021 Rs.	2020 Rs.
	0.61	0.33

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

	2021 Rs.	2020 Rs.
7.1.4 Net Book Values		
At Cost		
Freehold Land	27,556,625	27,556,625
Buildings on Freehold Land	151,696,260	154,932,929
Buildings on Leasehold Land	5,208,870	4,859,305
Plant, Machinery and Equipment	3,785,241,117	3,980,078,101
Office Equipment	388,209	546,906
Furniture and Fittings	105,008	85,253
	3,970,196,090	4,168,059,119
In the Course of Construction		
Hydro Power Plant	739,572,577	760,103,158
	739,572,577	760,103,158
Total Carrying Amount of Property, Plant and Equipment	4,709,768,667	4,928,162,277

	Balance As at 01.04.2020 Rs.	Additions/ Incurred during the Year Rs.	Transfer In/(Out) Rs.	Disposals during the Year Rs.	Balance As at 31.03.2021 Rs.
7.2 Company					
7.2.1 Gross Carrying Amounts					
At Cost					
Freehold Land	311,000	-	-	-	311,000
Buildings on Freehold Land	121,891,170	2,604,839	4,280,271	-	128,776,280
Plant, Machinery and Equipment	314,262,014	9,666,775	19,360,000	-	343,288,789
Office Equipment	799,765	-	-	-	799,765
Furniture and Fittings	538,598	103,718	-	-	642,316
Total Value of Depreciable Assets	437,802,547	12,375,332	23,640,271	-	473,818,149
In the Course of Construction					
Hydro Power Plant	23,640,271	-	(23,640,271)	-	-
	23,640,271	-	(23,640,271)	-	-
Total Gross Carrying Amount	461,442,818	12,375,332	-	-	473,818,149

Notes to the Financial Statements

7. PROPERTY, PLANT AND EQUIPMENT CONTD.

	Balance As at 01.04.2020 Rs.	Charged for the Year Rs.	Transfers In/ (Out) Rs.	Disposals during the Year Rs.	Balance As at 31.03.2021 Rs.
7.2.2 Depreciation					
At Cost					
Buildings on Freehold Land	31,112,508	6,032,058	-	-	37,144,566
Plant, Machinery and Equipment	41,881,857	16,787,146	-	-	58,669,003
Office Equipment	607,974	92,087	-	-	700,061
Furniture and Fittings	454,604	85,504	-	-	540,108
Total Depreciation	74,056,942	22,996,796	-	-	97,053,738

	2021 Rs.	2020 Rs.
7.2.3 Net Book Values		
At Cost		
Freehold Land	311,000	311,000
Buildings on Freehold Land	91,631,713	90,778,662
Plant, Machinery and Equipment	284,619,786	272,380,157
Office Equipment	99,703	191,791
Furniture and Fittings	102,208	83,994
	376,764,411	363,745,604
In the Course of Construction		
Hydro/Solar Power Plant	-	23,640,271
	-	23,640,271
Total Carrying Amount of Property, Plant and Equipment	376,764,411	387,385,875

- 7.3** During the financial year, the Group and Company acquired property, plant & equipment to the aggregate value of Rs. 27,266,873/- and Rs. 12,375,331/- respectively (2020 -Rs. 367,265,146/- and Rs. 126,890,209/-) for cash.
- 7.4** The Group and Company has Property, Plant & Equipment with a cost of Rs. 1,255,801/- (2020 - Rs.388,495) and Rs.987,741/- (2020 - Rs. 388,495/-) respectively, have been fully depreciated and continue to be used.
- 7.5** The amount of borrowing costs capitalised to property, plant and equipment during the year ended 31 March 2021 was Rs. 2,619,690/- (2020 - Rs.34,318,507/-).
- 7.6** The useful lives of the assets are estimated as follows:

	2021	2020
Group		
Buildings on Freehold Land	20-30 Years	20-30 Years
Buildings on Leasehold Land*	20-30 Years	20-30 Years
Plant, Machinery and Equipment	20 Years	20 Years
Office Equipment	4 Years	4 Years
Furniture and Fittings	4 Years	4 Years
Company		
Buildings on Freehold Land	20 Years	20 Years
Plant, Machinery and Equipment	20 Years	20 Years
Office Equipment	4 Years	4 Years
Furniture and Fittings	4 Years	4 Years

*or the period of lease, whichever is shorter.

8 RIGHT-OF-USE-ASSETS

8.1 Group

Set out below are the carrying amount of Right to use Assets recognised and movements during the year.

	2021 Rs.	2020 Rs.
8.1.1 Cost		
Balance As at 01 April	107,406,506	-
Effect of Adoption of SLFRS 16 as at 01st April	-	107,406,506
Addition and Improvement	5,549,412	-
Disposal	(5,052,972)	-
Balance As at 31 March	107,902,947	107,406,506
Accumulated Atomisation		
Balance As at 01 April	6,813,551	-
Charge for the year	7,883,610	6,813,551
Lease Retirement	(5,052,972)	-
Balance As at 31 March	9,644,189	6,813,551
Net Book Value As at 31st March	98,258,758	100,592,955

Notes to the Financial Statements

8 RIGHT-OF-USE-ASSETS CONTD.

	2021 Rs.	2020 Rs.
8.1.2 Right to Use -Lease Liability		
Balance As at 01st April	68,321,469	-
Effect of Adoption of SLFRS 16 as at 01st April	-	78,374,199
Additions	5,549,412	
Accretion of Interest	8,491,035	8,809,887
Lease Retirement -Interest	(298,303)	-
Lease Retirement	(1,434,781)	-
Payments	(11,216,835)	(18,862,616)
Balance As at 31st March	69,411,997	68,321,470
8.1.3 Maturity Analysis of Lease Liability		
Less Than 1 year	12,071,051	11,216,835
1- 5 year	38,615,288	36,384,000
More than 5 years	137,472,000	146,568,000
	188,158,339	194,168,835
Finance charges allocated to future periods	(118,746,342)	(125,847,365)
	69,411,997	68,321,470

8.2 Company

Set out below are the carrying amount of Right to use Assets recognised and movements during the year.

	2021 Rs.	2020 Rs.
8.2.1 Cost		
Balance As at 01 April	11,722,972	
Effect of Adoption of SLFRS 16 as at 01st April	-	11,722,972
Addition and Improvement	5,549,412	-
Lease Retirement	(5,052,972)	
Balance As at 31st March	12,219,412	11,722,972
Accumulated Atomisation		
Balance As at 01 April	2,665,444	-
Charge for the year	3,553,662	2,665,444
Lease Retirement	(5,052,972)	
Balance As at 31 March	1,166,134	2,665,444
Net Book Value As at 31st March	11,053,278	9,057,528

	2021 Rs.	2020 Rs.
8.2.2 Right to Use-Lease Liability		
Balance As at 01st April	2,928,455	-
Effect of Adoption of SLFRS 16 as at 01st April	-	5,052,972
Additions	5,549,412	-
Accretion of Interest	272,154	490,099
Lease Retirement -Interest	(298,303)	
Lease Retirement	(1,434,781)	
Payments	(2,120,835)	(2,614,616)
Balance As at 31st March	4,896,102	2,928,455
8.2.3 Maturity Analysis of Lease Liability		
Less Than 1 year	2,975,051	3,100,000
1- 5 year	2,231,288	-
More than 5 years	-	-
	5,206,339	3,100,000
Finance charges allocated to future periods	(310,238)	(176,546)
	4,896,101	2,923,454

9. INVESTMENTS IN SUBSIDIARIES

	2021 Rs.	2020 Rs.
Company		
As at 01 April	3,932,085,064	4,206,922,968
Acquisition of Investments	-	283,500,000
Fair Value Gain/(Loss)	120,767,936	(558,337,904)
As at 31 March	4,052,853,000	3,932,085,064

Company	Country of Incorporation	% of Holding	Fair Value 2021 Rs.	Fair Value 2020 Rs.
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9.1 Investments in Subsidiaries

Financial Assets at FVOCI - Non-Quoted

Company	Country of Incorporation	% of Holding	Fair Value 2021 Rs.	Fair Value 2020 Rs.
Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Ltd	Sri Lanka	100%	21,983,000	57,989,723
Anorchhi Lanka (Pvt) Ltd	Sri Lanka	100%	1,761,924,000	1,773,404,720
Iris Eco Power Lanka (Pvt) Ltd	Sri Lanka	100%	2,100,420,000	2,001,046,371
Pams Power (Pvt) Ltd	Sri Lanka	100%	168,526,000	99,644,250
Total Non-Quoted Investments in Subsidiaries			4,052,853,000	3,932,085,064

Notes to the Financial Statements

9.2 Fair value related disclosures of the Investments in Subsidiaries

9.2.1 Fair Value hierarchy

The fair value of the Company's investment in subsidiaries are categorised into Level 3 of the fair value hierarchy.

