



POWERING YOUR PATH AHEAD

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As a leading entity in Sri Lanka's renewable energy sector, we are committed to steering the nation towards a more sustainable future. By harnessing solar and water potential through our power plants, we pave the way for a future where clean energy powers homes, businesses, and communities.

Our commitment to sustainability extends beyond power generation, encompassing a broader vision of nurturing an era that values and champions environmental stewardship. By investing in the development of our infrastructure and capabilities, we are not only powering the present but the path ahead for the future.

At LAUGFS Power, we understand that broadening our horizons to explore other energy sources involves fostering a culture of responsibility and innovation. We are excited about the opportunities that lie before us, and look forward to powering your path ahead.



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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.

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'.

ABOUT US



Hydro Power

Our three mini-hydro power plants, located in Balangoda and Ginigathena, contribute approximately 5 GWh of energy to the National Grid annually. These plants have a combined capacity of 1.75 MW. The Ranmudu Oya Phase I, Phase III, and Thiniyagala plants were commissioned in 2014, 2015, and 2016, respectively. Their consistent performance highlights our commitment to sustainable energy production.



Rooftop Solar Power

LAUGFS has installed rooftop solar panels across the Western, North Western, and Eastern Provinces, achieving a total capacity of 567 KW. Solar energy, being one of the most sought-after renewable energy sources in Sri Lanka, underscores our dedication to harnessing sustainable and clean energy to meet the growing demand.



Solar Power Plants

Commissioned in 2017, the Iris and Anorchi solar power plants represent the largest solar power installation in Sri Lanka. Located on a 90-acre site in Hambantota, these plants contribute 38 GWh to the National Grid annually. Additionally, a separate solar project in Embilipitiya provides another 2 MW of power. These projects demonstrate our leadership in large-scale solar energy production and our commitment to expanding renewable energy capacity.



Other Projects

LAUGFS Power is actively pursuing the development of wind power as a viable alternative energy source. We signed the PPA for a 10MW ground mount Solar Power Plant in June 2023 and expected to be commenced operations in March 2025. Additionally, we have received preliminary approval from the State Ministry of Solar, Wind, and Hydro Power Generation Project Development for a 50 MW wind power project in the Mannar District. Our exploration of renewable power opportunities extends beyond Sri Lanka, with interests in projects in Bangladesh and the African region.



Sustainable Goals

LAUGFS Power PLC is at the forefront of Sri Lanka's transition to renewable energy, actively developing solar, hydro, and wind energy projects. Our aim is to ensure energy security and promote green energy for a sustainable future. As a key subsidiary of the LAUGFS Group, LAUGFS Power PLC operates the largest solar power plant in the country, three mini-hydro power plants, and multiple solar projects, reflecting our expansive footprint across the island.

Leading these initiatives is a dedicated team of energy experts, qualified engineers, and skilled technicians who drive the company's strategic growth.

Their combined expertise ensures the delivery of essential energy management and renewable energy generation solutions to the nation, establishing LAUGFS Power as a premier name in Sri Lanka's renewable energy sector.

Our operations are anchored in robust research and development, leveraging local knowledge, technical expertise, and advanced training from international sources. This comprehensive capability allows us to envision and implement our expansion plans both within Sri Lanka and beyond, positioning LAUGFS Power PLC as a leader in the pursuit of a greener, more sustainable energy future.

PERFORMANCE HIGHLIGHTS

| | Group | | | Company | | |
|---|--------------------|--------------------|--------|--------------------|--------------------|--------|
| | 2023/24 Rs. 000 | 2022/23 Rs. 000 | Change | 2023/24 Rs. 000 | 2022/23 Rs. 000 | Change |
| SUMMARY OF OPERATIONS | | | | | | |
| Power Generation (kWh) | 44,882 | 44,075 | 2% | 6,003 | 4,679 | 28% |
| Revenue | 967,670 | 968,662 | 0% | 88,884 | 80,091 | 11% |
| Gross Profit | 626,096 | 644,537 | -3% | 54,480 | 46,942 | 16% |
| Other Operating Income | - | - | 0% | 170,000 | - | 100% |
| Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) | 731,205 | 741,447 | -1% | 181,192 | (8,953) | -2124% |
| Profit/(Loss) for the year | 51,978 | (113,614) | -146% | 128,689 | (114,943) | -212% |
| SUMMARY OF FINANCIAL POSITION | | | | | | |
| Total Non-Current Assets | 3,436,365 | 3,680,690 | -7% | 3,294,185 | 3,363,290 | -2% |
| Total Current Assets | 892,336 | 1,252,961 | -29% | 487,488 | 299,120 | 63% |
| Total Assets | 4,328,701 | 4,933,651 | -12% | 3,781,673 | 3,662,409 | 3% |
| Total Non-Current Liabilities | 1,825,811 | 2,239,200 | -18% | 188,515 | 192,603 | -2% |
| Total Current Liabilities | 521,375 | 764,952 | -32% | 1,486,260 | 1,446,005 | 3% |
| Total Liabilities | 2,347,186 | 3,004,152 | -22% | 1,674,775 | 1,638,608 | 2% |
| Total Equity | 1,981,515 | 1,929,499 | 3% | 2,106,897 | 2,023,802 | 4% |
| FINANCIAL RATIOS | | | | | | |
| Gross Profit Margin | 65% | 67% | -3% | 61% | 59% | 5% |
| EBITDA Margin | 76% | 77% | -1% | 204% | -11% | -1924% |
| Net Profit Margin | 5% | -12% | -146% | 145% | -144% | -201% |
| Earnings Per Share (EPS) | 0.13 | (0.29) | 146% | 0.33 | (0.30) | -212% |
| Net Assets Value per Share (Rs.) | 5.12 | 4.99 | 3% | 5.44 | 5.23 | 4% |

GROUP CHAIRMAN'S MESSAGE



“ Embedded within the ethos of our operations lies a steadfast dedication to the sustainability of our planet and the well-being of the communities we serve. ”

I am truly honoured to extend a heartfelt welcome to each of you as we gather for the 7th annual general meeting of LAUGFS Power PLC. Today, I have the privilege of presenting to you the comprehensive Annual Report and Audited Financial Statements for the fiscal year ending on March 31, 2024.

Throughout this past year, LAUGFS Power PLC has navigated through a landscape marked by numerous challenges and uncertainties. Despite the obstacles posed by the economic downturn, our company has exemplified resilience, demonstrating our steadfast commitment to our stakeholders. Moreover, we have continued to uphold our values of empathy and care, ensuring that the well-being of all our stakeholders remains at the forefront of our operations.

As we reflect on the accomplishments and milestones achieved during the past year, it is important to acknowledge the dedication and hard work of our team members, whose unwavering efforts have contributed to the company's success. Their commitment to excellence has been instrumental in overcoming the challenges we have faced and positioning LAUGFS Power PLC for sustained growth and prosperity in the years ahead.

GLOBAL DRIVE FOR RENEWABLES

The year 2023 marked a significant milestone in the expansion of renewable energy capacity, driven primarily by China's robust solar photovoltaic (PV) market. Global annual additions to renewable capacity surged by nearly 50% to approximately 510 gigawatts (GW), representing the fastest growth rate witnessed in the past two decades. Remarkably, this marked the 22nd consecutive year of setting new records in renewable capacity additions worldwide. While Europe, the United States, and Brazil experienced all-time highs in renewable capacity increases, China's acceleration stood out as extraordinary. In 2023, China alone commissioned solar PV installations equivalent to the total global capacity added in 2022, with its wind additions also experiencing a notable 66% year-on-year growth. Solar PV emerged as the dominant contributor, accounting for three-quarters of all renewable capacity additions globally.

The realization of the COP28 target to triple global renewable capacity by 2030 hinges crucially on effective policy implementation. Prior to the COP28 climate change conference in Dubai, the International Energy Agency (IEA) urged governments to support five pillars for action by 2030, including the ambitious goal of tripling global renewable power capacity. While several of these priorities were reflected in the Global Stocktake text agreed upon by 198 governments at COP28, achieving the tripling goal would require overcoming existing challenges and implementing policies more expeditiously. The report identifies four main categories of challenges, including policy uncertainties, insufficient investment in grid infrastructure, administrative barriers, and financing constraints, which vary across countries.

Under current policies and market conditions, global renewable capacity is projected to reach 7,300 GW by 2028, falling short of the tripling goal. However, an accelerated case scenario outlined in the report demonstrates that addressing these challenges could lead to almost 21% higher growth of renewables, bringing the world closer to meeting the global tripling pledge.

The transformation of the global power mix is underway, with renewables expected to dominate the landscape in the coming years. Over the 2023-2028 period, almost 3,700 GW of new renewable capacity is forecasted to come online, primarily driven by supportive policies in more than 130 countries. Solar PV and wind are poised to account for 95% of this expansion, benefitting from their increasingly competitive generation costs compared to fossil fuels. Several renewable energy milestones are expected, including wind and solar PV collectively generating more electricity than hydropower in 2024, renewables surpassing coal as the largest source of electricity generation in 2025, and the share of renewable energy sources reaching over 42% of global electricity generation by 2028.

COMPANY PERFORMANCE

In the fiscal year 2022/23, LAUGFS Power's hydro revenue totaled 59.63 Mn Sri Lankan Rupees, marking a notable uptick in the subsequent fiscal year, reaching 67.19 Mn Sri Lankan Rupees.

Meanwhile, solar revenue for LAUGFS Power amounted to 909.04 Mn Sri Lankan Rupees in the fiscal year 2022/23, slightly decreasing to 900.48 Mn Sri Lankan Rupees in the following year. Despite this slight decline, LAUGFS Power maintains significant income from solar energy operations. Overall, LAUGFS Power's financial performance exhibits stability and resilience, with commendable growth in hydro revenue and sustained revenue levels in the solar segment. This demonstrates the company's strong position in the renewable energy sector, utilizing both hydroelectric and solar energy sources to drive revenue growth and contribute to sustainable energy generation in Sri Lanka.

ESG COMMITMENT

The exponential growth witnessed in the uptake of Non-Conventional Renewable Energy (NCRE) signifies a pivotal moment for the sector's evolution, setting a promising course for its future endeavours. At the forefront of this transition, we take immense pride in our role as supporters of Sri Lanka's journey towards embracing cleaner, more sustainable energy solutions. The widespread adoption of NCRE technologies not only represents a commendable advancement but also underscores a profound commitment to fostering greater social responsibility and environmental stewardship.

Embedded within the ethos of our operations lies a steadfast dedication to the sustainability of our planet and the well-being of the communities we serve. Our initiatives are meticulously guided by a stringent risk management and governance framework, bolstered by an unwavering adherence to an ethical code of conduct. By prioritizing sustainability at every turn, we strive to leave a positive impact on the environment while contributing to the collective efforts aimed at building a greener, more resilient future for generations to come.

OUTLOOK

Based on the encouraging signs within the economy, we anticipate a more favourable operating environment for the Company in the latter half of 2023/24, facilitating the resumption of projects previously placed on hold. Our forthcoming strategies will closely align with the government's energy policy,

which aims to derive 70% of the nation's total electricity from renewable sources by 2030.

Continuing our proactive approach, we remain vigilant for opportunities to expand our presence, with a particular focus on potential investments in solar power projects. The recent energy challenges in Sri Lanka and Europe, exacerbated by the Russia-Ukraine conflict, underscore the indispensable role of renewable energy in ensuring long-term energy security and potentially offsetting the reliance on fuel imports.

Despite the prevailing challenges, LAUGFS Power remains steadfast in its commitment to advancing the Non-Conventional Renewable Energy (NCRE) sector and supporting the nation's endeavours to achieve its clean energy objectives. Through our dedication and initiatives, we aim to contribute meaningfully to the sustainable development of the country while fostering a cleaner, greener future for all.

ACKNOWLEDGMENTS

I extend my heartfelt gratitude to my esteemed colleagues on the Board for their steadfast support throughout our journey. I also wish to commend the dedicated management and team members of LAUGFS Power for their resilience and unwavering commitment, especially in the face of significant external challenges.

Furthermore, I express sincere appreciation to the Public Utilities Commission of Sri Lanka, the Sustainable Energy Authority of Sri Lanka, the Central Environment Authority, and the Ceylon Electricity Board for their continuous support to the industry throughout the year. Their collaboration and assistance have been invaluable in navigating the complexities of the energy sector and overcoming obstacles along the way.



Deshabandu W.K.H. Wegapitiya, PhD
Group Chairman

12 June 2024

GROUP DEPUTY CHAIRMAN'S MESSAGE



Between 2021 and 2022, Sri Lanka grappled with profound upheavals within its energy sector, ushering in an era of unparalleled challenges. This tumultuous period was marked by extensive fuel queues spanning miles and prolonged power outages lasting several hours. However, amidst these adversities emerged a glimmer of hope as authorities within the energy sector finally recognized the intrinsic value of indigenous renewable energy sources for power generation. They came to acknowledge that such sources present a more economically viable solution compared to traditional fossil fuel-based methods of power generation.

Unfortunately, history repeated itself in the subsequent year, with the widespread use of oil for power generation. Consequently, the country's energy mix witnessed a resurgence of dependence on fossil fuels, exceeding 65% in March/April 2023. The power cuts were successfully averted in 2023, albeit at a significant cost incurred through increased reliance on oil-based power generation. However, this solution comes with its own set of challenges.

The Ceylon Electricity Board finds itself unable to cover the substantial costs associated with this approach, as evidenced by their deficit in payments to local renewable power producers, totalling approximately Rs. 40 billion over the past 12 months. Additionally, reports indicate that the CEB incurred losses amounting to Rs. 285 billion in the year 2022.

Moreover, there has been a concerning decline in electricity demand throughout the year, which has been attributed to tariff increases. This downward trend in demand is alarming, as it signifies a potential regression in Sri Lanka's annual energy consumption per capita, currently standing at 515 kWh per capita. If this trend continues, it is projected that the country's energy consumption per capita will further decrease, indicating a potential setback in the nation's level of development.

This shift in energy dynamics highlights the need for a paradigm change, where the provision of energy services and supplies becomes not only a facilitator for GDP growth across various sectors but also a primary driver of economic advancement.

“ Throughout the year under review, LAUGFS Power successfully implemented several impactful projects aimed at bolstering its renewable energy portfolio. ”

COMPANY PERFORMANCE

In the fiscal year 2022/23, LAUGFS Power experienced a surge in hydro revenue, reaching 59.63 Mn Sri Lankan Rupees. This positive trajectory continued into the following fiscal year, with hydro revenue climbing to 67.19 Mn Sri Lankan Rupees. On the other hand, solar revenue for LAUGFS Power stood at 909.04 Mn Sri Lankan Rupees in 2022/23, experiencing a slight decrease to 900.48 Mn Sri Lankan Rupees in the subsequent year. Despite this minor downturn, LAUGFS Power maintains a strong income stream from solar energy operations. Overall, LAUGFS Power showcases financial stability and adaptability, with robust growth in hydro revenue and consistent performance in the solar segment. These results affirm LAUGFS Power's position as a key player in the renewable energy sector, harnessing both hydroelectric and solar resources to drive revenue and foster sustainable energy practices in Sri Lanka.

STATUS OF CAPACITY EXPANSION PROJECTS

Throughout the year under review, LAUGFS Power successfully implemented several impactful projects aimed at bolstering its renewable energy portfolio. Among these ventures were the establishment of ground-mounted solar power plants with a combined capacity of 22MW, harnessing the abundant solar resources to meet growing energy demands sustainably. Additionally, the company undertook mini-hydro projects, generating 1.75MW of clean energy from water resources. Furthermore, LAUGFS Power executed rooftop solar installations with a capacity of 567kW, promoting decentralized energy production and encouraging solar adoption across residential and commercial sectors. These projects exemplify LAUGFS Power's commitment to advancing renewable energy solutions and driving environmental sustainability forward.

CARBON CREDIT

LAUGFS Power remains steadfast in its mission to drive positive environmental impact through its renewable energy projects, underscoring its unwavering commitment to sustainability. In the current year, the Company's notable achievements include the verification of 21,100 VERs through the Gold Standard for a 14 month period ending in 31.03.2022.

Securing these VERs represents a significant milestone for LAUGFS Power, symbolizing its dedication to environmental excellence and best practices in renewable energy development. By earning carbon credits, the Company demonstrates its proactive approach to carbon footprint reduction. With each operational year, LAUGFS Power effectively mitigates carbon emissions that would otherwise arise from traditional thermal fuel-based power generation methods, thereby contributing to a cleaner and healthier environment.

Beyond the environmental benefits, LAUGFS Power's focus on sustainable energy solutions aligns seamlessly with its overarching goal of delivering triple bottom-line value. By promoting renewable energy initiatives, the Company not only fosters economic growth but also champions environmental sustainability, thereby creating a harmonious balance between profit generation, social responsibility, and ecological preservation.

Moreover, LAUGFS Power's efforts resonate with the broader global agenda for sustainable development, particularly with regard to the United Nations' Sustainable Development Goal (SDG) 7 of Affordable and Clean Energy. By actively supporting clean energy initiatives, the Company plays a pivotal role in advancing this critical goal and contributing to the collective efforts aimed at combating climate change and fostering a more sustainable future for generations to come.

OUTLOOK

Given that LAUGFS Power has successfully managed to collect a significant portion of its dues from the Ceylon Electricity Board (CEB), the company is now well-positioned to leverage these funds to bolster its existing projects and explore new ventures. With a more stable financial footing, LAUGFS Power is poised to channel these resources towards enhancing the efficiency and effectiveness of its current operations, thereby maximizing the impact of its renewable energy projects. Additionally, the availability of these funds enables LAUGFS Power to pursue ambitious expansion plans, considering new projects that align with its strategic objectives and contribute to the sustainable development of the energy sector. This financial stability provides LAUGFS Power with the necessary

flexibility and resources to capitalize on emerging opportunities in the renewable energy market, further solidifying its position as a key player in the industry.

APPRECIATIONS

I extend my sincere gratitude to the Chairman and esteemed Board of Directors for their invaluable guidance and support throughout the challenges faced this year. The dedication and resilience exhibited by the entire team at LAUGFS Power have been truly remarkable as we collectively strive towards realizing our shared vision amidst the economic uncertainties.

Additionally, I wish to express my appreciation to the regulatory bodies including the Public Utilities Commission of Sri Lanka, the Sustainable Energy Authority of Sri Lanka, the Central Environment Authority, and the Ceylon Electricity Board for their unwavering cooperation and collaboration. Their continued support has been instrumental in navigating through the complexities of the industry.

Furthermore, I extend heartfelt thanks to our shareholders, whose steadfast support serves as a cornerstone as we navigate through these challenging times. With their trust and encouragement, we remain optimistic about the opportunities that lie ahead, and we look forward to a more prosperous year ahead.



U.K. Thilak De Silva
Group Deputy Chairman

12 June 2024

GROUP MANAGING DIRECTOR/GROUP CHIEF EXECUTIVE OFFICER'S MESSAGE



As a company committed to contributing positively to Sri Lanka's progress in achieving the UN's Sustainable Development Goals (SDGs), LAUGFS Power's operations in Non-Conventional Renewable Energy (NCRE) play a crucial role in replacing fossil fuels and reducing pollution locally. Solar power, in particular, offers affordable and clean energy solutions while creating employment opportunities for local communities. With the global shift towards building smart cities, solar energy is poised to become a cornerstone of sustainable urban development in Sri Lanka in the future. LAUGFS Power's efforts also contribute significantly to combating climate change, which has had adverse effects on Sri Lanka in recent years. Additionally, the company's initiatives earn carbon credits and pave the way for a cleaner energy future.

DEMAND FOR RENEWABLE ENERGY IN SRI LANKA IN 2023

In 2023, the demand for renewable energy in Sri Lanka continued to grow steadily, driven by various factors. One significant driver was the increasing awareness and concern about environmental sustainability and climate change. As individuals, businesses, and policymakers became more conscious of the need to reduce carbon emissions and transition to cleaner energy sources, the demand for renewable energy surged.

Government policies and initiatives also played a crucial role in driving the demand for renewable energy. Sri Lanka's government continued to prioritize renewable energy development through incentives, subsidies, and regulatory frameworks aimed at promoting investments in solar, wind, hydro, and other renewable energy projects. These policies created a favorable environment for renewable energy adoption and stimulated demand across residential, commercial, and industrial sectors.

Furthermore, the improving affordability and accessibility of renewable energy technologies contributed to the increasing demand. Advances in technology, economies of scale, and declining costs of solar panels, wind turbines, and energy storage systems made renewable energy solutions more accessible and cost-effective for consumers and businesses alike.

“Overall, the demand for renewable energy in Sri Lanka in 2023 reflected a growing recognition of its benefits in terms of sustainability, affordability, and resilience, driving continued growth and investment in the sector.”

Additionally, the reliability and resilience of renewable energy systems gained prominence, particularly in the context of Sri Lanka's vulnerability to climate-related disasters and energy security concerns. The ability of renewable energy sources to provide decentralized and distributed energy generation solutions also appealed to communities in remote areas and off-grid regions.

Overall, the demand for renewable energy in Sri Lanka in 2023 reflected a growing recognition of its benefits in terms of sustainability, affordability, and resilience, driving continued growth and investment in the sector.

KEY HIGHLIGHTS OF THE YEAR

Several key projects unfolded during the year under review, highlighting LAUGFS Power's commitment to expanding its renewable energy footprint and navigating regulatory landscapes. Among these milestones, the signing of a Solar Power Purchase Agreement (SPPA) for a 10MW solar project marks a significant step forward in leveraging solar energy resources for sustainable power generation. Additionally, receiving the Irrigation Department's approval for the Kehelgamu Oya 2 Project underscores the company's dedication to harnessing hydroelectric potential while adhering to environmental regulations.

The regularization of payments by the Ceylon Electricity Board (CEB) reflects improved financial stability and strengthens partnerships within the energy sector. Looking ahead, the anticipated passage of a new Electricity Act in parliament signifies an evolving regulatory framework that will shape the future of energy governance and market dynamics. These developments collectively demonstrate LAUGFS Power's proactive approach to driving renewable energy initiatives and fostering a conducive environment for sustainable energy growth in Sri Lanka.

FUTURE STRATEGY

LAUGFS Power is embarking on an exciting phase of growth with a series of upcoming projects that will significantly expand its renewable energy portfolio. Among these initiatives is the Sustainable Energy Developers solar project, which is poised to

add 10MW of solar capacity. This project underscores LAUGFS Power's steadfast commitment to harnessing solar energy as a sustainable power source. Additionally, the company is making strides in hydroelectric power generation with the "Kehelgamu Oya ii" mini hydro project, expected to contribute 2MW to its renewable energy capacity. This endeavor highlights LAUGFS Power's strategic focus on leveraging water resources for clean energy production.

Moreover, the Maliboda mini hydro project, with a capacity of 1.5MW, further reinforces the company's dedication to diversifying its energy mix and reducing reliance on fossil fuels. Furthermore, LAUGFS Power's expected foray into wind power generation through the Manthai Wind Power Plant in Mannar, boasting a substantial capacity of 50MW, marks a significant milestone in its renewable energy journey. These projects collectively position LAUGFS Power as a key player in driving sustainable energy development and fostering environmental stewardship in Sri Lanka. With a diverse portfolio encompassing solar, hydro, and wind power, LAUGFS Power is well-positioned to meet the nation's growing energy needs while promoting a greener and more sustainable future.

In addition to its ongoing projects, LAUGFS Power is actively engaging in various strategic initiatives to further enhance its position in the renewable energy sector. The company is keen on participating in competitive bidding processes and actively exploring opportunities both locally and overseas. This approach allows LAUGFS Power to capitalize on emerging markets and expand its reach beyond national borders. Moreover, the company is exploring avenues to venture into other renewable energy sources, such as wind energy and waste to energy, to diversify its portfolio and capitalize on new opportunities in the evolving energy landscape.

Furthermore, LAUGFS Power is committed to investing in human capital development, recognizing the importance of skilled workforce in driving innovation and operational excellence. By nurturing talent and providing training opportunities, the company aims to strengthen its capabilities and remain at the forefront of the industry.

Additionally, LAUGFS Power is procuring state-of-the-art testing equipment to ensure better operation and maintenance practices, thereby maximizing the efficiency and reliability of its renewable energy assets.

Finally, the company is exploring green funding options to support its sustainability initiatives, aligning its financial strategies with its commitment to environmental stewardship. These proactive measures underscore LAUGFS Power's dedication to driving sustainable energy development and advancing its position as a leader in the renewable energy sector.

APPRECIATIONS

I would like to express my heartfelt gratitude to the Group Chairman, Deputy Chairman, and the esteemed members of the Board of Directors for their exemplary leadership and vision during what proved to be a challenging period. Their guidance and strategic direction have been instrumental in navigating the complexities we encountered throughout the year.

I am immensely proud of the LAUGFS Power team, whose unwavering commitment and spirit of cooperation have enabled us to surmount the various obstacles we faced. I extend my appreciation to the officials of the Public Utilities Commission, the Ceylon Electricity Board, the Central Environment Authority, and the Sustainable Energy Authority for their invaluable support and collaboration.

Furthermore, I would like to convey my sincere thanks to our esteemed shareholders for their continued trust and confidence in our endeavors. As we look to the year ahead, we recognize that challenges may lie ahead, but our determination to provide cleaner air for all remains resolute, driving us forward with unwavering resolve and dedication.



Piyadasa Kudabalage
Group Managing Director/GCEO

12 June 2024

BOARD OF DIRECTORS



Deshabandu W.K.H. Wegapitiya, PhD
Group Chairman



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



Mr. Piyadasa Kudabalage
Group Managing Director/GCEO



Prof. S.P.P. Amaratunge
Independent Non-Executive Director



Mr. P.M.B. Fernando
Independent Non-Executive Director



Mr. K.R. Goonesinghe
Independent, Non-Executive Director

DESHABANDU W.K.H. WEGAPITIYA, PhD Non-Executive 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 most highly-diversified business groups in Sri Lanka, having a wide spectrum of business presence in the areas of LPG distribution, petroleum, lubricants, power generation, property development, shipping, heavy engineering, automobile services, leisure and restaurants, consumer retailing, manufacture of industrial solid tyres and salt. He currently functions as Group Chairman. He is also the non-executive Chairman of LAUGFS Gas PLC.

He holds a degree (B.Sc) in Business Administration from the University of Sri Jayawardenepura, and obtained his MBA from the Post Graduate Institute of Management (PIM). He also holds a PhD from the Post Graduate Institute of Management of University of Sri Jayawardenapura.

In 1995 he was instrumental in creating Gas Auto Lanka (Private) Limited, the initial enterprise of the now diversified LAUGFS Holdings Limited. His visionary leadership, remarkable entrepreneurship and his extraordinary personal strength to withstand and overcome all adversities thrown in his way, enabled him to succeed in all his endeavours to create the "LAUGFS" business conglomerate, in a relatively short period of time. He is a well-known figure in the local entrepreneurial community in Sri Lanka as he has led a truly successful story. He has been recognised as the best entrepreneur in the country many times over. He is a frequent speaker, presenter and a panellist on topics such as "Business Excellence", "Leadership" and "Entrepreneurship" organised by a variety of organisations locally and overseas. He is also a well-known personality in the global LP gas and energy circles and a regular participant and speaker at international forums on LP gas and energy management. He is the Chairman of all subsidiary entities of LAUGFS Holdings Limited.

He served as a Council member of the University of Sri Jayawardenepura. He was a past Chairman of Chamber of Young

Lankan Entrepreneurs (COYLE), Federation of Chambers of Commerce and Industry of Sri Lanka (FCCISL) and was an executive committee member of the Ceylon Chamber of Commerce.

Mr. Wegapitiya has attended all four meetings of the Board of Directors of LAUGFS Gas PLC held during the financial year 2023/2024. He also attended at board sub-committee meetings held during the financial year under review, whenever invited to be present.

MR. U. K. THILAK DE SILVA
Non-Executive
Group Deputy Chairman

Mr. Thilak De Silva presently serves as the Group Deputy Chairman of this highly diversified business conglomerate. The Group is engaged in 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, the manufacture and export of solid tyres, pharmaceuticals and IV solutions, and the generation of hydro, solar and other types of renewable energy.

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 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

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.

He was instrumental in the phenomenal growth of "LAUGFS", a household brand in Sri Lanka with over 50,000 customers across the country looking 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 has driven the business operations to greater heights and made an indelible imprint on the glorious story of growth and development of the Group.

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

Mr. De Silva has attended three meetings out of four of the Board of Directors of LAUGFS Gas PLC held during the financial year 2023/2024. He also attended at board sub-committee meetings held during the financial year under review, whenever invited to be present.

MR. PIYADASA KUDABALAGE
Group Managing Director/Group Chief
Executive Officer

Mr. Piyadasa Kudabalage is the Group Managing Director and Group Chief Executive Officer of LAUGFS Holdings Limited and all its subsidiary companies. He provides overall supervision and leadership to the management of all subsidiary companies under LAUGFS Holdings Limited and all its subsidiary companies including LAUGFS Gas PLC.

He is a well-qualified and experienced professional and an alumnus of the University of Kelaniya from where he graduated in Business Administration and Management. He is a Fellow member of the Institute of Chartered Accountants of Sri Lanka and a Fellow member of the Institute of Certified Management Accountants and the Institute of Chartered Professional Managers of Sri Lanka.

He was awarded the "Professional Excellence Award" in 2014 by the Institute of Chartered Management Accountants of Sri Lanka in consideration of his outstanding career achievements and the "Prasada Sambawana" award by the University of Kelaniya in 2014 for the excellence of his service rendered to the Government of Sri Lanka.

Mr. Kudabalage has an extensive and impressive career spanning over 35 years, in leading reputable 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 manufacturing. He heads his own reputable Audit firm as a sole proprietorship under his name.

Mr. Kudabalage had occupied top-rung positions in all the 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 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 Piccadilly Cafe Limited.

Mr. Kudabalage has attended all four meetings of the Board of Directors of LAUGFS Gas PLC held during the financial year 2023/2024. He also attended board sub-committee meetings held during the financial year under review, whenever invited to be present.

BOARD OF DIRECTORS

PROF. S. P. P. AMARATUNGE **Independent, Non-Executive Director**

Professor S. P. P. Amaratunge, a visionary builder of organisations, astute university administrator, academic par-excellence, renowned business consultant and humanist is presently serving as the Chairman of the University Grants Commission. He served as the Vice Chancellor, University of Sri Jayawardenepura, and was also appointed as the Chairman of the Committee of Vice Chancellors and Directors Sri Lanka (CVCD) in 2019. His substantial position is as the professor of Business Economics at the University of Sri Jayawardenepura.

Professor Amaratunge, holds a BA (Hons.) in Economics from the University of Sri Jayawardenepura, a MA in Economics from the University of Colombo, a MSc. In Economics of Rural Development from Saga National University and Ph.D. from Kogoshima National University in Japan, counts over 27 years' service at the University of Sri Jayawardenepura. An authority in Rural Economic Development, Professor Amaratunge has won several awards including the prestigious Research Excellence Award (2002) of the Kyushu Society of Rural Economics, Japan. He has over 75 refereed publications to his credit, both locally and internationally.

Having provided yeoman service as Dean, Faculty of Management Studies and Commerce, University of Sri Jayawardenepura (2008-2014) in completing several important infrastructure development projects and setting up of specialty facility units for undergraduate and postgraduate level education, Professor Amaratunge continued his organisation building endeavours under his stewardship as Vice Chancellor (2014-2017) of the University. Thus, he spearheaded the setting up of two new Faculties of Study, namely Engineering and Technology, to the existing cluster of five (Faculties of Arts and Humanities, Management Studies and Commerce, Applied Sciences, Medicine and Graduate Studies). He served with distinction as Chairman, Federation of University Teachers Associations (FUTA) of Sri Lanka (2009 - 2012), a period studded with noteworthy achievements such as

establishing sister unions, a research grant scheme for academics and a facility scheme for entry at grade one for their children. Professor Amaratunge had the honour of being the youngest appointed member of the University Grants Commission (2010), and held key positions in several State commissions of importance. In addition, not confining his services to the academia, he sits on the Boards of Management of several prominent corporates as an Independent Director.

Professor Amaratunge sits on a number of other Board of Directors of several corporates as an Independent Director namely Raigam Wayamba Saltern PLC, Citizens Development Business Finance PLC, Sanasa Development Bank PLC, Southern Salt Company (Pvt) Limited and Raigam Wayamba Cereal (Pvt) Limited.

Professor S.P.P. Amaratunge is the Chairman of Nominations and Governance Committee and also is a member of Audit Committee, Remuneration Committee and Related Party Transaction Review Committee.

Please refer page numbers 23 and 47 for the attendance of board meetings and sub committees.

MR. P. M. B. 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).

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 the UK. He holds a Bachelor of Science (Applied Science) Degree from the University of Sri Jayawardenepura.

In 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 was a Independent, Non-Executive Director and the Chairman of the Audit Committee of DFCC Bank PLC from 2013 to 2022. Currently, he is a Independent, Non-Executive Director of LAUGFS Gas PLC, LAUGFS Power PLC, LAUGFS Eco Sri Ltd., LAUGFS Leisure Ltd., The Lanka Hospitals Corporation PLC, Lanka Hospitals Diagnostics (Pvt) Ltd, Evoke International Ltd, K-Seeds Investments (Pvt) Ltd., Renuka Hotels PLC., DSI Holdings (Pvt) Ltd., and PGP Glass Ceylon PLC.

Mr. P.M.B. Fernando is the Chairman of Audit Committee and Related Party Transaction Review Committee.

Please refer page numbers 23 and 47 for the attendance of board meetings and sub committees.

MR. K. R. GOONESINGHE **Independent, Non-Executive Director**

Mr. K. R. Goonesinghe is an Attorney-at-Law possessing over 36 years of experience in the Bar, and is a previous Vice President of the Bar Association of Sri Lanka. He is specialised in the areas of Criminal, Civil, Commercial and Arbitration Law.

He presently also serves on the Board of LAUGFS Power PLC as an Independent Non-Executive Director.

Mr. K. R. Goonesinghe is the member of Audit Committee, Related Party Transaction Review Committee and Nominations and Governance Committee.

Please refer page numbers 23 and 47 for the attendance of board meetings and sub committees.

MANAGEMENT DISCUSSION AND ANALYSIS

GLOBAL ENERGY REVIEW

The global energy landscape in 2023 witnessed significant shifts and trends across various sectors. Renewable energy continued its upward trajectory, with solar and wind power installations reaching new records in many parts of the world. Governments and corporations increasingly embraced clean energy initiatives, driven by both environmental concerns and economic incentives.

Electric vehicles (EVs) saw a surge in adoption as advancements in battery technology made them more affordable and accessible. This trend was further bolstered by government incentives and regulations aimed at reducing carbon emissions from transportation.

The traditional fossil fuel industry faced continued scrutiny and challenges. Fluctuating oil prices, geopolitical tensions, and growing concerns over climate change led to increased investment in alternative energy sources and efforts to diversify energy portfolios.

Energy efficiency and conservation efforts gained momentum as individuals, businesses, and governments recognized the importance of reducing energy consumption and carbon footprints. This included initiatives such as smart grid technology, energy-efficient buildings, and the promotion of sustainable practices across industries.

Overall, 2023 marked a pivotal year in the global energy transition, with renewable energy, electric transportation, and sustainability initiatives playing central roles in shaping the future of energy production and consumption.