9.2.2 Valuation Techniques and Significant inputs

Company	Valuation Technique	Significant inputs	2021	2020
Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Ltd	Discounted Cash Flow Methodology	Cost of Equity	14.5%	15.3%
		Plant Load Factor	20.1%	30.0%
Anorchi Lanka (Pvt) Ltd	Discounted Cash Flow Methodology	Cost of Equity	14.9%	15.7%
		Performance Ratio	77.0%	82.4%
Iris Eco Power Lanka (Pvt) Ltd	Discounted Cash Flow Methodology	Cost of Equity	14.9%	15.7%
		Performance Ratio	77.0%	82.4%
Pams Power (Pvt) Ltd	Discounted Cash Flow Methodology	Cost of Equity	14.9%	15.7%
		Plant Load Factor	40%	40.0%

9.2.3 Sensitivity of Assumptions Employed in Fair Valuation

Company	Increase/ (Decrease) Cost of Equity	2021		Fair Value of Financial Assets at FVOCI
		Effect on Other Comprehensive Income	Effect on Statement of Financial Position	
Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Ltd	+1	1,861,524	(1,861,524)	20,121,476
	-1	(2,074,578)	2,074,578	24,057,578
Anorchi Lanka (Pvt) Ltd	+1	17,101,000	(17,101,000)	1,744,823,000
	-1	(17,779,000)	17,779,000	1,779,703,000
Iris Eco Power Lanka (Pvt) Ltd	+1	21,837,394	(21,837,394)	2,078,582,606
	-1	(22,705,488)	22,705,488	2,123,125,488
Pams Power (Pvt) Ltd	+1	681,017	(681,017)	167,844,983
	-1	(736,573)	736,573	169,262,573

10. INTANGIBLE ASSETS

Group	Goodwill		Computer Software		Total	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Cost						
As at 01 April	638,874,430	638,874,430	302,308	247,568	639,176,738	639,121,998
Additions	-	-	-	54,740	-	54,740
As at 31 March	638,874,430	638,874,430	302,308	302,308	639,176,738	639,176,738
Amortisation and Impairment						
As at 01 April	-	-	103,698	36,104	103,698	36,104
Amortisation	-	-	75,577	67,594	75,577	67,594
As at 31 March	-	-	179,275	103,698	179,275	103,698
Net Book Values						
As at 31 March	638,874,430	638,874,430	123,033	198,610	638,997,463	639,073,040

10.1 Intangible Assets

Company	Computer Software	
	2021 Rs.	2020 Rs.
Cost		
As at 01 April	302,308	247,568
Additions	-	54,740
As at 31 March	302,308	302,308
Amortisation and Impairment		
As at 01 April	103,698	36,104
Amortization	75,577	67,594
As at 31 March	179,275	103,698
Net Book Values		
As at 1 April	198,610	211,465
As at 31 March	123,033	198,610

10.1.1 Intangible assets consists the goodwill acquired through business combinations and SAP user license.

Notes to the Financial Statements

10.2 Impairment Testing of Goodwill

Goodwill acquired through business combinations are allocated to the cash generating units, which are also operating and reportable segments, for impairment testing purpose.

Carrying amount of Goodwill allocated to each of the Cash Generating Unit:

	Computer Software	
	2021 Rs.	2020 Rs.
Anorchi Lanka (Pvt) Ltd	319,869,879	319,869,879
Iris Eco Power Lanka (Pvt) Ltd	319,004,551	319,004,551
	638,874,430	638,874,430

The Group performed its annual impairment test as at 31 March of each financial year. The Group considers the net assets position and future cash flows of each operating segment, among other factors, when reviewing for indicators of impairment. As at 31 March 2021, no impairment is recognised against the carrying value of the goodwill allocated to each cash generating unit.

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use (VIU). The fair value less costs to sell calculation is based on available data from an active market, in an arm's length transaction, of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash generating units, are as follows;

Discount Rate

The discount rate used is the risk free rate which is the long term bond rate as published by Central Bank of Sri Lanka, adjusted by the addition of an appropriate risk premium.

Inflation rate

The basis used to determine the value assigned to the budgeted cost inflation, is the inflation rate, based on projected economic conditions.

Gross margins

The basis used to determine the value assigned to the budgeted gross margins is the average gross margin achieved in the years preceding the budgeted year adjusted for projected market conditions.

Long-Term Growth Rate

Long Term Growth rate for Cash Flows for Subsequent Years Based on historical growth rate and business plan.

Above assumptions are affected by expected future market and economic condition.

10.2.1 Valuation Techniques and Significant inputs

Company	Valuation Technique	Significant inputs	2021	2020
Anorchi Lanka (Pvt) Ltd	Discounted Cash Flow Methodology	Cost of Equity	14.9%	15.7%
		Performance Ratio	77.0%	82.4%
Iris Eco Power Lanka (Pvt) Ltd	Discounted Cash Flow Methodology	Cost of Equity	14.9%	15.7%
		Performance Ratio	77.0%	82.4%

10.2.2 Sensitivity of Assumptions Employed in Fair Valuation

Company	Increase/ (Decrease) Cost of Equity	2021		
		Effect on Other Comprehensive Income	Effect on Statement of Financial Position	Fair Value of Financial Assets at FVOCI
Anorchi Lanka (Pvt) Ltd	+1	17,101,000	(17,101,000)	1,744,823,000
	-1	(17,779,000)	17,779,000	1,779,703,000
Iris Eco Power Lanka (Pvt) Ltd	+1	21,837,394	(21,837,394)	2,078,582,606
	-1	(22,705,488)	22,705,488	2,123,125,488

11. LEASEHOLD LAND PREPAYMENTS

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Cost				
As at 01 April	-	19,440,000	-	-
Acquired/Incurred During the Year	-	-	-	-
Transfers during the Year	-	(19,440,000)	-	-
As at 31st March	-	-	-	-
Amortisation				
As at 01 April	-	3,557,146	-	-
Amortisation During the Year	-	-	-	-
Transfers during the Year	-	(3,557,146)	-	-
As at 31st March	-	-	-	-
Net Book Values	-	-	-	-

This includes consideration paid by Iris Eco Power Lanka (Pvt) Ltd. (a Subsidiary), Anorchi Lanka (Pvt) Ltd. (a Subsidiary) for acquisition of leasehold rights of lands.

Notes to the Financial Statements

12. TRADE AND OTHER RECEIVABLES

		Group		Company	
		2021	2020	2021	2020
		Rs.	Rs.	Rs.	Rs.
Trade Receivables	- Related Parties (Note 12.1)	6,528,437	-	6,528,437	-
	- Others	399,606,725	439,960,409	37,419,762	42,811,285
		406,135,161	439,960,409	43,948,198	42,811,285
Other Receivables	- Related Parties (Note 12.2)	10,635,736	5,308,975	69,288,834	15,020,625
	- Others	35,742	279,839	17,339	279,839
		416,806,640	445,549,223	113,254,372	58,111,749
Advances	- Others	60,794,007	60,527,730	54,464,989	54,500,762
		477,600,647	506,076,954	167,719,361	112,612,511

12.1 Other Dues from Related Parties - Trade

		Group		Company	
		2021	2020	2021	2020
		Rs.	Rs.	Rs.	Rs.
Relationship					
LAUGFS Leisure Ltd	Fellow Subsidiary	1,996,869	-	1,996,869	-
Anantaya Passekudah (Pvt) Ltd	Fellow Subsidiary	4,531,567	-	4,531,567	-
		6,528,437	-	6,528,437	-

12.2 Other Dues from Related Parties - Non-Trade

		Group		Company	
		2021	2020	2021	2020
		Rs.	Rs.	Rs.	Rs.
Relationship					
IRIS Eco Power Lanka (Pvt) Ltd	Subsidiary	-	-	-	2,727,868
Anorchi Lanka (Pvt) Ltd	Subsidiary	-	-	-	3,047,553
LAUGFS Property Developers (Pvt) Ltd.	Fellow Subsidiary	1,235,736	4,709,825	1,235,736	4,709,825
PAMS Power (Pvt) Ltd	Subsidiary	-	-	58,653,098	210,739
LAUGFS Leisure Ltd.	Fellow Subsidiary	-	599,150	-	599,150
Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Ltd	Subsidiary	-	-	-	3,725,490
LAUGFS Holdings Limited		9,400,000	-	9,400,000	-
		10,635,736	5,308,975	69,288,834	15,020,625

12.3 Trade receivables are non-interest bearing and are generally on terms of 45-60 days.

12.4 Other amount due from related parties are receivable on demand, non interest bearing and unsecured.

As at 31 March, the ageing analysis of trade receivables, is as follows:

	Total Rs.	Neither Past Due nor Impaired Rs.	Past Due and Impaired			
			< 30 Days Rs.	31-60 Days Rs.	61-90 Days Rs.	> 90 Days Rs.
Group						
2021	399,606,725	-	86,136,368	82,562,498	70,736,969	160,170,890
2020	439,960,409	-	96,953,553	180,912,877	-	162,093,979
Company						
2021	37,419,762	-	8,785,357	7,243,763	7,692,439	13,698,204
2020	42,811,285	-	4,507,756	12,618,197	-	25,685,331