LOCAL OPERATING ENVIRONMENT

Since 1996, Sri Lanka has embarked on a transformative journey towards modern renewable energy, catalysed by the establishment of its pioneering 1MW Mini-Hydro Power plant (MHP) owned by Premasiri Sumanasekara. Over the ensuing years, the nation has diversified its energy portfolio, embracing various renewable technologies. This article delves into the evolution of renewable energy sources, the current energy landscape, and the



industry's challenges, while also exploring the potential of ground-mounted solar projects.

Evolution of Renewable Energy Sources - Mini-Hydro Power (MHP): Building on the success of the initial MHP project, Sri Lanka has witnessed the proliferation of numerous MHPs across its hilly terrains. Presently, these plants collectively contribute nearly 450MW to the national grid.

Solar Power: Solar energy gained momentum in 2010 with the inception of small rooftop projects. However, significant growth occurred post-2015 with the introduction of schemes like net-metering. Presently, approximately 35,000 installations generate a total of 900MW of solar power across the island.

Wind Power: Sri Lanka ventured into wind power in 2008, albeit with gradual progress. Today, privately-owned facilities produce close to 175MW, with an aggregate capacity of 250MW.

Bio-mass: Bio-mass adds 50MW to the country's renewable energy capacity.

Sri Lanka's Energy Mix and the Role of Renewables - As of 2023, Sri Lanka's electricity generation capacity stands at 16.8TWh, with renewables contributing 46%. However, coal, diesel, and heavy fuel sources dominate, collectively accounting for 64% of generation and a staggering 95% of total power costs. This heavy

reliance strains foreign reserves and burdens the economy.

Renewable Energy Targets for 2024 - Sri Lanka has set ambitious targets to derive 70% of its electricity from renewables by 2030. These goals encompass Mini Hydro, Rooftop Solar, Wind, and Ground Mounted Solar projects.

Ground Mounted Solar: A Promising Opportunity - Ground-mounted solar projects present a promising avenue for expanding renewable energy capacity. However, meticulous land selection is imperative to prevent conflicts with other land uses and maximize effectiveness.

Further President of Sri Lanka unveiling of an ambitious green vision for Sri Lanka represents a significant stride in the nation's efforts to combat climate change and cultivate a sustainable future. Speaking at an international forum, The President articulated Sri Lanka's plans for environmental sustainability and economic prosperity.

In a noteworthy development, Sri Lanka has designated 600 acres overlooking the Kothmale Reservoir for the establishment of an International Climate Change University. This landmark initiative underscores the nation's dedication to addressing climate challenges and fostering global collaboration in environmental research and education. This visionary approach aims to harness innovation and international cooperation to propel Sri Lanka towards a greener and more resilient future.

MANAGEMENT DISCUSSION AND ANALYSIS

CHALLENGERS IMPACTING THE LOCAL POWER SECTOR

The local power sector in Sri Lanka grapples with numerous challenges, impeding its efficiency, sustainability, and growth. These hurdles include:

Lack of low interest funding, the lengthy approval process, lack of grid absorption capacity in areas with abundant renewable energy.

Dependency on Fossil Fuels: Sri Lanka's heavy reliance on fossil fuels for electricity generation, including coal, diesel, and heavy fuel oil, exposes the nation to volatile global fuel prices. This reliance not only leads to energy cost fluctuations but also contributes to environmental pollution and exacerbates climate change concerns.

Limited Renewable Energy Integration: Despite advancements in renewable energy development, integration into the national grid remains constrained. Challenges such as intermittency, grid stability, and regulatory barriers impede the seamless integration of renewable energy sources, limiting their contribution to the energy mix.

Policy and Regulatory Uncertainty: Frequent changes in government policies, regulations, and tariff structures breed uncertainty in the power sector. This inconsistency undermines investor confidence, hampering long-term investments and hindering the growth of the renewable energy sector.

Financial Viability and Debt: The Ceylon Electricity Board (CEB), responsible for power generation and distribution, faces financial challenges, including mounting debts and revenue losses. These constraints impede infrastructure upgrades, hinder technology adoption, and limit the board's capacity to meet growing electricity demand effectively.

Climate Change Vulnerability: Sri Lanka's vulnerability to climate change impacts, such as floods, droughts, and cyclones, poses risks to power infrastructure. These events disrupt electricity supply, increase operational costs for utilities, and exacerbate the challenges faced by the power sector.

Addressing these challenges demands collaborative efforts from stakeholders, including the government, regulatory bodies, utilities, and the private sector. Strategies such as investing in infrastructure upgrades, diversifying the energy mix with a focus on renewables, implementing stable and transparent policies, improving financial management and governance, and enhancing climate resilience measures can help overcome these hurdles and pave the way for a sustainable and reliable energy future in Sri Lanka.

TARIFF INCREASES

In 2023, Sri Lanka underwent three revisions of its electricity charges in February, July, and October. These revisions were purportedly aimed at recovering the full cost of providing electricity. An analysis comparing household electricity charges in Sri Lanka in December 2023 with those in other South Asian countries reveals two significant findings that have raised public concern:

Sri Lanka boasts the highest household electricity costs among all South Asian countries. Sri Lankan households are bearing a burden of approximately 2.5 to 3 times higher electricity costs compared to their counterparts in South Asian countries.

Although a tariff decrease is slated for the mid part of 2024, this anticipated adjustment is expected to yield significant reduction of the tariff to the domestic,

general purpose and government sectors only. The other sectors such as industrial and hotels is not expected to see any significant change.

FINANCIAL PERFORMANCE

In the fiscal year 2022/23, LAUGFS Power reported a hydro revenue of 59.63 Mn Sri Lankan Rupees. This figure saw a notable increase in the following fiscal year, reaching 67.19 Mn Sri Lankan Rupees.

Conversely, the solar revenue for LAUGFS Power in the fiscal year 2022/23 amounted to 909.04 Mn Sri Lankan Rupees. However, in the subsequent fiscal year, the solar revenue slightly decreased to 900.48 Mn Sri Lankan Rupees. Despite this slight decline in solar revenue, LAUGFS Power continues to generate significant income from its solar energy operations.

Overall, LAUGFS Power's financial performance demonstrates stability and resilience, with a commendable increase in hydro revenue and sustained revenue levels in the solar segment. These figures suggest that LAUGFS Power remains well-positioned in the renewable energy sector, leveraging both hydroelectric and solar energy sources to drive revenue growth and contribute to sustainable energy generation in Sri Lanka.

HYDRO POWER GENERATION

Hydro power generation experienced a remarkable surge in the current fiscal year, marking a substantial increase from

| Project | Plant Capacity kW | Generation 2023/24 | Generation 2022/23 | |
|------------------------|----------------------|--------------------|--------------------|--|
| | | GWh | GWh | |
| Balangoda PI MHP | 500 | 2.01 | 1.40 | Total Hydro Power Generation 5.36 GWh (23/24) |
| Balangoda PIII MHP | 550 | 2.12 | 1.27 | |
| Thiniyagala MHP | 700 | 1.23 | 1.42 | |
| Anorchi SPP Hambantota | 10,000 | 18.16 | 18.17 | Total Solar Power Generation 39.52 GWh (23/24) |
| Iris SPP Hambantota | 10,000 | 18.06 | 18.33 | |
| Embilipitiya LP SPP | 1,000 | 1.42 | 1.47 | |
| Embilipitiya Iris SPP | 1,000 | 1.43 | 1.47 | |
| Rooftop Solar PV | 567 | 0.45 | 0.56 | |
| | | 44.88 | 44.11 | |



4.09 Mn kWh to 5.36 Mn kWh. This significant rise in production is attributed to favorable conditions in the project catchment areas, including improved rainfall patterns and water availability.

The three mini-hydro power plants situated at Balangoda and Ginigathena played a pivotal role in this increase, contributing 5.3 GWh to the National Grid. These plants, with a combined capacity of 1.75 MW, have demonstrated their capability to efficiently harness hydroelectric energy and contribute substantially to the country's power supply.

This surge in hydro power generation not only underscores the resilience of Sri Lanka's renewable energy sector but also highlights the importance of hydroelectricity as a reliable and sustainable source of power. As the country continues to invest in renewable energy infrastructure, including hydro power projects, it is poised to further enhance its energy security and meet growing electricity demand while reducing reliance on non-renewable sources.

SOLAR POWER GENERATION

In the fiscal year 2023/24, Laugfs Power generated 39.52 Mn kWh by March 2024, indicating a decrease of 1.1% from the previous fiscal year. This decline is primarily

attributed to weather patterns in the respective areas where the solar panels are located, as well as the degradation of panel yield over time.

REGULATIONS

In the meantime, Sri Lanka has made significant strides in its energy policy, declaring its ambition to achieve 70% of electricity from renewable sources by 2030 and to attain carbon neutrality by 2050. Moreover, the government has taken a decisive stance against the establishment of coal power plants in the future. Additionally, the Government of Sri Lanka has committed to reducing emissions by 5% unconditionally and 20% conditionally under the National Determined Contributions submitted to the office of the United Nations Framework Convention on Climate Change.

The implementation and monitoring plan of the NDCs, particularly concerning the power sector, has been diligently executed. The Ministry of Power & Energy is also tasked with the implementation of Sustainable Development Goal (SDG) no. 7, "Ensure access to affordable, reliable, sustainable and modern energy for all," and is actively working towards achieving the committed targets.

To attract private investors, initial actions have been taken to prepare plans for power generation from solar, wind, and other low-cost renewable sources, aligning with the government's commitment to fostering sustainable and environmentally friendly energy solutions.

As the largest solar power plant operator in Sri Lanka, Laugfs Power commissioned the Iris and Anorchi plants in 2017. Situated on a 90-acre land in Hambantota, these plants collectively contribute 38GWh annually to the National Grid, boasting an aggregate capacity of 20 MW. Additionally, another solar project in Embilipitiya provides a further 3 GWh of power to the Grid.

OUR STRATEGY

LAUGFS Power had planned to enhance the capacity of its solar power projects this year by constructing additional infrastructure at a cost of Rs. 105 million, aimed at adding 1.5 MW of solar capacity to the Group's portfolio. Unfortunately, this plan could not be realized due to challenges such as the scarcity of foreign currency in the country and delays in regulatory processes.

MANAGEMENT DISCUSSION AND ANALYSIS



Despite these setbacks, LAUGFS Power maintains its pioneering status in the solar industry in Sri Lanka, notably with the establishment of the first large-scale 20 MW Ground Mounted Solar Power plant in Hambantota in 2017. This achievement sets LAUGFS Power apart as a leader in the renewable energy sector.

Furthermore, the company has ambitious plans for the future, with three additional renewable energy projects in the pipeline. These projects include a mini hydro power project, a solar power projects, and a wind power project, reflecting LAUGFS Power's ongoing commitment to expanding its renewable energy portfolio and contributing to a sustainable energy future in Sri Lanka.

OPTIMISING EXPERTISE

One of the core strengths of LAUGFS Power PLC lies in its robust team of solar technology experts, who are highly skilled, professionally trained, and thoroughly qualified. This intellectual and human capital has proven to be immensely valuable for the company, contributing significantly to the growth and development of the solar energy industry in Sri Lanka and beyond.

The company is led by a team of seasoned engineers who bring extensive qualifications and experience to the table. Their collective expertise enables LAUGFS Power to offer top-notch industry knowledge and facilitate efficient and effective operations. This, in turn, instills confidence in the management team, empowering them to strategically plan

and expand the company's presence in the renewable energy sector, both domestically and internationally.

With a dedicated team of experts at its helm, LAUGFS Power is well-positioned to capitalize on emerging opportunities in the renewable energy market, driving sustainable growth and making a positive impact on the global energy landscape.

EXPANDING RENEWABLE ENERGY

LAUGFS Power is deeply committed to expanding its footprint in the renewable energy sector, particularly in hydro and wind energy, within Sri Lanka. The company is determined to emerge as a formidable player in these segments, capitalizing on the burgeoning opportunities presented by the renewable energy market.

With a strategic focus on growth and sustainability, LAUGFS Power has identified several hydro and wind energy projects as key expansion opportunities. By investing in these projects, the company aims not only to bolster its own presence in the renewable energy sector but also to contribute significantly to the overall growth and development of renewable energy infrastructure in Sri Lanka.

Moreover, these initiatives align with the imperative of meeting the surging demand for energy in the country. By harnessing the power of hydro and wind energy, LAUGFS Power seeks to play a pivotal role in addressing the nation's energy needs while

simultaneously advancing its renewable energy agenda. Through proactive investment and strategic development, the company is poised to make a lasting impact on the renewable energy landscape in Sri Lanka.

FUTURE OUTLOOK

LAUGFS Power's future growth trajectory hinges on the timely release of all dues by the Ceylon Electricity Board (CEB) and the establishment of a reliable payment schedule for the future. The anticipated release of the IMF loan is poised to mitigate high interest rates and curb inflation, which bodes well for the company's prospects.

As an integral part of the Non-Conventional Renewable Energy (NCRE) industry in Sri Lanka, we advocate for policy consistency and regulatory stability to facilitate better long-term investment planning. The company perceives opportunities in the establishment of a regulatory framework aimed at increasing renewable power acquisition, with a particular emphasis on solar power generation. With renewable energy gaining competitiveness over fossil fuel power generation, LAUGFS Power stands at the forefront of the industry as a first mover.

Furthermore, the company plans to leverage its carbon credits financing for renewable energy projects in alignment with its sustainability policy. A primary objective will be to augment its power generation capacity through strategic investments in both new and existing renewable energy sources. LAUGFS Power is optimistic about the escalating demand for renewable energy in the coming years and is poised to explore opportunities not only in Africa but also in other viable overseas markets. Through proactive initiatives and prudent investments, LAUGFS Power is well-positioned to capitalize on the evolving landscape of renewable energy.

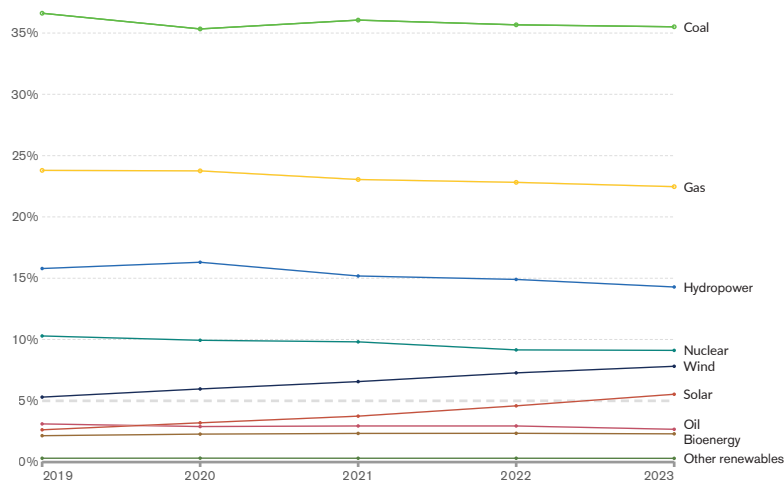
OPERATING ENVIRONMENT

In 2022, Sri Lanka experienced a significant economic downturn, with the economy contracting by 7.8 percent, followed by a further contraction of 2.3 percent in 2023. Industries such as construction, manufacturing, real estate, and financial services bore the brunt of the economic downturn, facing challenges such as shrinking private credit, input shortages, and disruptions in the supply chain. These challenges exacerbated the negative impacts of income contractions and job losses recorded in 2022. Moreover, headline inflation, as measured by the Colombo Consumer Price Index, peaked at 69.8 percent in September 2022, before sharply declining to single digit levels by the second half of 2023, primarily due to subdued demand.

Amid decelerating inflation, the Central Bank began to ease monetary policy, slashing policy rates by 250 basis points in June 2023 and a further 200 basis points in July. This move, coupled with better clarity on domestic debt restructuring, contributed to a decline in the 91-day T-bill rates below 20 percent for the first time since April 2022.

On the trade front the merchandise trade deficit recorded the lowest level since 2010 driven by import restrictions and subdued demand for intermediate and investment goods. Despite weak global

Share of electricity production by source, World



demand impacting exports, foreign exchange liquidity pressures eased, leading to an accumulation of gross official foreign reserves to US\$4.4 billion by end-December 2023. Stronger remittance flows also contributed to higher non-labour income. Additionally, after depreciating by 81 percent against the US Dollar in 2022, the currency (LKR) appreciated by 12.1 percent from January to December 2023.

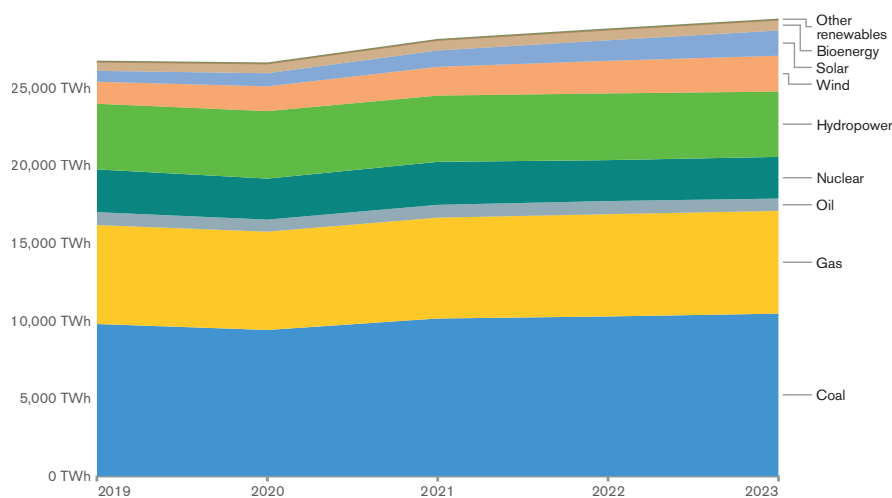
However, the overall current account deficit increased in 2023, primarily due to a sharp rise in interest payments. Fiscal reforms,

including new revenue measures, have been implemented, but indirect taxes and rising energy prices disproportionately burden the poor and vulnerable.

Sri Lanka faces longstanding structural weaknesses compounded by various shocks, leading to an economic crisis. Structural reforms are underway to restore macroeconomic stability, including cost-reflective utility pricing, revenue-enhancing measures, and trade, investment, and social protection reforms. The IMF approved a 48-month Extended Fund Facility of approximately US\$3 billion in March 2023 to support the government's reform program.

Looking ahead, growth prospects depend on progress with debt restructuring and the implementation of growth-enhancing structural reforms. Inflation is projected to remain in single digits amid weak demand, while poverty is estimated to have increased in 2023 before declining over the medium term. The current account deficit is expected to narrow further in 2024, but downside risks remain high, including a prolonged or insufficiently deep external debt restructuring and a sharper global slowdown. Mitigating the impacts on the poor and vulnerable during the adjustment process remains critical.

Electricity production by source, World



Source: Ember's Yearly Electricity Data; Ember's European Electricity Review; Energy Institute Statistical Review of World Energy

CORPORATE GOVERNANCE



CHAIRMAN'S MESSAGE ON CORPORATE GOVERNANCE

At its core, corporate governance refers to the system of rules, practices and processes our company is directed and controlled. It encompasses the relationships we maintain among multiple stakeholders including shareholders, management, employees, customers, suppliers and the community at large. Our prime objective of corporate governance framework established was to maximize the long-term value of the organization while safeguarding the interests of all shareholders.

We have felt the importance of the Corporate Governance for myriad of reasons. Implementation of our robust Corporate Governance system has improved our decision making and strategies planning process, accountability and transparency in all activities, mitigating of all types of risks and promoted ethical behavior while ensuring strict compliance with laws and regulations.

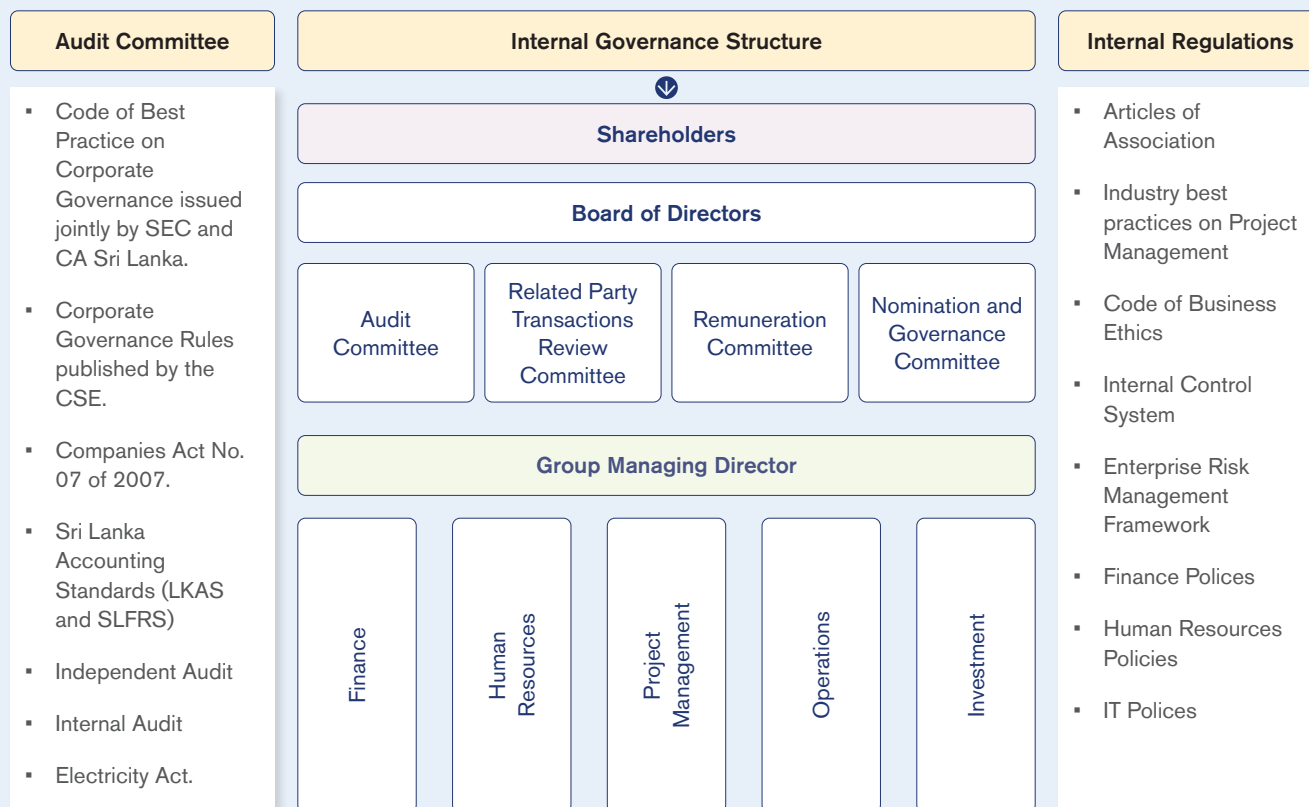
Benefits aside, our corporate governance framework especially important for what it prevents. If our corporate governance framework was not robust enough we would have been exposed loss of support from stakeholders and even financial and operational losses.

In conclusion, I wish to confirm that the Laugfs Power PLC has complied with the corporate governance directives set out under the new corporate governance rules issued by the CSE for listed companies as well as the covenants recommended on the Code of best practices on Corporate Governance, jointly issued by the CSE and the Institute of Chartered Accountants Sri Lanka. Furthermore, on behalf of the Board, I wish to declare that the Board of Directors, corporate management and employees of the ,company have acted in good faith in conducting the affairs in compliance with code- of conduct, the anti bribery and corruption policy and all other relevant conduct policies.

LAUGFS POWER PLC CORPORATE GOVERNANCE PHILOSOPHY

The Laugfs Power PLC corporate governance philosophy embodies a steadfast commitment to principles of transparency, accountability, integrity, and ethical conduct in all facets of its operations. Grounded in the belief that sound corporate governance is fundamental to sustainable business success, the Company's philosophy emphasizes the importance of upholding the highest standards of corporate behaviour and adhering to applicable laws, regulations, and best practices. Central to this philosophy is the recognition of the fiduciary duty owed to shareholders and stakeholders alike, necessitating rigorous oversight and prudent decision-making by the Board of Directors and senior management. Furthermore, the Company's is dedicated to fostering a culture of open communication, respect for diverse perspectives, and responsible risk management, thereby promoting long-term value creation and trust among investors, employees, customers, and the wider community. Through continuous evaluation, refinement, and adherence to its corporate governance principles, the Company's endeavours to maintain the confidence and support of its stakeholders while driving sustainable growth and prosperity.

GOVERNANCE STRUCTURE



| Compliance | Board Changes | Other |
|------------|---|-------|
| Rule 9.6.1 | Executive Chairman stepped down as Non Executive Chairman w.e.f 20th December 2023 | - |
| Rule 9.6.1 | Executive Deputy Chairman stepped down as Non Executive Chairman 20th December 2023 | - |

CORPORATE GOVERNANCE

THE BOARD

Laugfs Power PLC Board is the apex governing body within the organization. The Board is entrusted with the fundamental responsibility of ensuring the entity is well managed and in doing so operates as per the terms of reference set out under the Board Charter.

The composition of the Board is determined by the Laugfs Power PLC Articles of Association and the Listing Rules of the Colombo Stock Exchange. The current Board comprises of six Directors, including five Non-Executive Directors (NED's) and one Executive Director (ED), which is considered to be a fair balance of power, thus ensuring that no unfettered powers of decision making are vested with any particular member of the Board of Directors.

Acknowledging the critical role of diversity in fortifying the Board's efficacy, various dimensions are taken into account to strengthen the Board balance. These include gender, age, educational background, professional experience, skills, and knowledge, all contributing to the creation of an environment conducive to impartial decision-making aligned with corporate objectives.

ROLE OF THE BOARD

The Board bears the responsibility for managing and overseeing the operations. This accountability encompasses various critical areas, including regulatory compliance, robust risk management, and effective internal control mechanisms. Additionally, the Board is tasked with ensuring the timely and accurate reporting of financial information, fostering ethical standards and values, integrating Environmental, Social, and Governance (ESG) considerations into decision-making and reporting, overseeing IT and HR governance, and nurturing positive stakeholder relationships. Through these multifaceted responsibilities, the Board maintains a steadfast commitment to the well-being and sustainability of the organization and its broader ecosystem.

Board Oversight for Compliance

The Board holds the responsibility of ensuring the Company's adherence to all relevant laws, regulations, codes, and standards. This commitment is upheld

through a zero-tolerance policy towards non-compliance. The internal audit team is specifically entrusted with providing ongoing assurance regarding the company compliance status. Through these measures, the Board reinforces a culture of strict adherence to legal and regulatory requirements, safeguarding the integrity and reputation of the Company.

Board Oversight for Risk

The Board assumes oversight in setting appropriate risk appetite limits and implementing robust risk management systems and internal controls to effectively manage these risks. Supported by the Integrated Risk Management Committee and other relevant risk-related committees, the Board has established a comprehensive framework for risk management and internal control, aligning with overarching business objectives. This comprehensive approach is designed to ensure that risks are identified, assessed, and mitigated proactively, contributing to the resilience and sustainability of Company operations.



For more details, please refer to the Risk Management Report on Page 34 to 37

Board Responsibility for Internal Control and Financial Reporting

The Board has instituted a robust system of internal control to ensure the efficient and effective management of day-to-day business activities in alignment with the Company's strategic objectives. In addition, the Board maintains an extensive reporting framework to convey to stakeholders the Company's performance and financial standing. As a publicly listed entity, the cornerstone of this reporting suite is the Board-approved Integrated Annual Report, which provides a balanced and transparent assessment of the Company's financial position, performance, and future prospects. Furthermore, the Company releases quarterly financial reports and fulfills other mandatory disclosure requirements of the Colombo Stock Exchange (CSE) as necessary. All such information is first disclosed to the CSE and subsequently released to the public via press releases and publications on the corporate website, ensuring accessibility and transparency to all stakeholders.



For more details, please refer to the Directors' Responsibility Statement on Internal Control over Financial Reporting on page 41

Board Role in Promoting Ethics and Values

The Board sets the tone from the top for ethical conduct throughout the organization, underscoring the importance of adhering to approved conduct policies and procedures. The comprehensive frameworks aim to cultivate a culture of integrity and fairness among employees, guiding them to fulfil their responsibilities with the highest ethical standards at all times. Regular training sessions are conducted to enhance employee awareness of these policies, to emphasize the importance of compliance and collective commitment to upholding these principles.

Board Role in HR Governance

The Board plays a crucial role in human resource governance, ensuring that the Group's workforce is effectively managed and aligned with its strategic objectives. This entails oversight of key HR policies and practices, including recruitment, training, performance evaluation, and compensation. By setting the tone from the top, the Board establishes a culture that values employee development, diversity, and fair treatment. Additionally, the Board works closely with the Human Resources Committee to provide guidance and oversight on HR-related matters.

Board Responsibility to Shareholders and Other Stakeholders

The Board of Directors shoulders a significant responsibility to shareholders and other stakeholders, acting as custodians of the Company interests and ensuring alignment with broader stakeholder expectations. Central to this responsibility is the duty to make decisions that enhance shareholder value while considering the impact on employees, customers, suppliers, and the community at large. By providing strategic guidance and oversight, the Board aims to foster sustainable growth, manage risks effectively, and uphold ethical standards across all aspects of the business. Moreover, the Board is entrusted with maintaining open communication channels to keep stakeholders informed about the Company

performance, challenges, and opportunities. The principle of fairness underpins the Company communications with shareholders and other stakeholders, supported by strict policies and procedures that ensure impartial and ethical conduct.

Annual General Meeting

The Annual General Meeting (AGM) serves as the main forum for shareholders to connect directly with the Board to raise any concerns and make suggestions.

The Annual Report, notice of the AGM and any other resolution that require shareholder approval along with voting instructions are circulated to shareholders a minimum 15 working days prior to the AGM allowing for sufficient time for shareholders to review the documentation prior to attending the AGM.

Laugfs Power PLC's AGM is scheduled to be held on 17th July 2024.

Board Meetings

Board meetings take place at least once every quarter, or more often as needed. Attendance at Board meetings is mandatory for all Directors. Every Board member is expected to be well-prepared and actively engage in discussions on Board matters. During each Board meeting, the Chairman of each Board committee presents updates on significant topics deliberated in their respective sub-committee meetings, typically convened prior to the main Board session.

Additionally, the Group Managing Director is required to provide an update on the Group's current business activities and operations, contextualising achievements within the broader landscape. Select business heads are also invited to present updates pertaining to their respective areas of responsibility. Specifically, the Chief Financial Officer provides insights into financial performance and notable highlights, while the Compliance Officer reports on compliance status with relevant statutes and regulations, along with any significant updates.

Directors' interests and related party transactions are also tabled at Board Meetings. If at any point during the meeting, a Director finds himself/herself in a situation which is construed as a conflict of interest, the Director in question is required to

recuse him or herself from the discussions and refrain from participating in Board decisions on the particular matter.

The Company Secretary is required to maintain minutes of every Board meeting. Minutes are first presented to the Chairman for approval prior to being circulated among the Directors and other members of Corporate Management who were present at the particular meeting. Minutes of the meetings are typically circulated within two weeks after the meeting date.

A total of four (4) scheduled Board meetings were held in FY 2023/24.

Attendance at Meetings

| Director | Board Meetings | Audit Committee | Related Party Transactions Review Committee | Remuneration Committee |
|-------------------------|----------------|-----------------|---|------------------------|
| Mr W.K.H. Wegapitiya | 4/4 | 5/5* | 4/4* | 2/2* |
| Mr U.K. Thilak De Silva | 4/4 | 4/5* | 4/4* | 2/2* |
| Mr P. Kudabalage | 4/4 | 5/5* | 4/4* | 2/2* |
| Mr P. M. B. Fernando | 4/4 | 5/5 | 4/4 | 2/2 |
| Prof. S.P.P. Amaratunge | 4/4 | 5/5 | 4/4 | 2/2 |
| Mr K.R. Goonesinghe | 4/4 | 4/5 | 4/4 | 2/2 |

* Attends by Invitation

ACCESS TO INFORMATION

In preparing for Board Meetings, Directors are allowed to reach out to Corporate Management to obtain necessary information or clarifications. Directors are also allowed to seek independent professional advice at the Group's expense, as needed.

DIFFERENTIATING THE ROLE OF THE CHAIRMAN AND THE MANAGING DIRECTOR/ CEO

The roles of the Chairman and that of the Group Managing Director/CEO are distinctly different. While the Group Chairman focuses on governance and board dynamics, the Group Managing Director/CEO is more hands-on in steering the Group towards its goals, managing its daily affairs, and representing it externally. Clear differentiation between these roles fosters effective decision-making, accountability, and balanced corporate leadership.



DESHABANDU W. K. H. WEGAPITIYA, PHD

Group Chairman

The Group Chairman typically presides over the Board of Directors, providing strategic direction, leadership, and ensuring effective governance, vis-a-vis.;

- Ensuring the Board meets regularly to discuss relevant matters
- Maintaining the appropriate balance of power between Executive Directors

(ED's) and Non-Executive Directors (NED's).

- Securing the effective participation of both ED's and NED's in all Board matters.
- Implementing decisions/directions of the regulator.
- Preparing the agenda for each Board Meeting or delegate such function and to maintain minutes in an orderly manner to the Company Secretary.
- Ensuring appropriate steps are taken to maintain effective communication with shareholders and that the views of shareholders are communicated to the Board.
- Overseeing the annual assessment on the performance and the contribution during the past 12 months of the Board and the MD/GCEO.

CORPORATE GOVERNANCE



MR. PIYADASA KUDABALAGE **Group Managing Director/GCEO**

The Group Managing Director (MD)/GCEO is responsible for the day-to-day operations and overall management of the Group. In this capacity the MD/GCEO is required to;

- Implement business and risk strategies in order to achieve the Group's strategic objectives.
- Establish an appropriate management structure that promotes accountability, and transparency throughout Group operations, and preserves the effectiveness and independence of control functions.
- Promote, together with the Board, a sound corporate culture to reinforce ethical, prudent and professional behavior.
- Ensure implementation of proper compliance culture and being accountable for accurate submission of information to the regulator.
- Strengthen the regulatory and supervisory compliance framework.
- Address the supervisory concerns and non-compliance with regulatory requirements or internal policies in a timely and appropriate manner.

Further the MD/GCEO is required to fully dedicate their professional time to the service of the Group and as such is not permitted to engage in any other business, except as a Non-Executive Director of another entity.

COMPANY SECRETARY

PW Corporate Services (Private) Limited

The Company Secretary guides the Board in discharging their duties and responsibilities and in doing so is required to:

- Advise Directors individually and the Board collectively about carrying out their duties and responsibilities in compliance with relevant regulations and the Articles of Association.
- Coordinate necessary requirements to ensure Board meetings are conducted smoothly, including liaising with the Board Chairman to work out the agenda, issue of proper notices of meetings, and circulation of board papers.
- Maintain minutes of general meetings and Board meetings and all Sub Committee meetings
- Maintain the register of all shareholders, containing details of past and present and their shareholdings.
- Ensure the Group operates in compliance with the CSE Listing Rules, including in regard to related party disclosures.
- Informing regulators of any changes in the Group's governance structure owing to the appointment or resignation of Directors
- Coordinate necessary requirements to facilitate the AGM, including circulation of notices and the circulation of the annual report in adherence to CSE Listing Rules.
- Assist in the induction of new Directors and facilitating the ongoing professional development of Directors, including training and knowledge development to keep them updated on the latest developments in legislation and regulations in the local banking industry.
- Serve as the custodian for the Group's legal documents, including the certificate of incorporation and memorandum and Articles of Association.