13. CASH AND SHORT-TERM DEPOSITS

Group	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
13.1 Favourable Cash & Cash Equivalent Balances				
Cash in Hand and at Bank	10,304,799	10,104,556	4,094,652	100,943
	10,304,799	10,104,556	4,094,652	100,943
13.2 Unfavourable Cash & Cash Equivalent Balances				
Bank Overdrafts (Note 16)	(1,395,459)	(46,414,709)	-	(3,676,536)
Cash and Cash Equivalent for the Purpose of Cash Flow Statement	8,909,340	(36,310,153)	4,094,652	(3,575,593)

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

Notes to the Financial Statements

14. STATED CAPITAL

Group/Company	2021		2020	
	Rs.	Rs.	Rs.	Rs.
Ordinary Voting Shares (Note 14.1)	335,000,086	1,627,390,237	335,000,086	1,627,390,237
Ordinary Non - Voting Shares (Note 14.2)	52,000,000	252,609,763	52,000,000	252,609,763
	387,000,086	1,880,000,000	387,000,086	1,880,000,000

14.1 Ordinary Voting Shares

As at 01 April	335,000,086	1,627,390,237	335,000,086	1,627,390,237
As at 31 March	335,000,086	1,627,390,237	335,000,086	1,627,390,237

14.2 Ordinary Non - Voting Shares

As at 01 April	52,000,000	252,609,763	52,000,000	252,609,763
As at 31 March	52,000,000	252,609,763	52,000,000	252,609,763

14.3 Rights, Preference and Restrictions of Classes of Capital

The holders of ordinary shares confer their right to receive dividends as declared from time to time and are entitled to one vote per share (except, non-voting ordinary shares) at a meeting of the Company. All shares rank equally with regard to the Company's residual assets.

15. FAIR VALUE RESERVE OF FINANCIAL ASSETS AT FVOCI

Company	2021	2020
	Rs.	Rs.
Financial Assets at FVTOCI Reserve (Note 15.1)	947,353,000	838,804,252
	947,353,000	838,804,252

15.1 Financial Assets at FVTOCI Reserve

As at 1 April	838,804,252	1,369,658,365
Gains/(Losses) arising during the Year	120,767,936	(558,337,903)
Deferred Taxation Reversal/(Charge)	(12,219,188)	27,483,790
As at 31 March	947,353,000	838,804,252

16. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Interest Bearing Loans and Borrowings

16.1 Group

	2021 Amount Repayable Within 1 Year Rs.	2021 Amount Repayable After 1 Year Rs.	2021 Total Rs.	2020 Amount Repayable Within 1 Year Rs.	2020 Amount Repayable After 1 Year Rs.	2020 Total Rs.
Term Loans (Note 16.1.1)	505,230,036	2,281,606,826	2,786,836,862	326,736,117	2,747,685,437	3,074,421,555
Short Term Loans (Note 16.1.2)	25,000,000	-	25,000,000	50,000,000	-	50,000,000
Bank Overdrafts (Note 13.2)	1,395,459	-	1,395,459	46,414,709	-	46,414,709
Lease Liability	3,717,753	65,694,244	69,411,997	3,557,806	64,763,663	68,321,470
	535,343,248	2,347,301,070	2,882,644,318	426,708,632	2,812,449,100	3,239,157,734

16.1.1 Term Loans

	As at 01.04.2020 Rs.	Loan Obtained Rs.	Repayments Rs.	As at 31.03.2021 Rs.
Commercial Bank of Ceylon PLC - Loan 1	17,950,000	-	(5,229,000)	12,721,000
Commercial Bank of Ceylon PLC - Loan 2	34,552,400	-	(5,625,200)	28,927,200
Commercial Bank of Ceylon PLC - Loan 3	41,757,233	-	(5,795,533)	35,961,700
DFCC Bank PLC - Loan 1	1,215,709,434	-	(46,758,057)	1,168,951,377
DFCC Bank PLC - Loan 2	26,540,672	-	(1,062,594)	25,478,078
DFCC Bank PLC - Loan 3	17,285,859	-	(880,509)	16,405,350
DFCC Bank PLC - Loan 4	96,000,000	-	(1,875,000)	94,125,000
Bank Loan -WCL Commercial	-	9,446,100	(1,575,000)	7,871,100
Sampath Bank PLC - Loan 1	1,116,500,000	-	(177,000,000)	939,500,000
Sampath Bank PLC - Loan 2	95,073,316	926,684	(6,600,000)	89,400,000
Sampath Bank PLC - Loan 3	154,712,641	4,300,000	(27,500,000)	131,512,640
Hatton National Bank PLC	258,340,000	-	(33,328,000)	225,012,000
Hatton National Bank PLC	-	20,831,206	(9,859,790)	10,971,417
	3,074,421,555	35,503,991	(323,088,683)	2,786,836,862

16.1.2 Short Term Loans

	As at 01.04.2020 Rs.	Loan Obtained Rs.	Repayments Rs.	As at 31.03.2021 Rs.
Hatton National Bank PLC	50,000,000	62,017,108	(87,017,108)	25,000,000
	50,000,000	62,017,108	(87,017,108)	25,000,000

Notes to the Financial Statements

16.2 Company

	2021 Amount Repayable Within 1 Year Rs.	2021 Amount Repayable After 1 Year Rs.	2021 Total Rs.	2020 Amount Repayable Within 1 Year Rs.	2020 Amount Repayable After 1 Year Rs.	2020 Total Rs.
Term Loans (Note 16.2.1)	39,430,320	146,097,408	185,527,728	14,482,262	177,846,669	192,328,931
Short Term Loans (Note 16.2.2)	25,000,000	-	25,000,000	50,000,000	-	50,000,000
Bank Overdrafts (Note 13.2)	-	-	-	3,676,536	-	3,676,536
Lease Liability	2,726,607	2,169,494	4,896,101	2,928,454	-	2,928,454
	67,156,927	148,266,902	215,423,829	71,087,252	177,846,669	248,933,921

16.2.1 Term Loans

	As at 01.04.2020 Rs.	Loan Obtained Rs.	Repayments Rs.	As at 31.03.2021 Rs.
Commercial Bank of Ceylon PLC - Loan 1	17,950,000	-	(5,229,000)	12,721,000
Commercial Bank of Ceylon PLC - Loan 2	34,552,400	-	(5,625,200)	28,927,200
DFCC Bank -Loan 1	26,540,672	-	(1,062,594)	25,478,078
DFCC Bank -Loan 2	17,285,859	-	(880,509)	16,405,350
DFCC Bank -Loan 3	96,000,000	-	(1,875,000)	94,125,000
Bank Loan -WCL Commercial		9,446,100	(1,575,000)	7,871,100
	192,328,931	9,446,100	(16,247,303)	185,527,728

16.2.2 Short Term Loans

	As at 01.04.2020 Rs.	Loan Obtained Rs.	Repayments Rs.	As at 31.03.2021 Rs.
Hatton National Bank PLC	50,000,000	62,017,108	(87,017,108)	25,000,000
	50,000,000	62,017,108	(87,017,108)	25,000,000

16.3 Terms of repayments of interest bearing loans and borrowings are as follows,

Group	Interest Rate	Repayment Terms
Commercial Bank of Ceylon PLC		
Loan 1 (Part 01)	8% per annum (EIB Part)	Repayable in 16 equal monthly installments of Rs.724,508/- and a final installment of Rs.745,846/-
Loan 1 (Part 02)	AWPLR+2% Per annum	Repayable in 16 equal monthly installments of Rs. 22,492/- plus a final installment of Rs. 23,154/-
Loan 2	8% per annum	Repayable in 35 monthly installments of Rs. 803,600/- and a final installment of Rs.801,200/-
WCL	4% per annum	Repayable by 15 monthly installment of Rs. 525,000/-
Loan 3 (Part 01)	8% per annum	Repayable in 42 monthly installments of Rs.777,707/- and a final installment of Rs.778,450/-
Loan 3 (Part 02)	AWPLR + 2% per annum	Repayable in 42 monthly installments of Rs. 58,593/- and a final installment of Rs. 58,650/-
DFCC Bank PLC		
Loan 1	AWPLR + 1.5% per annum	Repayable in 75 equal monthly installments of Rs.15,586,018/-
Loan 2	AWPLR + 2% per annum	Repayable in 72 equal monthly installments of Rs.353,875/-
Loan 3	AWPLR + 2% per annum	In 71 equal monthly installments of Rs.231,062/-
Loan 4	AWPLR + 1.5% per annum	Repayable by 105 monthly instalment
Sampath Bank PLC		
Loan 1	AWPLR + 1.5% per annum	Repayable by 63 monthly instalment of Rs. 14,750,000/- and the final instalment of Rs. 10,250,000/-.
Loan 2	AWPLR + 1.5% per annum	Repayable by 13 monthly installments of Rs. 600,000/-, 96 monthly installments of Rs. 675,000 and 24 monthly installments of Rs. 700,000/-
Loan 3	AWPLR + 1.5% per annum	Repayable by 52 equal monthly instalment of Rs.2,500,000/- and final installment of Rs. 1,512,641/-
Hatton National Bank PLC		
Loan 1	AWPLR + 1% for first five years thereafter AWPLR 0.5% for balance 3 years	Repayable in 53 monthly instalment of Rs. 4,166,000/- and the final instalment of Rs. 4,124,000/-
Loan 2	6.04 % per annum	Repayable by 29 equal monthly installments of Rs. 378,324/-