RESPONSIBILITIES OF INDIVIDUAL DIRECTORS

LAUGFS Power PLC boasts a capable Board where every Director understands the importance of dedicating ample time to the LAUGFS Power affairs. As part of their responsibilities, Directors are expected to come fully prepared and engage actively in Board meetings, leveraging their expertise, insights, and independent judgement to inform decision-making. Directors are also obligated to disclose any potential conflicts of interest and abstain from relevant discussions. Furthermore, all Board members are required to participate in the annual self-assessment to evaluate their contributions.

ROLE OF THE COMPANY SECRETARY

The Company Secretary performs an important role guiding the Board in discharging their duties and responsibilities. Directors have the right to reach out individually to the Company Secretary, to seek out advice or guidance on relevant matters. The Company secretary is also required to facilitate any training requirements of Directors in order to keep them updated on the latest developments in legislation and regulations applicable to the Group.

APPOINTMENT/ RETIREMENT/ RE ELECTION OF DIRECTORS

Board appointments are conducted through a formal and transparent process, which includes verifying that Directors fulfil the fit and proper test requirements. The Nominations and Remuneration Committee assumes a pivotal role in evaluating the suitability of potential appointees. The Nomination and Remuneration Committee evaluates the number of external directorships held by candidates to ensure they can effectively fulfil their duties as a member of the LAUGFS Power Board. Following thorough vetting, suitable candidates are recommended to the Board for appointment, subject to ratification by shareholders at the subsequent Annual General Meeting. New appointments are communicated to the CSE and publicly announced through a press release.

As per the Articles of Association, 1/3 of the NED's are required to retire from office at each Annual General Meeting and remain eligible to stand for re-election by the shareholders at the Annual General Meeting. A Director appointed by the Board to fill a casual vacancy that may have arisen since the previous AGM, is also entitled to offer himself/herself for re-election at the next AGM.

Resignations by Directors and the reasons for the same are promptly informed to the CSE.

CONFLICTS OF INTEREST

In fulfilment of their fiduciary responsibility, all Directors are obliged to demonstrate the highest standards of good faith, honesty, and integrity in their capacities as members of the LAUGFS Power PLC Board. This obligation encompasses the disclosure of actual or potential conflicts to the Board. Each Director is mandated to provide an annual formal declaration to the Related Party Transaction Review Committee, outlining their interests in other entities and the Directorships they hold elsewhere.

Annually, the Board conducts an evaluation of Directors' independence, utilizing the information supplied in the annual declarations and other pertinent data, adhering to the criteria delineated in the Listing Rules of the Colombo Stock Exchange.

Furthermore, in alignment with the best practices delineated in the Code, any Director with a vested interest is expected to exercise due diligence by abstaining from participation in meetings where matters pertinent to their interest are deliberated upon.

BOARD SUB COMMITTEES

Board Sub Committees play a vital role in the efficient functioning and oversight of corporate governance. These Sub Committees are appointed by the Board to address specific areas of responsibility, such as audit, compensation, nomination, and governance. Each Sub Committee operates under Board-approved terms of reference, which outline its objectives, authority, and decision-making processes. By delegating tasks to Sub Committees,

the Board can focus on strategic direction while ensuring that key operational and compliance matters receive dedicated attention. Regular reviews and updates of Sub Committee terms of reference help maintain alignment with the Group's evolving needs and regulatory requirements and in assisting the board in the discharge of its duties.

Mandatory Committees

Four (04) mandatory sub committees have been constituted under regulatory requirements.

1. Audit Committee
2. Nominations and Governance Committee
3. Remunerations Committee
4. Related Party Transaction Review Committee

Audit Committee

Mr. P.M.B. Fernando (Chairman)

Prof. S.P.P. Amaratunge

Mr. K.R. Goonesinghe

Areas of Oversight

- Monitor and review adequacy and effectiveness of internal controls, governance process and financial reporting process.
- Exercise independent oversight of the Company's assurance functions including internal and external audits.
- Review compliances with relevant legal regulatory and accounting standards in the preparation of financial statements.



For more details, please refer to the Audit Committee Report on Page 42 to 43

Nominations and Governance Committee

The Remuneration and Nomination Committee which was functioning as a Board Sub Committee of the Company continued only as the Remuneration Committee since 29th April 2024 whilst a new Board Sub Committee was established from 29th April 2024 as Nominations and Governance Committee as per the requirements of new Listing Rules.

Compositions as at 31 March 2024

Prof. S. P. P. Amaratunge (Chairman)

Mr P. M. B. Fernando

Mr K. R. Goonesinghe

Areas of Oversight

- Selection and appointment of directors, GMD/GCEO and key management personnel
- Identify skills gap and recommending to the Board new appointment of Directors and KMPs.
- Review succession plans to Directors, KMP and Company's critical roles
- Review the Company's adequacy of corporate governance framework, policies and skills required to achieve strategic goals



Please refer to the Nominations and Governance Committee Report on Page 47 to 48

Remunerations Committee

Mr. P.M.B. Fernando (Chairman)

Prof. S.P.P. Amaratunge

Mr. K.R. Goonesinghe

Areas of Oversight

- 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 Group Chief Executive Officer and Chief Executive Officers and KMPs and to ensure that management development plans and succession plans are in place for Executive Directors and KMPs



Please refer to the Remunerations Committee Report on Page 46

CORPORATE GOVERNANCE

Related Party Transaction Review Committee

Mr. P.M.B. Fernando (Chairman)

Prof. S.P.P. Amaratunge

Mr. K.R. Goonesinghe

Areas of Oversight

- 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;



Please refer to the Related Party Transaction Review Committee Report on Pags 44 to 45

BOARD AND BOARD SUB COMMITTEE EVALUATION

To effect governance within LAUGFS Power PLC, it is mandatory that all Directors participate in an annual self-assessment, which they must submit to the Nomination and Remuneration Committee. The Nomination and Governance Committee, in conjunction with the Board Chairman, scrutinizes all self-assessments against predefined benchmarks derived from the Board's charter and duties. The outcomes of this evaluation serve as the foundation for identifying any deficiencies in skills among Board members and for ascertaining the requisite training necessities for Directors.

DIRECTORS' REMUNERATION

The remuneration structure for Executive Directors, including the Group Managing Director/CEO and Corporate Management, encompasses both fixed and variable components, aiming to attract distinguished professionals possessing the requisite skills and experience. Aligned with Schedule B of the Code of Best Practice on Corporate

Governance issued by the Institute of Chartered Accountants of Sri Lanka, the remuneration packages for Executive Directors and Key Management Personnel (KMP) consist of fixed and variable elements, with the variable component tied to the attainment of predefined performance targets established by the Board.

The Nomination and Remuneration Committee is tasked with evaluating industry benchmarks and proposing to the Board benchmark salary scales for Executive Directors' remuneration and for fixing the remuneration packages of individual directors and for remuneration of KMPs. Moreover, considering prevailing market norms, the Board determines the remuneration paid to Independent Non-Executive Directors (INEDs) and Executive Directors (EDs) in acknowledgment of the time and responsibilities associated with their positions on the LAUGFS Power Board. INEDs and EDs do not receive performance-related or incentive payments.

Appendix I: Statement of Compliance pertaining to Companies Act No. 07 of 2007

MANDATORY PROVISIONS - FULLY COMPLIANT

| Rule | Requirement | Complied | Reference (within the Report) | Page |
|-------------|--|----------|---|-------|
| 168 (1) (a) | The nature of the business together with any change thereof. | Yes | About Us | 4 |
| 168 (1) (b) | Signed financial statements of the Group and the Company. | Yes | Financial Statements | 53 |
| 168 (1) (c) | Auditors' Report on financial statements. | Yes | Independent Auditor's Report | 50-52 |
| 168 (1) (d) | Accounting policies and any changes therein. | Yes | Notes 1 to 2 the Financial Statements | 58-69 |
| 168 (1) (e) | Particulars of the entries made in the Interests Register. | Yes | Annual Report of the Board of Directors | 39 |
| 168 (1) (f) | Remuneration and other benefits paid to Directors of the Company. | Yes | Note 21.5 to the Financial Statements | 96 |
| 168 (1) (g) | Corporate donations made by the Company | Yes | Note 4.5 to the Financial Statements | 71 |
| 168 (1) (h) | Information on the Directorate of the Company and its subsidiaries during and at the end of the accounting period. | Yes | Annual Report of the Board of Directors | 38 |
| 168 (1) (i) | Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered. | Yes | Note 4.5 the Financial Statements | 71 |
| 168 (1) (j) | Auditors' relationship or any interest with the Company and its Subsidiaries. | Yes | Audit Committee Report | 43 |
| 168 (1) (k) | Acknowledgement of the contents of this Report and signatures on behalf of the Board. | Yes | Annual Report of the Board of Directors | 40 |

Appendix II- Statement of Compliance under Section 7.6 of the Listing Rules of the Colombo Stock Exchange (CSE) on Annual Report Disclosures

MANDATORY PROVISIONS - FULLY COMPLIANT

| Rule | Requirement | Complied | Reference (within the Report) | Page |
|-------------|---|-----------------|--|-------------|
| (i) | Names of persons who were Directors of the entity. | Yes | Annual Report of the Directors | 39 |
| (ii) | Principal activities of the entity and its subsidiaries during the year, and any changes therein. | Yes | About Us | 40 |
| (iii) | The names and the number of shares held by the 20 largest holders of voting shares and the percentage of such shares held. | Yes | Share Information | 104 |
| (iv) | The float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the listed entity complies with the Minimum Public Holding requirement. | Yes | Share Information | 101 |
| (v) | A statement of each Director's holding in shares of the entity at the beginning and end of each financial year. | Yes | Annual Report of the Board of Directors | 39 |
| (vi) | Information pertaining to material foreseeable risk factors of the entity. | Yes | Risk Management | 35 |
| (viii) | Extents, locations, valuations and the number of buildings of the entity's land holdings and investment properties. | Yes | Real Estate Portfolio | 106 |
| (ix) | Number of shares representing the entity's stated capital. | Yes | Note 14 to the Financial Statements | 84 |
| (x) | A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings. | Yes | Share Information | 102 |
| (xi) | Financial ratios and market price information. | Yes | Five year summary and Financial Highlights | 5 & 107 |
| (xii) | Significant changes in the Company's or its subsidiaries' fixed assets, and the market value of land, if the value differs substantially from the book value as at the end of the year. | Yes | Note 7 - Property, Plant and Equipment to the Financial Statements | |
| (xiii) | Details of funds raised through a public issue, rights issue and a private placement during the year. | Not Applicable | | |
| (xiv) | Information in respect of Employee Share Ownership or Stock Option Schemes. | Not Applicable | | |
| (xv) | Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Listing Rules. | Yes | Corporate Governance | 28-33 |
| (xvi) | Related Party transactions exceeding 10% of the equity or 5% of the total assets of the entity as per audited financial statements, whichever is lower. | Not Applicable | | |

CORPORATE GOVERNANCE

Compliance with Colombo Stock Exchange (CSE) Listing Rules – Section 09 on Corporate Governance

| Code Ref. | Requirement | Extent of Compliance | Effective date of Compliance |
|------------|---|--|------------------------------|
| 9.1 | Corporate Governance Rules | | |
| 9.1.1 | Extent of compliance with | The extent of compliance with Corporate Governance Section 09 of the Listing Rules issued by the CSE is tabulated below | 01 October 2023 |
| 9.1.2 | Corporate Governance Rules | | |
| 9.1.3 | | | |
| 9.2 | Policies | | |
| 9.2.1 | Availability of Policies | <p>The following policies which are mandated by the revised CSE Listing Rules are currently in place</p> <p>The below mentioned policies are uploaded in the Corporate website and currently reviewing those policies to ensure whether all criteria specified in the revised CSE rules are covered within those policies.</p> <ul style="list-style-type: none"> ▪ Policy on matters relating to the Board of Directors ▪ Policy on Board Sub Committees ▪ Policy on Corporate Governance, Nominations and Re-election ▪ Policy on Remuneration ▪ Policy on Risk Management and Internal Controls ▪ Policy on Relations with Shareholders and Investors ▪ Policy on Environmental, Social and Governance Sustainability ▪ Policy on corporate disclosure ▪ Policy on Whistle Blowing ▪ Policy on Internal Code of Business Conduct and Ethics for all Directors and employees, including policies on trading in the entities listed securities ▪ Policy on Anti-Bribery and Corruption | 01 October 2024 |
| 9.2.2 | Waivers and Exemptions | At present there are no waivers and exemptions applicable to the company | 01 October 2024 |
| 9.2.3 | Disclosures in the Annual Report | Please refer Page 74 | 01 October 2024 |
| 9.2.4 | Requesting Policies by shareholders | A formal procedure is being developed to facilitate providing of any of the above policies to the shareholders upon a written request | 01 October 2024 |
| 9.3 | Board Committees | | |
| 9.3.1 | Establishment of Board Committees | <p>The Nominations and Governance Committee, Remuneration Committee, Audit Committee and Related Party Transaction Review Committee are in place.</p> <p>The terms of reference of the Nominations and Remuneration Committee was enhanced to comply with the said listing rule and the committee was renamed as Nominations and Governance Committee effective from 29th May 2024.</p> | 01 October 2023 |
| 9.3.2 | Board Composition, Responsibilities and Disclosures | <p>The Composition of all board committee are in line with the revised rules of CSE.</p> <p>Each sub committee is governed by its own Terms of Reference. The Secretary to the committee arranges the meetings and maintains minutes and records under the supervision of the Chairperson of the respective Sub committee.</p> | 01 October 2023 |
| 9.3.3 | Chairperson of Board Committees | The Chairperson of the Board Committees is not the Chairperson of the Board. | 01 October 2024 |

| Code Ref. | Requirement | Extent of Compliance | Effective date of Compliance |
|------------|---|--|------------------------------|
| 9.4 | Adherence to principles of democracy in the adoption of meeting procedures and the conduct of all General Meetings with Shareholders | | |
| 9.4.1 | Record Maintenance | The Company Secretary maintains records of all resolutions and information (appointment of proxy number of votes in favour and against and number of shares in respect of vote was directed to be abstained) of general meetings. | 01 October 2023 |
| 9.4.2 | Communication and relation with shareholders and investors | The Company has an established policy on communication. Further, it is in the process of revising the communication policy incorporating the provisions of the revised CSE Listing Rules for effective communication and relations with shareholder and investors. | 01 October 2023 |
| 9.5 | Policy on matters relating to the Board of Directors | | |
| 9.5.1 | Availability of policy on governing matters relating to the board of directors | The requirements are currently captured in the Board charter and several other policies. The Company is in the process of updating the Board charter with provisions of the revised CSE Listing Rules. | 01 October 2024 |
| 9.5.2 | Disclosure in the Annual Report | Disclosures are made in the annual report of the Board of Directors given on page 39. | 01 October 2024 |
| 9.6 | Chairperson and CEO | | |
| 9.6.1 | Chairperson and Managing Director | The chairperson is a Non-Executive Director and the position of chairperson and Managing Director is not held by the same individual. | 01 October 2023 |
| 9.6.2 | Disclosure of non compliance | Not applicable | 01 October 2023 |
| 9.6.3 | Appointment of Senior Independent Director | The chairperson and the CEO are not the same person or the chairperson and CEO's are not close family members nor related parties. The designation of the senior independent director does not arise under the revised CSE Listing Rules. | 01 October 2023 |
| 9.6.4 | Disclosure of noncompliance in the Annual Report | Not applicable | 01 October 2023 |
| 9.7 | Fitness of Directors and CEO | | |
| 9.7.1 | Appointment of Fit and Proper Persons | The Board has a formal and transparent process in place for the succession and appointment of directors. The Nominations and Governance Committee processes and short-lists candidates and makes recommendations to the Board for approval. All appointments were duly notified to CSE. In any future appointments the criteria stated in the revised CSE Listing Rules will also be taken into account. | 01 October 2023 |
| 9.7.3 | Fit and Proper Assessment Criteria <ul style="list-style-type: none"> ▪ Honesty Integrity and Reputation ▪ Competence and Capability ▪ Financial Soundness | The assessment criteria detailed in the revised CSE Listing Rules have been incorporated into the annual declaration of the directors and CEO. | 01 October 2024 |
| 9.7.4 | Annual declaration from directors and CEO | Annual declarations from Directors confirming that each of them have continuously satisfied the fit and proper assessment criteria set out in the CSE revised Listing Rules were obtained as at 31 March 2024. | 01 October 2023 |
| 9.8 | Board Composition | | |
| 9.8.1 | Board at minimum to consist of five directors | The Company is complying with the requirement the Board of Directors of the Company consisted of six directors as at 31 March 2024 | 01 October 2024 |

CORPORATE GOVERNANCE

| Code Ref. | Requirement | Extent of Compliance | Effective date of Compliance |
|----------------|---|--|------------------------------|
| 9.8.2 | Minimum number of independent directors (Min.2 or 1/3 of total number whichever is higher) | The Company is complied with the minimum number of independent directors. The Board of Directors of the company consisted of three (03) Independent Directors as at 31 March 2024. | 01 October 2024 |
| 9.8.3 9.8.4 | Criteria for determining independence | The Company is complied with the criteria for determining independence of a Director. The Company take into account the provisions of the Code of Best Practice on Corporate Governance issued by CA Sri Lanka (2017) and the revised the criteria for determining the independence of a Director taking into account on the revised CSC Listing Rules. | 01 October 2023 |
| 9.8.5 | Declarations | Annual Declaration was obtained from the Board of Directors incorporating the provisions made under the revised CSE Listing Rules as at 31 March 2024. | 01 October 2023 |
| 9.9 | Alternate Directors | | |
| 9.9 | Appointment of Alternate Directors | No Alternate Directors were appointed to represent Non-Executive Directors. | 01 January 2024 |
| 9.10 | Disclosures relating to Directors | | |
| 9.10.1 | Policy on the maximum number of directorships | The Company is updating the policy as per new Listing Rules | 01 October 2023 |
| 9.10.2 | Appointment of new director | Nominations and Governance Committee reviews all new appointments. | 01 October 2023 |
| 9.10.3 | Changes to the composition | There were no changes to the composition of the Board Committees after the effective date of the revised CSE Listing Rules | 01 October 2023 |
| 9.10.4 | Disclosure in the Annual Report. | Please refer pages 12-14 for profiles of directors | 01 October 2023 |
| 9.11 | Nominations and Governance Committee | | |
| 9.11.1 | Availability of Nominations and Governance Committee | The Nominations and Remunerations Committee was renamed as the Nomination and Governance Committee effective from 29 May 2024 | 01 October 2024 |
| 9.11.2 | Appointment and reelection of directors | The Committee follows Article of Association in appointment and re-election of Directors | 01 October 2024 |
| 9.11.3 | Terms of Reference | The Committee has adopted a Terms of Reference which define the scope, authority and duties | 01 October 2024 |
| 9.11.4(1) | Composition - minimum of three (03) directors out of which a minimum of two (02) members shall be Independent Directors | The Company is in compliance with the revised CSE Listing Rules | 01 October 2024 |
| 9.11.4(2) | Composition - Independent Director shall be appointed as the chairperson of the committee | An Independent Director functioned as the chairman of the Committee | 01 October 2024 |
| 9.11.4(3) | Composition - The Chairperson and the members of the Committee shall be identified in the Annual Report | The Chairman and the members of the Committee are defined in the Nominations and Governance Committee Report given on pages 47-48 | 01 October 2024 |
| 9.11.5 | Functions | The Company documented the functions of the committee in the terms of reference. All functions are effectively discharged by the committee. Please refer Nominations and Governance Committee report on pages 47-48 | 01 October 2024 |
| 9.11.6 | Disclosing the Annual Report | Disclosure requirements are covered in the Nominations and Governance Committee report given on pages 47-48 | 01 October 2024 |

| Code Ref. | Requirement | Extent of Compliance | Effective date of Compliance |
|------------------|---|---|------------------------------|
| 9.12 | Remunerations Committee | | |
| 9.12.1 | Definition of Remuneration | The Company has established a formal transparent policy on remuneration and defined remuneration in terms of cash and non-cash benefits | 01 October 2024 |
| 9.12.2 | Remuneration Committee | The Remuneration Committee was in place | 01 October 2024 |
| 9.12.3 | Remuneration Policy Executive Directors/Non-Executive directors | The remuneration policy of the company has been amended incorporating following sections and same has been approved by the Board <ul style="list-style-type: none"> ▪ Remuneration policy for Non-executive members of the Board of Directors ▪ Remuneration policy for Executive members of the Board of Directors | 01 October 2024 |
| 9.12.5 | Terms of Reference | The committee has adopted a Terms of Reference which defined the scope, authority and duties in compliance with the revised CSE Listing Rules | |
| 9.12.6 (1) & (2) | Composition - Minimum of three (03) Directors out of which a minimum of two (02) directors shall be independent Directors | The Committee consists of three (03) Independent Directors | 01 October 2023 |
| 9.12.6 (3) | Composition - Independent Director shall be appointed as the chairperson of the committee | An Independent Director functions as the Chairman of the committee throughout the year | 01 October 2024 |
| 9.12.7 | Functions | The Company has documented the functions of the Committee in terms of reference. All functions are effectively discharged by the Committee please refer Remuneration Committee report on page 46 | 01 October 2023 |
| 9.12.8 | Disclosures in the Annual Report | Disclosure requirements are covered in the Remuneration Committee Report given on page 46 | 01 October 2023 |
| 9.13 | Audit Committee | | |
| 9.13.1 | Audit Committee | The Company has established the Audit Committee to perform audit and risk functions | 01 October 2023 |
| 9.13.2 | Terms of Reference | The Committee has adopted a Terms of Reference which define the scope, authority and duties | 01 October 2023 |
| 9.13.3 (1) & (4) | Composition A minimum of three (3) Directors, out of which a minimum two (02) or majority of the members, whichever higher shall be Independent Directors | The company is in compliance throughout the year with the revised CSE Listing Rules | 01 October 2024 |
| 9.13.3 (2) | Composition The quorum for a meeting of the audit committee shall require that the majority of those in attendance to be Independent Directors | The quorum for the Meeting is three (03) The Company is in compliance throughout the year with the revised CSE Listing Rules | 01 October 2024 |
| 9.13.3 (3) | Composition The Audit Committee may meet as often as required provided that the Audit Committee compulsory meets on a quarterly basis prior to recommending the financials to be released to the market | The Committee met four (04) times during the year. The Committee reviewed the quarterly and annual financial statements and recommended same to the Board of Directors prior to publication. | 01 October 2024 |

CORPORATE GOVERNANCE

| Code Ref. | Requirement | Extent of Compliance | Effective date of Compliance |
|-------------|--|---|------------------------------|
| 9.13.3 (5) | Composition Independent Director shall be appointed as the Chairperson of the Committee | An Independent Director functioned as the Chairman of the Committee throughout the year. | 01 October 2024 |
| 9.13.3 (6) | Composition The CEO and the CFO shall attend the Audit Committee Meetings by invitation | The Chairman, GMD, CEO, CFO, Group Finance Director, Chief Internal Auditor and a representative of the external auditor are typically invited to attend meetings. Other board members may also attend meetings upon invitation. | 01 October 2024 |
| 9.13.3 (7) | Composition The Chairperson of the Audit Committee shall be a member of a recognised professional accounting body | The Chairman of the Audit Committee is an Independent Non-Executive Director, a Fellow Member of the Institute of Chartered Accountants of Sri Lanka. | 01 October 2024 |
| 9.13.4 | Functions | The Company has documented the functions of the Committee in the Audit Committee Charter. The Company is in the process of making further improvements to the Audit Committee Charter in order to be in line with the revised CSE Listing Rules. Functions are effectively discharged by the Committee. Please refer Audit Committee Report on pages 42-43 | 01 October 2024 |
| 9.13.5 | Disclosures in the Annual Report | Disclosure requirements are covered in the annual Audit Committee report given on pages 42-43 | 01 October 2024 |
| 9.14 | Related Party Transactions Review Committee | | |
| 9.14.1 | Availability of Related Party Transactions Review Committee | Related Party Transactions Review Committee is in place. | 01 October 2023 |
| 9.14.2 | Composition A minimum of three (03) directors out of which two (02) members shall be Independent Directors. Committee may also include executive directors. An Independent Director shall be appointed as the Chairperson of the Committee | The Company in compliance throughout the year with the revised CSE Listing Rules an Independent Director functioned as the chairman of the committee throughout the year. | 01 April 2024 |
| 9.14.3 | Functions | The Related Party Transactions Review Committee is responsible for reviewing the Related Party Transactions to ensure the interests of shareholders as a whole are taken into account when entering into Related Party Transactions. The Committee has established and maintained a policy, procedure and process for the identification, clarification and reporting the Related Party Transactions on an end to end basis across the operations. The Company is in the process of improving the policy in line with the revised CSE Listing Rules. Please refer Related Party Transactions Review Committee report on pages 44-45 | 01 October 2023 |

| Code Ref. | Requirement | Extent of Compliance | Effective date of Compliance |
|------------------------------------|--|--|-------------------------------------|
| 9.14.4 (1) | General requirements The committee shall meet at least once a calendar year | The committee met four (04) times during 2023/24. The minutes of all meetings are properly documented and tabled at the subsequent board meetings for ratification. | 01 October 2023 |
| 9.14.4 (2) | General requirements The Committee should ensure that they have all have access to enough knowledge or expertise to assess all aspects of proposed Related Party Transactions | The Committee has adequate knowledge and expertise to assess all aspects of Related Party Transactions. | 01 October 2023 |
| 9.14.4 (3) | General requirements Approval by Board of Directors | Where necessary, the Committee shall request the Board of Directors to approve the Related Party Transactions which have been reviewed by the Committee. | 01 October 2023 |
| 9.14.4(4) | General requirements Conflict of Interest | The Related Party Transactions Review Committee oversees the process relating to the said subject. Steps have been taken by the Board to avoid any conflicts of interest that may arise in transacting with related parties. Directors provide declarations to the Board about their material interest in business transactions at the time of appointment and thereafter on quarterly basis. Directors do not participate in, an excuse themselves from the meeting when the Board considered any matters in which transactions with related entities are discussed and where a conflict in interest may arise. | 01 October 2023 |
| 9.14.5 | Review of Related Party Transactions by the Related Party Transactions Review Committee | The Committee takes into account the provisions of the said Listing Rules when reviewing Related Party transactions. | 01 October 2023 |
| 9.14.6 | Shareholder Approval | A situation to obtain the shareholder approval as per revised CSE Listing Rules has not arisen during the year | 01 October 2023 |
| 9.14.7 | Immediate Disclosures | A situation has not arisen where immediate disclosures is required to be made as per revised CSE Listing Rules. | 01 October 2023 |
| 9.14.9 | Acquisition and Disposal of assets from/to related parties | The Company has not acquired/disposed substantial assets from/to related parties. | 01 October 2023 |
| 9.16 Additional disclosures | | | |
| 9.16 | (i) Declaration of all material interests (ii)Review of internal controls and compliance controls (iii) Compliance with laws rules and regulations (iv) material non compliances | Disclosure requirements are covered in the Corporate Governance given on page 22 Material non-compliance with any Law or Regulation has not arisen during the year 2024. | 01 October 2023 |

RISK MANAGEMENT

OUR STRATEGY

Long-term success for any Company hinges on its ability to anticipate and manage uncertainties effectively. A comprehensive risk management system is crucial for identifying potential challenges and addressing them promptly.

At LAUGFS, we believe our sustained success is rooted in our ability to pinpoint and evaluate business opportunities and threats, and respond to them efficiently and effectively. Our Enterprise Risk Management (ERM) process equips us to identify, analyse, and manage risks, thereby minimizing exposure and capitalizing on opportunities.

Our ERM approach is deeply embedded within the Group and is applicable at all organizational levels. It offers a holistic perspective, covering various risk categories such as business risk, financial risk, and compliance risk.

Using the LAUGFS ERM methodology, identified risks are visualized on risk heat map. This serves as one of the most valuable tools during leadership meetings, facilitating informed discussions and strategic decision-making. The primary objective of our ERM program is to cultivate an agile organization that can swiftly identify and address risks while enhancing stakeholder value.

RISK GOVERNANCE

Risk governance at LAUGFS is a collaborative effort involving the Audit Committee, Group Risk and Control Division, and the Board of Directors. These entities work together to ensure effective risk management practices across the organization.

The Audit Committee plays a pivotal role in supporting the Board by reviewing internal audit reports, analyzing risk indicators, recommending corrective actions, and conducting bi-annual risk profile

evaluations. Meanwhile, the Board of Directors sets the Group's risk appetite and oversees the efficiency of risk mitigation measures.

Given the challenging landscape faced by both the nation and industries, risk management has become a focal point in corporate management discussions. Various Committees and roles have been assigned to concentrate on and manage risks effectively. The senior leadership team provides crucial leadership and insights in this regard.

To enhance risk management practices, the Group Risk & Control Division is in the process of implementing ISO 31000 standards. This initiative aims to streamline risk management practices across the organization. Implementation of ISO 31000 is expected to further strengthen and streamline LAUGFS's Enterprise Risk Management framework, enhancing the Group's overall risk management capabilities.

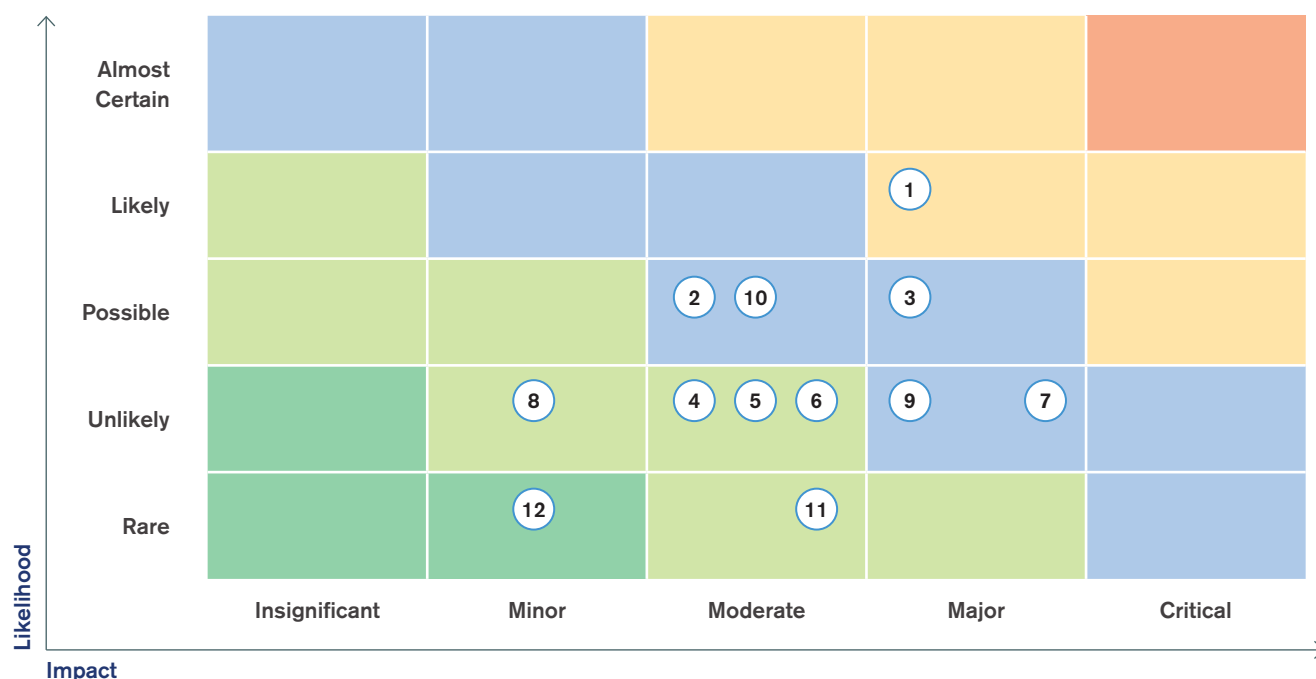


KEY RISKS

Identifying and addressing risks and opportunities that impact our business, society, environment, and stakeholder decisions is paramount to our success.

Each year, the Group conducts a comprehensive evaluation of material issues to gain deeper insights into these risks and opportunities. Collaborating closely with stakeholders and the management team, we prioritize these risks and opportunities to effectively manage them.

Throughout the year, our Company and stakeholders faced significant challenges stemming from country risk, political and economic uncertainties, regulatory pressures, and shifts in the business landscape. Recognizing and navigating these risks remains a top priority for us.



| Risk Rating | What it means |
|---|--|
| ● Extreme | <ul style="list-style-type: none"> Board attention is required |
| ● High | <ul style="list-style-type: none"> Immediate action by Senior Management with a detailed research and management of risk through appropriate responses |
| ● Significant | <ul style="list-style-type: none"> Senior Management attention required Management responsibility specified Risk should be treated using one or more of the risk treatment options |
| ● Moderate | <ul style="list-style-type: none"> Risk should be treated using one or more of the risk treatment options Risk should be managed using specific monitoring or treatment procedures |
| ● Low | <ul style="list-style-type: none"> Risk is accepted with minimal treatment and can normally be managed using existing routine procedures Low risks need to be monitored and periodically reviewed to ensure they remain acceptable |