Company	Interest Rate	Repayment Terms
Commercial Bank of Ceylon PLC		
Loan 1 (Part 01)	8% per annum	Repayable by 16 monthly installment of Rs. 724,508/- and the final installment of Rs. 745,846/-.
Loan 1 (Part 02)	AWPLR + 2% per annum	Repayable by 16 monthly installment of Rs. 22,492/- and the final installment of Rs. 23,154/-.
Loan 2	8% per annum	Repayable by 35 monthly installment of Rs. 803,600/- and a final instalment of Rs. 801,200/-
WCL	4% per annum	Repayable by 15 monthly installment of Rs. 525,000/-

Notes to the Financial Statements

16.3 Terms of repayments of interest bearing loans and borrowings are as follows, (Contd.)

Company	Interest Rate	Repayment Terms
DFCC Bank PLC		
DFCC Loan 1	AWPLR + 2% per annum	Repayable by 72 equal monthly installment of Rs. 353,876/-
DFCC -Loan 2	AWPLR + 2% per annum	Repayable by 71 equal monthly installment of Rs. 231,062/-
DFCC -Loan 3	AWPLR + 1.5% per annum	Repayable by 105 monthly installments

16.4 Fair Value

The carrying amounts of the Group's and Company's financial instruments by classes, that are not carried at fair value in the financial statements are not materially different from their fair values.

16.5 Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial assets by valuation technique:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Other valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Valuation techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at 31 March 2021, the Group held the following financial instruments carried at fair value on the statement of financial position.

Company	2021 Rs.	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.
Assets Measured at Fair Value				
Financial Assets at FVTOCI (Investment in Subsidiaries)	4,052,853,000	-	-	4,052,853,000
	4,052,853,000	-	-	4,052,853,000

Company	2020 Rs.	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.
Assets Measured at Fair Value				
Financial Assets at FVTOCI (Investment in Subsidiaries)	3,932,085,064	-	-	3,932,085,064
	3,932,085,064	-	-	3,932,085,064

During the reporting period ending 31 March 2021, there were no transfers between Level 1 and Level 2 fair value measurements.

17. EMPLOYEE BENEFIT LIABILITY

17.1 Net Benefit Expense

Group/Company	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Current Service Cost	1,403,462	1,771,760	1,307,355	1,771,760
Interest Cost on Benefit Obligation	605,315	410,882	605,315	410,882
Total Expenses	2,008,777	2,182,642	1,912,670	2,182,642

17.2 Changes in the present value of the defined benefit obligation are as follows:

Group/Company	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
As at 01 April	6,053,149	3,735,286	6,053,149	3,735,286
Adjustment due to Transfer of Employees into Company	581,101	(73,830)	283,092	(73,830)
Current Service Cost	1,403,462	1,771,760	1,307,355	1,771,760
Interest Cost on Benefit Obligation	605,315	410,882	605,315	410,882
Remeasurement Gains/(Losses) in Other Comprehensive Income	(2,144,259)	209,051	(2,093,440)	209,051
Benefits Paid	(80,750)	-	(80,750)	-
As at 31 March	6,418,018	6,053,149	6,074,721	6,053,149

17.3 Messrs. Smiles Global (Pvt) Ltd, Actuaries, carried out an actuarial valuation of the defined benefit plan - gratuity on 31 March 2021. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used as at 31.03.2021 are as follows:

	2021	2020
Method of Actuarial Valuation:	Projected Unit Credit method	Projected Unit Credit method
Discount Rate:	8%	10%
Salary Increment Rate:	7%	12%
Retirement Age:	55 years	55 years
Staff Turnover Ratio:	5%	5%
Mortality Table:	A67/70 Ult Mortality Table	A67/70 Mortality Table

17.4 Sensitivity of Assumptions Employed in Actuarial Valuation

The following table demonstrates the sensitivity to a reasonable possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measurement, in respect of the year 2021.

The sensitivity of the income statement and statement of financial position is the effect of the assumed changes in discount rate and salary increment rate on the profit or loss and employment benefit obligation for the year is as follows.

In determining the appropriate discount rate, management considers the interest rates of Sri Lanka Government Bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. During the year 2020/2021, bond yield has decreased and this resulted in the change of discount rate in the year of 2020/21 compared to the year of 2019/20.

in Discount Rate	Increase/(Decrease) in Rate of Salary Increment	2021		Present Value of Employee Benefit Obligation Rs.
		Effect on Statement of Profit or Loss (Reduction)/ Increase in Results for the Year Rs.	Effect on Statement of Financial Position (Reduction)/ Increase in the Liability as at the Year End Rs.	
+1%	-	578,357	(578,357)	5,839,661
-1%	-	(665,735)	665,735	7,083,753
-	+1%	(693,555)	693,555	7,111,573
-	-1%	611,611	(611,611)	5,806,407

Notes to the Financial Statements

17.5 Changes in the Defined Benefit Obligation

The following table demonstrates the changes in the defined benefit obligation.

2021	Amounts Charged to Profit or Loss				Remeasurement Gains/(Losses) in Other Comprehensive Income					31 March 2021	
	01 April 2020	Service Cost	Interest Cost	Sub Total included in Profit or Loss	Benefits Paid	Adjustment due to transfer of employees into Company	Actuarial Changes arising from Demographic Assumptions	Actuarial Changes arising from Financial Assumptions	Experience Adjustments		Subtotal Included in OCI
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Employee Benefit Liability	6,053,149	1,403,462	605,315	2,008,777	(80,750)	581,101	(2,255,674)	111,415	(2,144,259)	-	6,418,018
	6,053,149	1,403,462	605,315	2,008,777	(80,750)	581,101	(2,255,674)	111,415	(2,144,259)	-	6,418,018

2020	Amounts Charged to Profit or Loss				Remeasurement Gains/(Losses) in Other Comprehensive Income					31 March 2020		
	01 April 2019	Service Cost	Interest Cost	Sub Total included in Profit or Loss	Benefits Paid	Adjustment due to transfer of employees into/ out of Company	Actuarial Changes arising from Demographic Assumptions	Actuarial Changes arising from Financial Assumptions	Experience Adjustments		Subtotal Included in OCI	Contributions by the Employer
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Employee Benefit Liability	3,735,286	1,771,760	410,882	2,182,642	-	(73,830)	-	597,501	(388,450)	209,051	-	6,053,149
	3,735,286	1,771,760	410,882	2,182,642	-	(73,830)	-	597,501	(388,450)	527,966	-	6,053,149

17.7 Following payments are expected contributions to the defined benefit plan obligation on the future years:

	2021	2020
	Rs.	Rs.
Between 0 and 2 Years	-	80,848
Between 2 and 5 Years	96,527	16,010
Between 5 and 10 Years	2,023,261	2,022,195
Beyond 10 Years	4,298,230	3,934,096
Total Expected Payments	6,418,018	6,053,149

The average duration of the defined benefit plan obligating at the end of the reporting period is 11.62 years. (2020 : 11.77 years)

18. TRADE AND OTHER PAYABLES

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Trade Payables - Related Parties (Note 18.1)	705,173	2,495,532	353,172	1,274,398
- Others	-	62,000	-	-
Other Payables - Related Parties (Note 18.2)	-	78,520,504	1,149,175,679	1,099,040,458
- Others	36,581,256	25,577,372	11,407,527	13,661,321
	37,286,429	106,655,408	1,160,936,378	1,113,976,177
Sundry Creditors including Accrued Expenses	13,716,000	82,440,098	1,832,153	4,284,455
	51,002,430	189,095,506	1,162,768,530	1,118,260,632

18.1 Trade Payable to Related Parties

LAUGFS Petroleum (Pvt) Ltd	Fellow Subsidiary	212,673	298,917	212,673	298,917
LAUGFS Business Solution (Pvt) Ltd	Fellow Subsidiary	492,500	1,482,134	140,500	261,000
Anantaya Passekudah (Pvt) Ltd	Fellow Subsidiary	-	39,825	-	39,825
LAUGFS Property Developers (Pvt) Ltd	Fellow Subsidiary	-	674,656	-	674,656
		705,173	2,495,532	353,172	1,274,398

	Relationship	Group		Company	
		2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
18.2 Other Payable to Related Parties					
LAUGFS Holdings Ltd	Ultimate Parent	-	63,449,667	-	63,119,710
Anorchi Lanka (Pvt) Ltd	Subsidiary	-	-	590,753,137	457,470,799
Iris Eco Power Lanka (Pvt) Ltd	Subsidiary	-	-	558,416,807	559,672,373
Pams Power (Pvt) Ltd	Subsidiary	-	-	-	168,323
Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Ltd	Subsidiary	-	-	5,735	3,538,416
LAUGFS Property Developers (Pvt) Ltd	Fellow Subsidiary	-	180,343	-	180,343
LAUGFS Eco Sri Limited	Fellow Subsidiary	-	14,890,494	-	14,890,494
		-	78,520,504	1,149,175,679	1,099,040,458

18.3 Trade payables are non-interest bearing and are generally on terms of 45-60 days.

18.4 Other amount due to related parties are payable on demand, non interest bearing and unsecured.

Notes to the Financial Statements

19. COMMITMENTS AND CONTINGENCIES

19.1 Capital Expenditure Commitments

The Group and Company have commitments for acquisition of property, plant and equipment incidental to the ordinary course of business as at 31 March 2021 are as follows:

Group	2021 Rs.	2020 Rs.
Contracted but not Provided for		
Hydro Power Plant	-	-
Solar Power Plant		51,437,590
	-	51,437,590

19.2 Contingencies

The Group does not have significant contingencies as at the reporting date.