RISK MANAGEMENT

| Key Risk | Management Approach | Risk Rating |
|---|---|-------------|
| 1. Business & Country Risk (The risk encompasses threats, challenges, and adversities the company faces in the Renewable Energy industry and the broader corporate ecosystem within each country where it plans to expand.) | <ul style="list-style-type: none"> ▪ The LAUGFS investment Committee and management of LAUGFS Power PLC diligently conduct in-house reviews of the business environment in which they operate and plan to expand. These reviews help them gain insights into macro and industry-level challenges. ▪ The Company conducts extensive studies and seeks external professional opinions when identifying investment opportunities in new countries. ▪ Furthermore, the company keenly monitors for any potential changes to the regulatory framework. | High |
| 2. Environmental Risk (Potential disaster events affecting operations) | <ul style="list-style-type: none"> ▪ LAUGFS Power PLC's technical team collaborates with relevant authorities to regularly monitor any disruptive weather patterns. ▪ External technical experts provide specialized support in managing potential environmental challenges. ▪ Environmental considerations are integrated into the project design. ▪ Considering the establishment of a 'Risk Fund'. ▪ Adherence to prescribed safety protocols and guidelines is strictly enforced. | Significant |
| 3. Weather risks (Adverse impact on the operations due to changing weather patterns) | <ul style="list-style-type: none"> ▪ In order to reduce weather-related risks, the Group has effectively diversified its energy portfolio, including ventures into wind and solar power, thereby broadening its portfolio of power plants to minimize seasonal and cyclical variations due to weather. ▪ The addition of solar & wind power plants helps to lessen the impact of weather on hydropower output, leading to more reliable performance. | Significant |
| 4. Legal Risk (Risk of liabilities arising from third parties and non-compliance with laws and regulations) | <ul style="list-style-type: none"> ▪ Expert consultation is sought for resolving any legal matters. ▪ LAUGFS Group adheres to both mandatory and voluntary corporate governance standards, as well as environmental, legal, and compliance best practices. ▪ Before commencing any project, a mandatory compliance review procedure is conducted by the Company. | Moderate |
| 5. Operational Risk (Potential failure of the plant resulting from actual losses incurred due to inadequate or failed internal processes, and systems, as well as unexpected external events) | <ul style="list-style-type: none"> ▪ The operations department is tasked with routinely reviewing the machinery, equipment, processes, and procedures associated with power plant operations. ▪ Ensuring the accessibility of operating procedure manuals across all plant locations. ▪ Delivering consistent and comprehensive training sessions on a regular basis. ▪ Implementing scheduled maintenance plans for equipment upkeep. ▪ Undertaking routine audits, with significant findings elevated to the attention of the Board of Directors. ▪ Establishing clear communication channels with engineers from the Ceylon Electricity Board (CEB). ▪ Adhering to timely execution of preventive maintenance protocols. ▪ Stocking necessary tools and spare parts at plant facilities to ensure operational readiness. | Moderate |

| Key Risk | Management Approach | Risk Rating |
|---|---|-------------|
| 6. Human Resource Risk (Threats would lead to low efficiency in the company as well as disruptions to the operations) | <ul style="list-style-type: none"> ▪ Cultivating a positive and collaborative work environment through effective employee relations. ▪ Ensuring competitive remuneration aligned with industry standards. ▪ Providing opportunities for on-the-job training and specialized training programs to enhance employee skills and knowledge. | Moderate |
| 7. Credit Risk (Challenges in collecting overdue amounts on time) | <ul style="list-style-type: none"> ▪ Regularly monitoring and tracking outstanding receivable balances to ensure timely payments. ▪ The counterparty credit risk from CEB is minimal as the relevant payments are made on a timely and prudent basis as agreed to. | Moderate |
| 8. Social risk (Potential adverse relationship with communities in the vicinity of the projects) | <ul style="list-style-type: none"> ▪ Tailoring interventions based on stakeholder relevance and impact on Company affairs. ▪ Building enduring relationships with rural communities surrounding our power plants through ongoing engagement, welfare initiatives, CSR programs, and local employment opportunities various social and environmental projects boosting the public's confidence about the Company. ▪ Maintaining close ties with regulatory authorities and other stakeholders to ensure effective communication and collaboration. | Moderate |
| 9. Liquidity Risk (Challenges in managing working capital) | <ul style="list-style-type: none"> ▪ Regularly performing comprehensive cash flow projections. ▪ Engaging in discussions with suppliers to negotiate and extend credit terms. ▪ Collaborating with Group Treasury in negotiating borrowing terms. ▪ Implementing initiatives for loan restructuring. | Moderate |
| 10. Interest Rate risk (Adverse impact on profitability due to interest rate fluctuations) | <ul style="list-style-type: none"> ▪ The Company utilizes both fixed and variable borrowing rates to mitigate the impact of interest rate fluctuations. ▪ Management has renegotiated specific loan facilities to secure favourable terms for a shorter duration. ▪ Throughout the year, management diligently pursued loan repayments to alleviate the burden of interest rates. | Moderate |
| 11. Compliance Risk (Adverse impact on liabilities arising from third parties and non-compliance with laws and regulations) | <ul style="list-style-type: none"> ▪ The Audit Committee is tasked with ensuring compliance with all relevant codes, rules, and regulations. At each meeting, the Committee reviews a comprehensive compliance checklist and forwards their findings and recommendations to the Board to support decision-making. The finance and legal departments focus on adhering to financial reporting, taxation, and legal requirements, while other departments ensure compliance within their respective operational areas. ▪ The Board receives regular updates on ongoing litigations and consults with experts as needed to make well-informed decisions. ▪ Prior to commencing any project, the Company rigorously conducts a mandatory compliance review procedure pertaining to the potential projects. | Moderate |
| 12. Information Risk (Risk of unauthorised access, manipulation and dissemination to the public of confidential information relating to the company.) | <ul style="list-style-type: none"> ▪ The Centralized Group IT ensures adherence to a comprehensive IT policy that aligns with ISO 27001 accreditation for Information Security Management System (ISMS & BCMS). They conduct ongoing awareness programs on malware attacks and cybersecurity, alongside expanding server capacity and establishing multiple locations for data storage. ▪ In additionally, the Company maintains strict control over access to confidential data and information, restricting it to authorized individuals only. | 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 31 March 2024. 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. 07 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 the 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

Ginigathhena 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 03 to the Financial Statements.

RESULTS AND APPROPRIATIONS

Revenue generated by the Company for the year under review amounted to Rs. 88.9 Mn whilst Group revenue amounted to Rs. 967.7 Mn. Contribution to group revenue, from the different business segments carried out by the subsidiaries are provided in Note 03 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 31 March 2024 as approved by the Board of Directors on the 12 June 2024 are given on pages 53 to 100 The Auditors' Report on the Financial Statements of the Company and the Group is given on page 50 to 52.

ACCOUNTING POLICIES

A note on the Accounting Policies adopted in the preparation and presentation of the Financial Statements are given on pages 58 to 69. 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. 481,500/- 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, associates and other equity investments amounted to Rs. 2,982 Mn The details of the investments are given in Note No 09 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. 306.9 Mn and Rs. 3,341.9 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. 0.89 Mn and Rs. 0.89 Mn respectively. Details of property, plant and equipment are given in Note No. 07 to the Financial Statements.

STATED CAPITAL AND RESERVES

The stated capital of the Company remains at Rs. 1,880,000,000 as at 31 March 2024, which consist of 335,000,086 ordinary voting and 52,000,000 ordinary non-voting shares. The total Group Equity was Rs. 1,981.5 Mn as at 31 March 2024.

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 31 March 2024.

- (a) Mr. W.K.H. Wegapitiya -
Group Chairman
Non Independent- Non-Executive
Director
- (b) Mr. U.K. Thilak De Silva - Group Deputy
Chairman
Non Independent-Non-Executive
Director
- (c) Mr. P. Kudabalage - Group Managing
Director/GCEO
Non Independent-Executive Director
- (d) Mr. P.M.B. Fernando -
Independent Non-Executive Director
- (e) Prof. S.P.P. Amaratunge - Independent
Non-Executive Director
- (f) Mr. K.R. Goonesinghe
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 three members namely Mr. P.M.B. Fernando (Chairman of the Audit Committee), Prof. S.P.P. Amaratunge and Mr K.R. Goonesinghe.

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. P.M.B Fernando (Chairman of the Committee), Prof. S.P.P. Amaratunge and Mr K.R. Goonesinghe.

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. P.M.B Fernando (Chairman of the

Committee), Prof. S.P.P. Amaratunge and Mr K.R. Goonesinghe. 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 31 March 2024, and as defined under the Listing Rules of Colombo Stock Exchange are as follows.

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.

| 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. P.M.B. Fernando | 100 | 0.000 |
| Mr. P. Kudabalage | Nil | Nil |
| Prof. S.P.P. Amaratunge | Nil | Nil |
| Mr K.R. Goonesinghe | Nil | Nil |

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

| LPL X | No. of Shares | % |
|-------------------------|---------------|-----|
| Mr. W.K.H. Wegapitiya | Nil | Nil |
| Mr. U.K.T.N. De Silva | Nil | Nil |
| Mr. P.M.B. Fernando | Nil | Nil |
| Mr. P. Kudabalage | Nil | Nil |
| Prof. S.P.P. Amaratunge | Nil | Nil |
| Mr K.R. Goonesinghe | Nil | Nil |

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 101. The distribution and the composition of shareholding are given on page 102 and 103 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 104 and 105 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 of Sri Lanka 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 17 July 2024 at 10.30 am at the Head Office of LAUGFS Holdings Ltd as a virtual meeting. 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

12 June 2024

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

12 June 2024

AUDIT COMMITTEE REPORT

REPORT OF THE BOARD AUDIT COMMITTEE

The Audit Committee serves as a formally constituted Sub-Committee of the Board of Directors. This report highlights the Committee's activities throughout the year, focusing on its financial and other reporting responsibilities, risk management, internal control, the Internal Audit function, and the nature of relationship & interaction with the External Auditor.

The Committee's primary function is to oversee the preparation, presentation, and adequacy of disclosures in the financial statements of LAUGFS Power PLC and its subsidiaries. This oversight is conducted in accordance with the Sri Lanka Accounting Standards, aiming to provide additional assurance to the Board of Directors regarding the reliability of financial statements and processes.

ROLE OF THE COMMITTEE

The role of the Audit Committee is to support the Board in fulfilling its oversight responsibilities concerning various aspects, including the integrity of the Company's and Group's financial statements, internal control and risk management systems, compliance with legal and regulatory requirements, the suitability, performance, and independence of External Auditors, and the adequacy and performance of the Internal Audit function conducted by the Group Risk & Control Division. These functions and responsibilities are clearly outlined in the Committee's charter, which has been approved by the Board.

AUDIT COMMITTEE CHARTER

The Board approved charter of the Audit Committee is in place and clearly defines the terms of reference of the Committee. The Audit Committee Charter is reviewed annually to ensure all new developments related to the Audit Committee are duly incorporated.

MANDATE

To review and monitor:

The scope of functions and responsibilities are adequately set out in the terms of reference of the Committee which has been approved by the Board.

- 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. 07 of 2007.
- Review & evaluate the performance of the Company's internal audit function. Ensuring the efficiency, effectiveness and adequacy of the Company's internal controls and risk management measures.
- Maintaining an effective system of internal control, and compliance with legal and regulatory requirements that may have a material impact on the Company and its financial statements.
- Ensuring that high standards of Corporate Governance are in place by adopting and adhering to policies and procedures of the Company which are in compliance with the 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).
- Evaluating and reviewing the independence of the External Auditors. Making a recommendation to the Board on the appointment or re-appointment, dismissal, service period and audit fee of the External Auditor.
- Review and evaluate all auditing and non-audit services performed by external auditors to ensure that their independence is not impaired.

COMPOSITION OF THE AUDIT COMMITTEE

During the year, the Board Audit Committee was comprised of three Non-Executive Directors, majority of who are independent, and in compliance with regulatory composition requirements.

| Name of the KMP | Directorship status |
|-------------------------|--|
| P.M.B Fernando | Chairman/ Independent Non-Executive Director |
| Prof. S.P.P Amarathunga | Member/ Independent Non-Executive Director |
| K.R Goonesinge | Member/ Independent Non-Executive Director |

The Board is content that the Committee members, detailed in their biographical information on pages 12 to 14, collectively possess a diverse array of pertinent skills, experience, and expertise derived from various industries and backgrounds. As a whole, they exhibit competence relevant to the sectors in which the Group operates. Mr. Prasenna Balachandran, the Chief Internal Auditor, serves as the Secretary to the Committee.

Meeting Attendance

| Name of the KMP | Attendance |
|-------------------------|------------|
| P.M.B Fernando | 5/5 |
| Prof. S.P.P Amarathunga | 5/5 |
| K.R Goonesinge | 4/5 |

COMMITTEE MEETINGS

The Committee met five times during the year. The Group Chairman, Group Deputy Chairman, Group Managing Director/ Group CEO, Group Finance Director, Chief Operating Officer, Snr Manager-Finance, and Chief Internal Auditor, attend meetings at the invitation of the Committee. Representatives of the External Auditors are invited to attend meetings of the Committee as well. Other key executives and senior management are invited to attend to present and provide deeper insight on various topics as required by the Committee to discharge its duties.

The activities and views of the Committee have been communicated to the Board of Directors quarterly through verbal briefings, and by tabling the minutes of the Committee meetings.

COMMITTEE ACTIVITIES DURING THE FINANCIAL YEAR

Financial Reporting

The Committee assisted the Board of Directors in the discharge of its duties

by reviewing the Company's financial reporting system. The Committee ensured that accounting policies, practices and internal controls are adequate to provide reasonable assurance that the financial reporting system is effective and efficient in providing reliable and timely information.

The Audit Committee thoroughly reviewed the Interim Management Statements, as well as the Interim and Annual Consolidated Financial Statements, along with all formal announcements related to these statements. Following this review, the Committee submitted them to the Board of Directors, accompanied by a recommendation for approval. During the consideration of annual financial statements, the external auditors were also invited to attend discussions and provide clarifications as needed.

Furthermore, in its assessment of the financial reporting system, the Committee acknowledged the sufficiency of the content and quality of periodic management information reports forwarded to its members.

Internal Audit, Risks and Controls

The Audit Committee is responsible for monitoring and reviewing the operation and effectiveness of the Group's Internal Audit (GIA) function including its focus, plans, activities and resources. To fulfil these duties the Committee:

- Reviewed significant issues raised by GIA and the external auditor, management's response to their recommendations, and follow-up remedial actions and improvement plans
- Reviewed and approved the Group Internal Audit function's charter, strategy and annual plan;
- Considered and were satisfied that the competencies, experience and level of resources within the Internal Audit team were adequate to achieve the proposed plan;
- Considered the role and effectiveness of Internal Audit in the overall context of the Group's risk management

framework and was satisfied that the function has appropriate standing within the Group;

- Received quarterly updates from the Internal Audit function on the delivery of the 2023/24 plan and on the principal findings from the work of Internal Audit and management's actions to remediate issues identified;
- The Group Internal Audit team regularly reported to the Committee on the adequacy and effectiveness of internal controls in the Group and compliance with laws and regulations and established policies and procedures of the Group;
- The Committee reviews the update of the digital forensic tool to be used by the Group Risk & Control Division;
- Key audit matters received related to LAUGFS Power PLC were reviewed keenly.

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 finalization 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 members of the Committee had a separate meeting with the auditors to discuss issues of a sensitive nature that may have arisen during the audit if any.

The Committee reviewed the management letter issued by them based on their audit and considered actions to be taken to rectify any weaknesses in internal controls based on their recommendations.

The Committee also reviewed the arrangements made by the Auditors to maintain their independence and confirmation has been received from the Auditors of their compliance with the

independence guidance given in the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka. The Committee is satisfied that the independence of the External Auditors has not been impaired by any non-audit services performed by them.

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 Messer Ernst & Young be re-appointed as the auditors of the Group for the financial year ending 31 March 2025, subject to approval by the shareholders at the Annual General Meeting, at a remuneration to be decided by the Management.

Training on 'Listing Rules of the Colombo Stock Exchange' (CSE) on Corporate Governance.

The Committee participated in a training session conducted by an industry expert on the "Listing Rules of the Colombo Stock Exchange (CSE) on Corporate Governance."

Whistleblowing Policy

The Committee Chair and key management personnel of the Group is content with the current status of the Whistleblowing Policy of the Group, ensuring it remains an active and up-to-date framework that all employees and incidents can rely on. Employees are encouraged to utilize whistleblowing channels if they suspect any wrongdoing. Senior Management periodically conducts awareness programs to promote a culture where staff feel empowered to raise genuine concerns.



P.M.B Fernando
Chairman - Audit Committee
LAUGFS Power PLC

12 June 2024

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Related Party Transactions Review Committee of LAUGFS Power PLC was established by the Board of Directors in accordance with the Code of Best Practice on Related Party Transactions issued by the Securities & Exchange Commission of Sri Lanka and Section 9 of the Listing Rules of the Colombo Stock Exchange.

PURPOSE OF THE COMMITTEE COMPOSITION AND ATTENDANCE

The Committee comprises of three Non-Executive Directors; who are independent. The Chairman of the Committee is an Independent Non-Executive Director,

| Names of the RPTR Committee members | Membership Status |
|-------------------------------------|-------------------|
| P.M.B Fernando | Chairman /INED |
| K.R Goonesinge | Member/INED |
| Prof. S.P.P Amarathunga | Member/INED |

| Regular attendees by invitation | |
|--------------------------------------|---|
| Group Chairman | Group Deputy Chairman |
| Group Managing Director/GCEO | Chief Operating Officer –LAUGFS Power PLC |
| Group Director – Finance | Chief Legal Officer |
| Snr Manager Finance–LAUGFS Power PLC | |

Mr Prasenna Balachandran, Chief Internal Auditor served as the Secretary to the Committee.

The Committee met four (04) times during the financial year ended 31 March 2024, and the proceedings of the Committee meetings have been regularly reported through verbal briefings, and by tabling the minutes of the Committee's meetings.

The meeting attendance of the members is set out in the table below,

| Names of the RPTR Committee members | Attended/ Eligibility |
|-------------------------------------|-----------------------|
| P.M.B Fernando | 4/4 |
| K.R Goonesinge | 4/4 |
| Prof. S.P.P Amarathunga | 4/4 |

DUTIES AND RESPONSIBILITIES

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.

- Establishing guidelines in respect of Recurrent Related Party Transactions, for senior management to follow in its ongoing dealings with the relevant related party.

- Where necessary, 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.

- Ensuring that immediate market disclosures and disclosures in the Annual Report as required by the applicable rules/regulations are made in a timely and detailed manner.

METHODOLOGY ADOPTED BY THE COMMITTEE

The members of the Company's Board of Directors have been identified as Key Management Personnel. The declarations are requested from each Key Management Personnel of the Company in compliance with the Related Party Transaction Policy in order to identify parties related to them. The

Company retrieves data on related party transactions from its database based on the information provided in these declarations.

KEY FUNCTIONS PERFORMED DURING THE YEAR UNDER REVIEW

During the year the Committee reviewed the process and recognised the adequacy of the content and quality of the information forwarded to its members by the management. The Committee quarterly monitored the recurrent transactions and their compliance with the approved values and where required directed them to the relevant Boards for further directions. The company organised two comprehensive training sessions with industry experts to update the Key Management Personnel on the amended Listing Rules.

The Committee reviewed the recurrent RPTs entered into by the Company and related parties at the end of every quarter and sought that all transactions entered on an arms-length basis, where no favourable terms have been offered to related parties during the quarter under review.

There were no Non-recurrent or recurrent transactions that exceeded the threshold values, were brought to the notice of the Committee.

Recurrent Transactions

The Committee has put 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 have been verified for compliance.



P.M.B Fernando
Chairman- Related Party Transaction
Review Committee
LAUGFS Power PLC

12 June 2024

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. P.M.B. Fernando - Chairman - Independent/Non-Executive Director
2. Mr. K.R. Goonesinghe - Member - Independent/Non-Executive Director
3. Prof. S.P.P. Amaratunge – Member - Independent/Non-Executive Director

CHARTER OF THE COMMITTEE

The Remuneration Committee operates under a charter that is reviewed annually, outlining its objectives, duties, responsibilities, and composition. This charter defines the Committee's role in guiding the company's strategic HR practices, ensuring they deliver quality service to employees. It aims to create a supportive environment where employees can work with trust and confidence, aligning their efforts with company goals while also achieving their Individual aspirations. By adhering to this charter, the Committee ensures that HR policies and remuneration strategies are effective, equitable, and aligned with both organizational and individual objectives.