20. ASSETS PLEDGED

The following assets have been pledged as security for liabilities.

Nature of Assets	Nature of the Liability	Carrying Amount Pledged		Included Under
		2021 Rs.	2020 Rs.	
Group				
Equity Shares	Primary Mortgage over Equity Shares	1,880,000,000	1,880,000,000	Equity
Project Assets	Primary Mortgage Over Project Assets	376,764,411	387,385,875	Property, Plant and Equipment
Project Assets	Negative Pledge Over Project	1,789,671,782	1,888,759,763	Property, Plant and Equipment
Project Assets	Primary Mortgage over Equity Shares	1,000,001,000	1,000,001,000	Equity
Project Assets	Primary Mortgage over Project assets	1,655,290,994	1,759,237,474	Property, Plant and Equipment
Project Assets	Primary Mortgage over Equity Shares	1,000,004,000	1,000,004,000	Equity
Company				
Equity Shares	Primary Mortgage over Equity Shares	1,880,000,000	1,880,000,000	Equity
Project Assets	Primary Mortgage Over Project Assets	376,764,411	387,385,875	Property, Plant and Equipment

21. TRANSACTIONS WITH THE PARENT AND RELATED ENTITIES

The following table provides the information pertaining to significant transactions that have been entered into with related parties for the relevant financial year. (for information regarding outstanding balances at 31 March 2021 and 31 March 2020, refer to Notes 12 and 18).

21.1 Group

	Ultimate Parent		Other Group Companies		Total	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Balance as at 01st April 2020	(63,444,862)	(702,960)	(12,262,202)	(113,832,288)	(75,707,064)	(114,535,248)
Purchase of Goods / Services	(30,000,000)	-	(10,529,320)	(10,136,995)	(40,529,320)	(10,136,995)
Payment Made for Purchase Of Good & Services	190,434,886	(170,824)	35,921,783	125,711,404	226,356,670	125,540,580
Payment Received from purchase Good & Services	(87,590,025)	(62,571,077)	(6,652,362)	(14,004,323)	(94,242,387)	(76,575,400)
Gratuity-Adjustment			581,101	-	581,101	-
Balance as at 31st March 2021	9,400,000	(63,444,862)	7,059,000	(12,262,202)	16,459,000	(75,707,064)

21.2 Company

	Ultimate Parent		Subsidiaries		Other Group Companies		Total	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Balance as at 01st April 2020	(63,119,711)	(389,343)	(1,011,138,260)	(984,015,352)	(11,036,261)	(113,404,924)	(1,085,294,231)	(1,097,809,619)
Purchase of Goods / Services	(6,000,000)		-		(6,702,070)	(6,760,766)	(12,702,070)	(6,760,766)
Dividend	-		100,000,250	500,001,250	-		100,000,250	500,001,250
Payment Made for Purchase Of Good & Services	138,109,736	(170,824)	88,869,601	107,478,034	25,271,354	111,965,228	252,250,691	219,272,438
Payment Received from purchase of Good & Services	(59,590,025)	(62,559,543)	(267,956,163)	(351,102,192)	(703,125)	(2,835,799)	(328,249,313)	(416,497,534)
Gratuity-Adjustment	-		(298,009)		581,101		283,092	-
Investment in Subsidiaries	-		-	(283,500,000)	-		-	(283,500,000)
Balance as at 31st March 2021	9,400,000	(63,119,711)	(1,090,522,580)	(1,011,138,260)	7,410,999	(11,036,261)	(1,073,711,581)	(1,085,294,231)

Notes to the Financial Statements

21.3 Subsidiaries include the following Companies;

- Iris Eco Power Lanka (Pvt) Ltd.
- Anorchi Lanka (Pvt) Ltd.
- Pams Power (Pvt) Ltd.
- Ginigathhena Thiniyagala Mini Hydro (Pvt) Ltd.

21.4 Other Group Companies include the following Companies;

- LAUGFS Property Developers (Pvt) Ltd
- LAUGFS Business Solutions (Pvt) Ltd
- LAUGFS Gas PLC
- LAUGFS Petroleum (Pvt) Ltd
- LAUGFS Supermarkets (Pvt) Ltd
- LAUGFS Salt and Chemical Ltd
- LAUGFS Lubricants Ltd
- Ananthaya Passekudah (Pvt) Ltd
- LAUGFS Eco Sri Ltd
- LAUGFS Leisure Ltd
- LAUGFS Holding Ltd

21.5 Transactions with Key Management Personnel of the Company or its Parent

Key Management Personnel (KMPs) are defined as those persons such as directors, chief executive officers and other senior executives etc. who have authority and responsibility for planning, directing and controlling the activities of the Company as well as the subsidiaries, direct or indirectly.

	2021 Rs.	2020 Rs.
Compensation of Key Management Personnel		
Group		
Directors' Emoluments (Cash Benefits)	24,950,000	25,650,000
Total Compensation paid to Key Management Personnel	24,950,000	25,650,000
Company		
Directors' Emoluments (Cash Benefits)	1,750,000	1,650,000
Total Compensation paid to Key Management Personnel	1,750,000	1,650,000

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

22. DIVIDENDS PAID AND PROPOSED

Declared and Paid during the Year:

	2021 Rs.	2020 Rs.
Dividends on Ordinary Shares:		
Final Dividend - 0.25 Rupees per Share-2020	-	96,750,022

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

23.1 Introduction

The company's overall risk management program focuses on the unpredictability of financial risks and seeks to minimise potential adverse effects on the company's financial performance. With the Group business activities, have given rise to positive correlation with risks associates to it, thus, exposed to Interest Rate Risk, Credit risk and Liquidity risk.

LAUGFS overall risk management policy aims to limit these risks through operational and finance activities. The Board of Directors has overall responsibility for the establishment and oversight of LAUGFS risk management framework. Financial risk management is carried out by the Group Treasury Division along with the Finance Division.

The Group has established strategies for governing procedures in terms of use in financial instruments, including clear segregation of duties pertaining to financial activities, settlement, accounting, etc. Risk management policies and systems are reviewed when necessary to reflect changes in market conditions and LAUGFS activities.

The Audit Committee is assisted in its oversight role by Internal Audit (LAUGFS Audit Services). Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

23.2 Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions.

23.2.1 Trade receivables

The government controlled transmission licensee Ceylon Electricity Board (CEB) is the sole customer of the service. The credit risk towards the Group is insignificant, given the CEB being the sole customer. However, in the recent past, there has been a rise in debtor days, which has impacted the Company's working capital cycle, as an effect of the COVID-19 pandemic.

Credit exposure

In LKR as at 31 March 2021	Cash in Hand and at Bank	Trade and Other Receivable	Amount Due From Related Parties	Total	% Of Allocation
Group					
Trade Receivables	-	399,606,725	6,528,437	406,135,161	83%
Advance for other	-	60,794,007	-	60,794,007	12%
Due From Related Parties	-	-	10,635,736	10,635,736	2%
Loan To executives	-	35,742	-	35,742	0%
Cash at bank	10,304,799	-	-	10,304,799	2%
Total credit risk exposure	10,304,799	460,436,474	17,164,173	487,905,445	100%

In LKR as at 31 March 2021	Cash in Hand and at Bank	Trade and Other Receivable	Amount Due From Related Parties	Total	% Of Allocation
Company					
Trade Receivables	-	37,419,762	6,528,437	43,948,198	26%
Advance for other	-	54,464,989	-	54,464,989	32%
Due From Related Parties	-	-	69,288,834	69,288,834	40%
Loan To executives	-	17,339	-	17,339	0%
Cash at bank	4,094,652	-	-	4,094,652	2%
Total credit risk exposure	4,094,652	91,902,090	75,817,271	171,814,013	100%

Notes to the Financial Statements

23.2 Credit Risk (Contd.)

Credit exposure

In LKR as at 31 March 2020	Cash in Hand and at Bank	Trade and Other Receivable	Amount Due From Related Parties	Total	% Of Allocation
Group					
Trade Receivables		439,960,409	-	439,960,409	85%
Advance for other		60,527,730		60,527,730	12%
Due From Related Parties			5,308,975	5,308,975	1%
Loan To executives		279,839		279,839	0%
Cash at bank	10,104,556			10,104,556	2%
Total credit risk exposure	10,104,556	500,767,978	5,308,975	516,181,509	100%

In LKR as at 31 March 2020	Cash in Hand and at Bank	Trade and Other Receivable	Amount Due From Related Parties	Total	% Of Allocation
Company					
Trade Receivables		42,811,285		42,811,285	38%
Advance for other		54,500,762		54,500,762	48%
Due From Related Parties			15,020,625	15,020,625	13%
Loan To executives		279,839		279,839	0%
Cash at bank	100,943			100,943	0%
Total credit risk exposure	100,943	97,591,886	15,020,625	112,713,453	100%

23.2.3 Short Term deposits

The credit risk of cash and cash equivalents are managed by the Group Treasury Division in accordance with the Group established guidelines. The Group Treasury Division ensures the cash and cash equivalent are held with banks & financial institution counterparties, with good reputation and credit ratings.

Short Term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirement of the Company and earn interest at the respective short-term deposit rates/one day-repurchases. The Group held cash in hand and at bank equivalents of LKR. 10.3 Mn at 31 March 2021 which represents its maximum credit exposure on these assets.

Respective credit ratings of banks which group cash balances held are as follows;

Rating	Group		Company	
	LKR	%	LKR	%
AAA		0%		0%
AA		0%		0%
A+	953,220	9%	730,492	18%
A	4,455,382	43%	2,223,261	54%
AA-	4,896,197	48%	1,140,898	28%
A-		0%		0%
Total	10,304,799	100%	4,094,652	100%

As at 31 March 2021, deposits were made with Banks respectively which were rated "AA-" or better.

23.3 Liquidity Risk

The Group approach to managing liquidity is to ensure, that they will have reasonable adequate liquid to meet its liabilities as an when it is due, without incurring unacceptable losses or risking the Group reputation. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, and finance leases.

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be high since the total liquid assets over total liabilities show a considerable increase of 150%, mainly due to the expansion in business operations during the year.

Group Treasury receives information from business units regarding the liquidity profile of their financial assets and liabilities and details of projected cash flows arising from projected future business.

The liquidity requirements of business units and subsidiaries are met through central cash management by Group Treasury to cover any short-term fluctuations and longer term funding to address any structural liquidity requirements. The Group Treasury monitors the cash flows in subsidiary and Group level and obtains adequate bank facilities to meet the funding requirements. The Group does not concentrate on a single financial institution, thereby minimising the expose to liquidity risk through diversification of funding sources.

The Group aims to fund investment activities of the individual and Group level by funding the long term investment with long term financial sources in terms of equity or long term loans. Cash flow forecasting is performed by Finance Divisions of each Subsidiary Company of the Group and thoroughly monitors the entity's liquidity requirements to ensure it has sufficient funds to meet the operational needs.

The monthly liquidity position is monitored by the Group Treasury. All liquidity policies and procedures are subject to review and approval by Board of Directors. These reports cover the liquidity position of both the Group and operating subsidiaries.

23.4 Interest Rate Risk

Risk arises from movements in interest rates which could affect the Group financial result. The Group exposure to the risk of changes in market interest rates relating primarily to the Group long term debt obligations with floating interest rates.

The following table demonstrates the sensitivity to change in interest rates, with all other variables held constant, of the Group profit before tax (PAT).

Increase/(Decrease) in Interest Rate	PAT Effect on Income Statement	
	2021 LKR	2020 LKR
1%	2,688,608	3,665,992
-1%	(2,688,608)	(3,665,992)

23.5 Maturity Analysis

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments. Delay in counter-party settlement from CEB has resulted in increase in short-term borrowings

As at 31st March 2021 (LKR)	On Demand	Less than 3 months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
Group						
Non-Current Financial Liabilities		84,205,006	421,025,030	1,876,523,724	405,083,105	2,786,836,865
Leases Obligations			3,717,753	8,531,949	57,162,295	69,411,997
Bank overdrafts	1,395,459					1,395,459
Total	1,395,459	84,205,006	424,742,783	1,885,055,673	462,245,400	2,857,644,321

Notes to the Financial Statements

23.5 Maturity Analysis (Contd.)

As at 31st March 2021 (LKR)	On Demand	Less than 3 months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
Company						
Non-Current Financial Liabilities		6,571,720	32,858,600	82,704,580	63,392,828	185,527,728
Leases Obligations			2,726,607	2,169,494	-	4,896,101
Bank overdrafts	-					-
Total	-	6,571,720	35,585,207	84,874,074	63,392,828	190,423,829

As at 31st March 2020 (LKR)	On Demand	Less than 3 months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
Group						
Non-Current Financial Liabilities		-	326,736,117	2,366,479,616	381,205,820	3,074,421,553
Leases Obligations		-	7,776,000	38,880,000	139,968,000	186,624,000
Bank overdrafts	46,414,709	-				46,414,709
Total	46,414,709	-	334,512,117	2,405,359,616	521,173,820	3,307,460,262

As at 31st March 2021 (LKR)	On Demand	Less than 3 months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
Company						
Long term borrowings		-	14,482,262	120,704,440	57,142,228	192,328,930
Bank overdrafts	3,676,536	-	-	-	-	3,676,536
Total	3,676,536	-	14,482,262	120,704,440	57,142,228	196,005,466

23.6 Capital Management

Company's capital includes ordinary shares. The intention of the Board of Directors is to maintain an optimum capital structure while minimising cost of financing and safeguarding key stakeholders' interest by looking at the position in the life cycle of the respective business units.

The Board of Directors reviews the capital structure of the companies of the Group on periodic basis. The Group manages its capital structure and adjusts in light of the changes in ground realities.

The Group monitors capital using a gearing ratio, which is debt divided by total capital plus debt. The Group policy is to keep the gearing ratio, as an acceptable level in consideration of matters discussed above.

Increase/(Decrease) in Interest Rate	Group		Company	
	2021	2020	2021	2020
Debt/ (Equity + Debt)	49%	54%	6%	8%

24. EVENTS OCCURRING AFTER THE REPORTING DATE

There have been no material events occurring after the reporting date that require adjustments to or disclosure in the financial statements, except for the following,

Being in an essential service which is renewable energy, the Group's business is less impacted operationally. However, in order to maintain operations as usual extra efforts had to be incurred.

Accordingly, as at the date of the financial statements, there is no significant variance of Revenue for the financial year ended 31 March 2021 and had not an adverse effect on the financial statements as well. However prevailing pandemic situation has indirectly affected the cash flow of the Company as payments from CEB has got delayed. Hence the Company has requested for the moratorium from the relevant banks as per the CBSL guidelines. "

Share Information

NUMBER OF SHARES IN ISSUE

Ordinary Voting	335,000,086
Ordinary Non-voting	52,000,000

STOCK SYMBOL

Ordinary Voting	LPL N 000
Ordinary Non-voting	LPL X 000

Listed in the Diri Savi Board of the Colombo Stock Exchange

SHARE PRICES FOR THE YEAR

LPL N	As at 31/03/2021	As at 31/03/2020
Market price per share		
Highest during the year	Rs. 13.50 (20-01-2021)	Rs. 8.80 (30-10-2019)
Lowest during the year	Rs. 1.80 (12-05-2020)	Rs. 2.10 (20-03-2020)
As at end of the year	Rs. 8.80	Rs. 2.40

LPL N	2020/2021	2019/2020
Number of Transactions during the year	9,969	3,653
Number of Shares traded during the year	41,147,911	7,769,383
Value of shares traded during the year (Rs.)	327,139,854.80	43,076,431.80

LPL X	As at 31/03/2021	As at 31/03/2020
Market price per share		
Highest during the year	Rs.9.10 (20/01/2021)	Rs.8.00 (30/10/2019)
Lowest during the year	Rs.1.60 (12/05/2020)	Rs.1.60 (20/03/2020)
As at end of the year	Rs.6.20	Rs.1.60

LPL X	2020/2021	2019/2020
Number of Transactions during the year	12,599	2,690
Number of Shares traded during the year	65,562,199	5,880,049
Value of shares traded during the year (Rs.)	412,104,396.50	25,249,083.80

Public Holding

1. The Public Holding Percentage as at 31st March 2021 being 25.23%
2. Total number of shareholders who hold the public Holdings as at 31st March 2021 8,605
3. The Float adjusted market capitalisation as at 31st March 2021 - Rs. 523,957,678.60

The Float adjusted market capitalisation of the Company falls under Option 5 of Rule 7.13.1 (a) of the Listing Rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under the said option.

Share Information

Share Distribution as at 31st March 2021

LPL N

From	To	No. of Holders	No. of Shares	%
1	- 1,000	7,168	2,552,596	0.76
1,001	- 10,000	1,251	3,909,274	1.17
10,001	- 100,000	164	4,716,806	1.41
100,001	- 1,000,000	22	7,038,561	2.10
Over 1,000,000		7	316,782,597	94.56
		8,612	335,000,086	100.00

LPL X

From	To	No. of Holders	No. of Shares	%
1	- 1,000	5,358	1,819,422	3.05
1,001	- 10,000	1,129	3,341,907	6.42
10,001	- 100,000	192	5,826,140	11.20
100,001	- 1,000,000	29	8,145,633	15.66
Over 1,000,000		5	32,866,898	63.21
		6,713	52,000,000	100.00

Analysis of Shareholders as at 31st March 2021

LPL N

From	No. of Holders	No. of Shares	%
Local Individuals	8,390	15,857,963	4.73
Local Institutions	180	318,681,784	95.13
Foreign Individuals	38	295,633	0.09
Foreign Institutions	4	164,706	0.05
	8,612	335,000,086	100.00

LPL X

From	No. of Holders	No. of Shares	%
Local Individuals	6,542	14,904,668	28.66
Local Institutions	138	36,583,123	70.35
Foreign Individuals	31	423,510	0.81
Foreign Institutions	2	88,699	0.17
	6,713	52,000,000	100.00

Residency**LPL N**

Category	No. of shareholders	No. shares	%
Resident	8,570	334,539,747	99.86
Non Resident	42	460,339	0.14
Total	8,612	335,000,086	100

LPL X

Category	No. of shareholders	No. shares	%
Resident	6,680	51,487,791	99.01
Non Resident	33	512,209	0.99
Total	6,713	52,000,000	100

Director's Shareholding as at 31st March 2021**LPL N**

	No. of shares	%
Mr W K H Wegapitiya	1,411,536	0.421
Mr U K T N De Silva	1,077,897	0.322
Mr H A Ariyaratne (Resigned w.e.f 13th February 2021)	3,900	0.001
Mr. N M Prakash	17,000	0.005
Mr. P M B Fernando	100	0.000
Mr. P. Kudabalage	Nil	Nil

LPL X

	No. of shares	%
Mr W K H Wegapitiya	Nil	Nil
Mr U K T N De Silva	Nil	Nil
Mr H A Ariyaratne (Resigned w.e.f 13th February 2021)	3,400	0.007
Mr. N M Prakash	Nil	Nil
Mr. P M B Fernando	Nil	Nil
Mr. P. Kudabalage	Nil	Nil

Share Information

TWENTY MAJOR SHAREHOLDERS OF THE COMPANY - VOTING

REF.	NAME	31ST MARCH 2021		31ST MARCH 2020	
		SHARES	%	SHARES	%
1	LAUGFS HOLDINGS LIMITED	247,980,050	74.024	247,980,050	74.024
2	EMPLOYEES PROVIDENT FUND	57,897,800	17.283	57,897,800	17.283
3	HATTON NATIONAL BANK PLC/CARLINES HOLDINGS (PVT) LTD	5,000,747	1.493	1,953,696	0.583
4	HATTON NATIONAL BANK PLC/ALMAS ORGANISATION (PVT) LTD	1,774,722	0.530	-	-
5	AMANA BANK PLC/ALMAS ORGANISATION (PVT) LTD	1,639,845	0.490	1,547,795	0.462
6	MR W.K.H.WEGAPITIYA	1,411,536	0.421	1,411,536	0.421
7	MR U.K.T.N.DE SILVA	1,077,897	0.322	1,077,897	0.322
8	PEOPLE'S LEASING & FINANCE PLC / MR. D M P DISANAYAKE	928,768	0.277	-	-
9	MRS. R M SOMAWATHI	825,547	0.246	-	-
10	MR G.Y.N.MAHINKANDA	814,575	0.243	794,572	0.237
11	MR H.D.M.P.SIRIWARDENA	749,000	0.224	749,000	0.224
12	PEOPLE'S LEASING & FINANCE PLC / L P HAPANGAMA	725,135	0.216	42,900	0.013
13	PEOPLE'S LEASING & FINANCE PLC / DR. H S D SOYSA & MRS. G SOYSA	256,641	0.077	60,000	0.018
14	MRS. M K D C EDIRISINGHE & MR. J M EDIRISINGHE	253,102	0.076	-	-
15	MR. N M N NARASINGHE	250,000	0.075	-	-
16	MERCHANT BANK OF SRI LANKA & FINANCE PLC/ K L K M INDIKA	215,000	0.064	109,150	0.033
17	EMPLOYEES TRUST FUND BOARD	205,304	0.061	205,304	0.061
18	MR C.S.KARIYAWASAN	200,000	0.060	200,000	0.060
19	MR H.A.VAN STARREX	197,098	0.059	197,098	0.059
20	PEOPLE'S LEASING & FINANCE PLC/ L H L M P HARADASA	189,456	0.057	77,321	0.023
		322,592,223	96.296	314,304,119	93.822
	OTHERS	12,407,863	3.704	20,695,967	6.178
		335,000,086	100.000	335,000,086	100.000

TWENTY MAJOR SHAREHOLDERS OF THE COMPANY - NON-VOTING

REF.	NAME	31ST MARCH 2021		31ST MARCH 2020	
		SHARES	%	SHARES	%
1	EMPLOYEES PROVIDENT FUND	18,041,300	34.695	18,041,300	34.695
2	HATTON NATIONAL BANK PLC/CARLINES HOLDINGS (PVT) LTD	7,531,386	14.483	2,213,417	4.257
3	HATTON NATIONAL BANK PLC/ALMAS ORGANISATION (PVT) LTD	3,902,660	7.505	-	-
4	HATTON NATIONAL BANK PLC/SASHIMAAL RUHASH FERNANDO	2,093,721	4.026	-	-
5	BANK OF CEYLON NO. 1 ACCOUNT	1,297,831	2.496	1,547,831	2.977
6	PEOPLE'S LEASING & FINANCE PLC / L P HAPANGAMA	908,234	1.747	-	-
7	MR. A.M.WEERASINGHE	813,471	1.564	813,471	1.564
8	MR. O KASSIM & MR. A O KASSIM	500,000	0.962	-	-
9	MR. F KASSIM	500,000	0.962	-	-
10	MR. A B TENNAKOON	413,645	0.795	-	-
11	PEOPLE'S LEASING & FINANCE PLC / MR. M S M S MUEEN	400,000	0.769	-	-
12	MRS C.N.G.NARAYANA	378,800	0.728	378,800	0.728
13	MRS S.D.AMARASINGHE	372,400	0.716	372,400	0.716
14	MRS. F R BUHARDEEN	328,087	0.631	759,567	1.461
15	MR. A M M RISVI	309,121	0.594	-	-
16	NARATHA VENTURES PRIVATE LIMITED	308,000	0.592	308,000	0.592
17	MR. D C T WIJEMANNE	280,300	0.539	-	-
18	MERCHANT BANK OF SRI LANKA & FINANCE PLC/S GOBINATH	218,909	0.421	390,000	0.750
19	MR. D M P DISANAYAKE	212,872	0.409	-	-
20	MR. S GOBINATH	200,000	0.385	-	-
		39,010,737	75.021	24,824,786	47.740
	OTHERS	12,989,263	24.979	27,175,214	52.260
		52,000,000	100.000	52,000,000	100.000

Real Estate Portfolio

Company	Plant Name	Location	Land (Acres)		Building area (Sq.Ft)
			Free hold	Lease Hold	
Anorchi Lanka (Pvt) Ltd	10 MW Anorchi Lanka SPP	Baruthankanda, Hambanthota		45	5,835
Iris Eco Power Lanka (Pvt) Ltd	10 MW Iris Eco Power Lanka SPP	Baruthankanda, Hambanthota		45	5,835
	1 MW Embilipitiya 3 SPSPII SPP	Hingura, Embilipitiya		4.68	160
LAUGFS Power PLC	1 MW Embilipitiya 2 SPSPII SPP	Hingura, Embilipitiya		5	800
	0.5 MW Ranmudu Oya Phase I MHP	Pambagolla, Balangoda		1.48	2,400
	0.55 MW Ranmudu Oya Phase III MHP	Pidaligannawala, Balangoda	0.67		1,440
Ginigathena Thiniyagala Mini Hydropower (Pvt) Ltd	0.7 MW Ginigathena Thiniyagala MHP	Thiniyagala, Ginigathena	0.98		860
Pams Power (Pvt) Ltd	2 MW Kehelgamuwa Oya II MHP	Dagampitiya, Ginigathena	0.6	2.16	

Five Year Summary - Group

For the year ended 31 March	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
SUMMARY OF OPERATIONS					
Revenue	138,462,727	1,068,339,528	967,406,126	979,343,466	982,880,136
Gross Profit	99,135,833	803,051,937	672,767,404	680,193,341	666,599,872
Operating Profit	65,811,097	744,267,232	557,226,558	549,054,481	531,006,496
EBITDA	106,232,889	983,956,398	803,389,816	788,919,981	787,682,560
Profit Before Tax	9,015,903	336,745,635	184,216,229	185,392,551	265,202,087
Profit After Tax	4,532,427	337,226,136	170,642,376	125,926,243	234,743,514
Attributable to:					
Equity Holders of the Parent	4,532,427	337,226,136	170,642,376	125,926,243	234,743,514
Non-Controlling Interests					
	4,532,427	337,226,136	170,642,376	125,926,243	234,743,514
SUMMARY OF FINANCIAL POSITION					
Stated Capital	1,880,000,000	1,880,000,000	1,880,000,000	1,880,000,000	1,880,000,000
Retained Earnings	311,791,556	629,910,778	800,099,103	829,095,541	1,065,480,889
Equity attributable to Equity Holders of the Parent	2,191,791,556	2,509,910,778	2,680,099,103	2,709,095,541	2,945,480,889
Non-Controlling Interests					
Total Equity	2,191,791,556	2,509,910,778	2,680,099,103	2,709,095,541	2,945,480,889
ASSETS & LIABILITIES					
Property, Plant and Equipment	5,009,470,460	4,944,950,639	4,869,901,023	4,928,162,277	4,709,768,667
Other Non-Current Assets	657,214,430	656,930,166	660,743,252	739,665,995	737,256,221
Current Assets	374,458,353	566,213,404	527,546,833	522,483,304	491,777,761
Non-Current Liabilities	3,319,294,760	2,995,003,983	2,632,854,509	2,842,222,511	2,403,241,063
Current Liabilities	530,056,927	663,179,448	745,237,496	638,993,525	590,080,697
Net Assets	2,191,791,556	2,509,910,778	2,680,099,103	2,709,095,541	2,945,480,889
SUMMARY OF CASHFLOWS					
Net Operating Cashflows	(875,980,492)	328,033,940	385,330,241	214,491,982	393,231,495
Net Cash (used in) /From Investing Activities	(3,977,225,678)	(168,619,826)	(159,012,711)	(285,353,219)	(24,210,475)
Net Cash (used in)/From Financing Activities	4,869,409,601	(87,710,219)	(291,293,138)	(9,873,673)	(323,801,527)
Net Increase/(Decrease) in Cash and Cash Equivalent	16,203,430	71,703,895	(64,975,608)	(80,734,913)	45,219,493
FINANCIAL RATIO					
Gross Profit Margin	72%	75%	70%	69%	68%
EBITDA Margin	77%	92%	83%	81%	80%
Net Profit Margin	3%	32%	18%	13%	24%
Earnings Per Share (EPS)	0.02	0.87	0.44	0.33	0.61

Notice of Meeting

Taking into consideration the current regulations/restrictions prevailing in the country due to the COVID-19 pandemic, the Board of Directors of LAUGFS Power PLC has decided to hold the 4th Annual General Meeting (AGM) as a Virtual Meeting on 30th September 2021 at 3.00 pm, in line with the guidelines issued by the Colombo Stock Exchange (CSE) for hosting of virtual AGMs.

Hence, Notice is hereby given that the 4th Annual General Meeting of the Company will be held by way of electronic means on 30th September 2021 at 3.00 pm, centered at the LAUGFS Head Office building located at No. 101, Maya Avenue, Colombo 06, Sri Lanka, for the following business:

- To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and its subsidiaries and the Statement of Accounts for the year ended 31st March 2021 and the Report of the Auditors thereon.
- To re-elect Mr. N.M Prakash, who retires by rotation in terms of Article 25(6) of the Articles of Association, as a Director of the Company;
- To re-appoint Messrs Ernst & Young, Chartered Accountants, the retiring Auditors and to authorise the Directors to determine their remuneration.
- To authorise the Directors to determine and make donations for the year ending 31st March 2022 and upto the date of the next Annual General Meeting.

By Order of the Board
LAUGFS POWER PLC



P W Corporate Secretarial (Pvt) Ltd
Secretaries

At Colombo
30th June 2021

Notes:

- Below mentioned documents can now be downloaded via the corporate website https://www.laugfs.lk/agm/lp/lp_notice_of_meeting.pdf and the "announcements" tab on the CSE website at <https://www.cse.lk/pages/company-profile/company-profile.component.html?symbol=LPLX0000>
 - Notice of Meeting
 - Circular to shareholders
 - Form of Proxy
 - Guideline and Registration Process to join the AGM virtually
 - Registration Form for the AGM
 - Request Form for the printed copy of the Annual Report
- A shareholder entitled to participate and vote at the above virtual meeting is entitled to appoint a proxy to participate and vote in his/her place by completing the Form of Proxy which can be downloaded as above
- Shareholders who are unable to participate in the above virtual meeting are also encouraged to submit a duly completed Form of Proxy appointing the Chairman or any other Member of the Board to participate and vote on their behalf.
- A proxy need not be a shareholder of the Company.
- For more information on how to participate by virtual means in the above virtual meeting, please refer Registration Process which can be downloaded as above.

Form of Proxy Voting

*I/We..... holder of NIC No.....of.....being a *Shareholder /
 Shareholders of LAUGFS Power PLC, do hereby appoint
 holder of NIC No ofor failing him/her

Mr. W. K. H. Wegapitiya of Colombo or failing him
 Mr. U. K. T. N. De Silva of Colombo or failing him
 Mr. N. M. Prakash of Colombo or failing him
 Mr. P. M. B. Fernando of Colombo or failing him
 Mr. P. Kudabalage of Colombo

as *my/our proxy to represent me/us to speak and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 30th September 2021 at 3.00 pm and any adjournment thereof and at every poll which may be taken in consequence thereof.

		For	Against
1.	To re-elect Mr. N. M. Prakash, who retires by rotation in terms of Article 25(6) of the Articles of Association, as a Director of the Company.		
2.	To re-appoint Messrs Ernst & Young, Chartered Accountants, the retiring Auditors and to authorise the Directors to determine their remuneration.		
3.	To authorise the Directors to determine and make donations for the year ending 31st March 2022 and upto the date of the next Annual General Meeting.		

Signed this..... day of Two Thousand and Twenty one.

.....
 Signature

- 1) *Please delete the inappropriate words.
- 2) Instructions as to completion are noted on the reverse thereof.

Instructions as to Completion

1. The full name, National Identity Card number and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.
2. The Proxy shall –
 - (a) In the case of an individual be signed by the shareholder or by his/her attorney, and if signed by an Attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.
 - (b) In the case of a company or corporate / statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the company or corporate / statutory body in accordance with its Articles of Association or the Constitution or the Statute (as applicable).
3. For voting share, please indicate with a 'X' how the Proxy should vote on each resolution. If no indication is given, the Proxy in his/her discretion will vote as he/she thinks fit.
4. To be valid, the completed Form of Proxy must be deposited with the Company Secretaries, P W Corporate Secretarial (Pvt) Ltd at No. 3/17, Kynsey Road, Colombo 08, Sri Lanka or must be emailed to LAUGFSgroup.pwcs@gmail.com, 48 hours before the AGM.

Form of Proxy Non-Voting

*I/We..... holder of NIC No.....of.....being a *Shareholder /
 Shareholders of LAUGFS Power PLC, do hereby appoint
 holder of NIC No ofor failing him/her

Mr. W K H Wegapitiya	of Colombo or failing him
Mr. U K T N De Silva	of Colombo or failing him
Mr. N M Prakash	of Colombo or failing him
Mr. P M B Fernando	of Colombo or failing him
Mr. P Kudabalage	of Colombo

as *my/our proxy to represent me/us to speak for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 30th September 2021 at 3.00 pm and any adjournment thereof.

Signed this..... day of Two Thousand and Twenty one.

.....
 Signature

- 1) *Please delete the inappropriate words.
- 2) Instructions as to completion are noted on the reverse thereof.

Corporate Information

NAME OF THE COMPANY

LAUGFS Power PLC (A Subsidiary of LAUGFS Holdings Limited)

COMPANY REGISTRATION NO.

PB 1595 PQ

LEGAL FORM

A Limited Liability company listed in the Colombo Stock Exchange

SUBSIDIARIES

Anorchi Lanka (Pvt) Ltd

Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Ltd

Iris Eco Power Lanka (Pvt) Ltd

Pams Power (Pvt) Ltd

PARENT ENTERPRISE

The Company's holding Company and controlling entity is LAUGFS Holdings Limited, which is incorporated in Sri Lanka.

BOARD OF DIRECTORS

Mr.W.K.H.Wegapitiya (Chairman)

Mr.U.K.Thilak De Silva (Deputy Chairman)

Mr. Piyadasa Kudabalage

(Group Managing Director/GCEO- w.e.f. 25.05.2020)

Mr.H.A.Ariyaratne. (Resigned w.e.f. 13.02.2021)

Mr. P.M.B Fernando

Mr. Murali Prakash

BANKERS

Commercial Bank of Ceylon PLC.

DFCC Bank PLC.

Hatton National Bank PLC.

Sampath Bank PLC.

Standard Chartered Bank.

AUDITORS

Ernst & Young.

(Chartered Accountants)

201, De Saram Place,

Colombo 10,

Sri Lanka.

SECRETARIES

P W Corporate Secretarial (Pvt) Ltd.

3/17, Kinsey Road, Colombo 08,

Sri Lanka.

REGISTRARS

P W Corporate Secretarial (Pvt) Ltd.

3/17, Kinsey Road, Colombo 08,

Sri Lanka.

REGISTERED OFFICE

101, Maya Avenue,

Colombo 06,

Sri Lanka.

CORPORATE WEBSITE

www.laugfs.lk

Notes

A series of horizontal dotted lines for writing notes.

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