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 Group Chief Executive Officer and Chief Executive Officers and KMPs and to ensure that management

development plans and succession plans are in place for Executive Directors and KMPs

- 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

Employee Engagement and Motivation

LAUGFS Power has taken significant steps to enhance employee engagement and motivation, addressing challenges such as low engagement, work-life balance issues, and lack of recognition. To mitigate these issues, LAUGFS Power established open communication channels to ensure employees feel heard and valued and various other engagement activities. Creating a positive workplace environment focused on well-being has significantly improved job satisfaction.


Comprehensive HR Best Practices for Organizational Success

HR best practices encompass a holistic approach to workforce management and organizational development. By prioritizing comprehensive on boarding processes,

ensured seamless integration for new hires and set the stage for long-term success. Employee development and training initiatives foster continuous learning and growth, enabling employees to reach their full potential while contributing to organizational goals. Diversity, equity, and inclusion efforts are made to promote a culture where all employees feel valued and respected.

Leadership Coaching

Unlocking the potential of leaders and maximizing their impact on organizational success, leadership coaching was initiated. By leveraging personalized assessment, goal-setting, and skill development, coaches collaborate closely with individuals to identify strengths, weaknesses, and areas ripe for growth. Sessions are tailored to fortify key leadership competencies like communication, emotional intelligence, and strategic acumen, while nurturing traits such as confidence, adaptability, and accountability.



P.M.B Fernando

Chairman- Remuneration Committee
LAUGFS Power PLC

12 June 2024

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

OBJECTIVE OF THE COMMITTEE

The objective of the Nomination and Governance Committee (the Committee) is to review the structure and the composition of the Board annually and ensure that the combined knowledge and experience complement the corporate strategy, and also to review, evaluate and recommend changes to the Company's Corporate Governance Framework in line with the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance ("Code").

ACTIVITIES IN 2023/24

The Remuneration and Nomination Committee which was functioning as a Board Sub Committee of the company continued only as the Remuneration Committee since 29 April 2024 whilst a new board Sub Committee was established from 29 April 2024 as Nominations and Governance Committee as per the requirements of new Listing Rules.

During the year, the Committee reviewed the Governance Roadmap of the Group and ways to improve Board effectiveness within the Group. Further, the Committee reviewed the composition of the Board and the Board Sub Committees with respect to the recent amendments to the Listing Rules of the Colombo Stock Exchange, effective 1st October 2023. Necessary changes were proposed to the Board by the Committee.

Key Responsibilities

The Nominations and Governance Committee is responsible for reviewing the composition of the Board and Board Sub Committees to ensure that they are appropriately constituted in line with the required skills, experience and diversity.

In addition, the Committee is entrusted with the responsibility of:

- Recommending to the Board the appointment of new Directors and

Key Management Personnel (KMP) and ensuring the implementation of the approved procedure in selecting such Directors and Key Management Personnel;

- Recommending the re-election of current Directors to the Board of Directors, taking into account the performance and contribution made by such Directors towards the overall discharge of responsibilities by the Board;
- Reviewing criteria such as qualifications, experience and key attributes required to be considered for the appointment or promotion to the post of Managing Director/CEO and/or the Key Management positions;
- Ensuring that the Directors, Managing Director/CEO and the Key Management Personnel are fit and proper persons to hold office as required by the Corporate Governance Rules of the CSE and other applicable statutes;
- Assessing from time to time the requirements of additional/new expertise and the succession arrangements for retiring Directors and Key Management Personnel with a view to providing advice and recommendations to the Board on any such appointment;
- Overseeing the process by which the Board, its Committees and individual Directors assess their effectiveness, and report to the Board on findings and recommendations

Review the Structure and the Composition of the Board

The Committee reviewed the structure and composition of the Company with respect to the recent amendments to the Listing Rules of the Colombo Stock Exchange. New candidates were proposed by the Committee.

Board Evaluation

The Board of Directors performs an annual self-evaluation of its own performance and effectiveness. The Committee reviewed the results of the Board Evaluation and discussed the governing structure of the Company. Further, the Board identified and reviewed the Board diversity in the range of experience, skills, age, and gender as an essential factor for effective Board performance. The Board discussed major issues in terms of the Listing Rules of the Colombo Stock Exchange and Board Governance.

Board Succession

During the year under review, the progress and performance of the Chief Operating Officer, Chief Executive Officer and the heads of businesses was regularly reviewed by the Committee. The Committee continues to regularly evaluate candidates for the Board and for the position of CEO.

Re-election of Directors

In terms of the Articles of Association of the Company all directors are required to offer themselves for re-election at regular intervals. Every year, not exceeding 1/3 of the Board must retire by rotation. The Committee decided to recommend Mr. K.R. Goonesinghe, who retire in terms of Article 26(6) of the Company's Articles of Association, to be re-elected to the Board at the Annual General Meeting to be held on 14th July 2024.

Attendance

The Committee comprises of three Independent Non-Executive Directors. The Board Chairman, Deputy Chairman, Managing Director attend the meetings by invitation. The Committee met two times during the year and the committee members' attendance at these meetings is as follows.

| Members | Attendance |
|-----------------------|------------|
| Prof. S.S. Amaratunge | 2/2 |
| Mr. K.R. Goonesinghe | 2/2 |
| Mr P.M.B. Fernando | 2/2 |

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

The profiles of the Directors are found on pages 12 to 14 of this Annual Report.

The Committee members' date of first appointment to the Committee is as follows.

| Member | Date of first appointment to the Committee |
|-----------------------|--|
| Prof. S.S. Amaratunge | 15/8/2022 |
| Mr. K.R. Goonesinghe | 15/8/2022 |
| Mr. P.M.B. Fernando | 23/4/2018 |

Secretary:

The Group Director HR acts as the Secretary to the Committee.

DECLARATION BY THE COMMITTEE

The Committee maintains a suitable process for the periodic evaluation of the performance of the Board of Directors and the Group Managing Director, Group Operating Officer and Group Chief Executive Officer to ensure that their responsibilities are satisfactorily discharged. The Independent Non-Executive Directors of the Company meet the criteria for determining independence in terms of the Listing Rules of the Colombo Stock Exchange.

The Company is in compliance with the Corporate Governance requirements stipulated under the Listing Rules of

| Board Member | Directorship Status | Date of Appointment to the Board | Date of last reappointment to the Board | Directorships in other listed entities |
|-----------------------|---------------------------|----------------------------------|---|---|
| Prof. S.S. Amaratunga | Independent/Non Executive | 15/8/2022 | 21/9/2023 | Raigam Wayamba Saltern PLC Citizen Development Bank PLC Sanasa Development Bank PLC |
| Mr. P.M.B. Fernando | Independent/Non Executive | 23/4/2018 | 27/8/2022 | Lanka Hospitals PLC Laugfs Gas PLC |
| Mr. K.R. Goonesinghe | Independent/Non Executive | 15/8/2023 | 27/8/2022 | - |

INDUCTION PROGRAMME

Induction programmes are conducted for newly appointed Directors on Corporate Governance, Listing Rules of the Colombo Stock Exchange, securities market regulations and other applicable laws and regulations along with the familiarisation on the key focus areas of LAUGFS POWER PLC.

The Board of Directors are periodically apprised on Corporate Governance, Listing Rules of the Colombo Stock Exchange, securities market regulations and other applicable laws and regulations as appropriate.

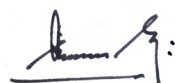
EVALUATION OF THE COMMITTEE

The Committee carried out a self-evaluation of the performance and effectiveness of the Committee and was satisfied that it had carried out its responsibilities in an effective manner during the year under review.

the Colombo Stock Exchange (CSE) to ensure that the overall compliance with the aforementioned regulations by the timelines stipulated by Listing Rules.

CONCLUSION

The Committee will continue to assist the Board in selecting the right candidates with the necessary skills, knowledge and experience, ensuring the desired diversity of the Board to meet the strategic demands of the Company and compliance with the Listing Rules of the Colombo Stock Exchange. In addition, the Committee ensures standardized Governance mechanisms exist to enhance transparency and accountability.



Prof. S.S. Amaratunge
Chairman- Nominations and Governance Committee
LAUGFS Power PLC

12 June 2024

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INDEPENDENT AUDITORS' REPORT



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Chartered Accountants
Rotunda Towers
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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 2024, 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 material accounting policy information.

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 2024, 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 for Professional Accountants 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 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>Interest Bearing Borrowings</p> <p>As of the reporting date, the Group reported total interest-bearing loans and borrowings of Rs. 2,156 Million, of which Rs. 423 Million is reported as current liabilities and the balance of Rs. 1,732 Million is reported as non-current liabilities, as disclosed in Notes 16 and 22 to the financial statements</p> <p>This was a key audit matter due to:</p> <ul style="list-style-type: none"> the materiality of the reported interest-bearing loans and borrowings balance which represents 92% of the Group's total liabilities as of the reporting date; and the existence of several financial and non-financial covenants, the breach of which could impact the classification of the interest-bearing loans and borrowings in the financial statements. | <p>Our audit procedures included the following key procedures;</p> <ul style="list-style-type: none"> Obtained an understanding of the terms and conditions attached to interest bearing loans and borrowings, by perusing the loan agreements. Assessed the management's assessment of compliance with long term covenants. Agreed additions to and repayments of loans and borrowings made during the year to source documents. Obtained direct confirmations from Banks for outstanding amounts as of the reporting date. <p>We also assessed the adequacy of disclosures in Note 16 and 22 to the financial statements</p> |

Other information included in the Group's 2024 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. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the Financial Statements

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 relevant ethical requirements 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, actions taken to eliminate threats or safeguards applied.

INDEPENDENT AUDITORS' REPORT



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.

12 June 2024
Colombo

Partners: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, N M Sulaiman ACA ACMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA

Principals: T P M Ruberu FCMA FCCA MBA (USJ-SL), G B Goudian ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakhivel B.Com (Sp)

A member firm of Ernst & Young Global Limited

STATEMENT OF PROFIT OR LOSS

| Year ended 31 March | Note | Group | | Company | |
|--|------|----------------------|---------------|---------------------|---------------|
| | | 2024 Rs. | 2023 Rs. | 2024 Rs. | 2023 Rs. |
| Revenue | 4.1 | 967,670,263 | 968,662,275 | 88,883,670 | 80,090,901 |
| Cost of Sales | | (341,574,087) | (324,125,290) | (34,404,125) | (33,149,003) |
| Gross Profit | | 626,096,176 | 644,536,985 | 54,479,545 | 46,941,898 |
| Other Operating Income | 4.2 | - | - | 170,000,425 | - |
| Administrative Expenses | | (158,103,996) | (158,441,983) | (71,434,506) | (83,037,156) |
| Impairment (Charge)/Reversal | | (5,524,914) | - | - | - |
| Operating Profit/(Loss) | | 462,467,264 | 486,095,002 | 153,045,464 | (36,095,258) |
| Finance Costs | 4.3 | (387,530,405) | (554,039,770) | (19,964,170) | (32,887,091) |
| Finance Income | 4.4 | 14,677,238 | 375,114 | 1,881,329 | 59,691 |
| Profit/(Loss) Before Tax | 4.5 | 89,614,097 | (67,569,656) | 134,962,623 | (68,922,658) |
| Income Tax (Expense)/Reversal | 5.1 | (37,636,278) | (46,044,838) | (6,273,459) | (46,020,263) |
| Profit/(Loss) for the Year | | 51,977,819 | (113,614,494) | 128,689,164 | (114,942,921) |
| Attributable to: | | | | | |
| Equity Holders of the Parent | | 51,977,819 | (113,614,494) | 128,689,164 | (114,942,921) |
| Non-Controlling Interests | | - | - | - | - |
| | | 51,977,819 | (113,614,494) | 128,689,164 | (114,942,921) |
| Basic/Diluted Earnings/ (Loss) Per Share: | 6 | 0.13 | (0.29) | 0.33 | (0.30) |

The accounting policies and notes on pages 58 to 100 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

| Year ended 31 March | Note | Group | | Company | |
|--|------|-------------------|----------------------|---------------------|----------------------|
| | | 2024 Rs. | 2023 Rs. | 2024 Rs. | 2023 Rs. |
| Profit/ (Loss) for the Year | | 51,977,819 | (113,614,494) | 128,689,164 | (114,942,921) |
| Other Comprehensive Income | | | | | |
| Other Comprehensive Income that will not be Reclassified to Profit or Loss in Subsequent Periods : | | | | | |
| Gains/(Losses) on Financial Assets at FVTOCI | 15.1 | - | - | (45,743,000) | 95,678,000 |
| Actuarial Gains/(Losses) on Defined Benefit Liability | 4.6 | 102,426 | (770,242) | 213,173 | (816,869) |
| Tax Effect | 5.2 | (63,952) | (245,061) | (63,952) | (245,061) |
| Net Other Comprehensive Income/(Loss) that will not be Reclassified to Profit or Loss in Subsequent Periods | | 38,474 | (1,015,303) | (45,593,779) | 94,616,070 |
| Other Comprehensive Income/(Loss) for the Year, Net of Tax | | 38,474 | (1,015,303) | (45,593,779) | 94,616,070 |
| Total Comprehensive Income/(Loss) for the Year, Net of Tax | | 52,016,293 | (114,629,797) | 83,095,385 | (20,326,851) |
| Attributable to: | | | | | |
| Equity Holders of the Parent | | 52,016,293 | (114,629,797) | 83,095,385 | (20,326,851) |
| Non-Controlling Interests | | - | - | - | - |
| | | 52,016,293 | (114,629,797) | 83,095,385 | (20,326,851) |

The accounting policies and notes on pages 58 to 100 form an integral part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION

| As at 31 March | Note | Group | | Company | |
|---|------|----------------------|----------------------|----------------------|----------------------|
| | | 2024 Rs. | 2023 Rs. | 2024 Rs. | 2023 Rs. |
| ASSETS | | | | | |
| Non-Current Assets | | | | | |
| Property, Plant and Equipment | 7 | 3,341,875,458 | 3,593,306,297 | 306,938,580 | 329,959,149 |
| Right-of-Use Assets | 8 | 94,489,302 | 87,375,326 | 5,197,042 | 5,530,542 |
| Investments in Subsidiaries | 9 | - | - | 2,982,049,000 | 3,027,792,000 |
| Intangible Assets | 10 | - | 7,983 | - | 7,983 |
| | | 3,436,364,760 | 3,680,689,606 | 3,294,184,622 | 3,363,289,674 |
| Current Assets | | | | | |
| Inventories | 11 | 114,135 | 123,434 | - | - |
| Trade and Other Receivables | 12 | 476,139,959 | 1,207,558,787 | 461,521,514 | 297,832,361 |
| Income Tax Recoverable | | 492,329 | 981,458 | 29,068 | 1,114 |
| Cash and Cash Equivalents | 13 | 415,589,500 | 44,297,461 | 25,937,311 | 1,286,302 |
| | | 892,335,923 | 1,252,961,140 | 487,487,893 | 299,119,777 |
| Total Assets | | 4,328,700,683 | 4,933,650,746 | 3,781,672,515 | 3,662,409,451 |
| 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 FVTOCI | 15 | - | - | (123,451,000) | (77,708,000) |
| Retained Earnings | | 101,515,156 | 49,498,864 | 350,348,201 | 221,509,816 |
| Equity Attributable to Equity Holders of the Parent | | 1,981,515,156 | 1,929,498,864 | 2,106,897,201 | 2,023,801,816 |
| Non-Controlling Interests | | - | - | - | - |
| Total Equity | | 1,981,515,156 | 1,929,498,864 | 2,106,897,201 | 2,023,801,816 |
| Non-Current Liabilities | | | | | |
| Interest Bearing Loans and Borrowings | 16 | 1,732,956,134 | 2,152,371,356 | 96,320,508 | 106,125,968 |
| Employee Benefit Liability | 17 | 7,105,899 | 7,419,979 | 6,445,888 | 7,067,628 |
| Deferred Tax Liabilities | 5.5 | 85,748,823 | 79,409,015 | 85,748,823 | 79,409,015 |
| | | 1,825,810,856 | 2,239,200,350 | 188,515,219 | 192,602,611 |
| Current Liabilities | | | | | |
| Trade and Other Payables | 18 | 97,546,995 | 214,469,427 | 1,470,562,955 | 1,408,629,156 |
| Interest Bearing Loans and Borrowings | 16 | 423,827,676 | 550,479,708 | 15,697,140 | 37,373,471 |
| Income Tax Payable | | - | 2,397 | - | 2,397 |
| | | 521,374,671 | 764,951,532 | 1,486,260,095 | 1,446,005,024 |
| Total Equity and Liabilities | | 4,328,700,683 | 4,933,650,746 | 3,781,672,515 | 3,662,409,451 |

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



R.D.G. Maduranga
Senior Finance Manager

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 58 to 100 form an integral part of these Financial Statements.

12 June 2024
Colombo

STATEMENT OF CHANGES IN EQUITY

| Year ended 31 March | Attributable to Equity Holders of the Parent | | | Non-Controlling Interests | Total |
|-----------------------------------|--|-------------------|---------------|---------------------------|---------------|
| | Stated Capital | Retained Earnings | Total | | |
| Group | Rs. | Rs. | Rs. | Rs. | Rs. |
| As at 01 April 2022 | 1,880,000,000 | 164,128,661 | 2,044,128,661 | - | 2,044,128,661 |
| Loss for the Year | - | (113,614,494) | (113,614,494) | - | (113,614,494) |
| Other Comprehensive Income/(Loss) | - | (1,015,303) | (1,015,303) | - | (1,015,303) |
| Total Comprehensive Income/(Loss) | - | (114,629,797) | (114,629,797) | - | (114,629,797) |
| As at 31 March 2023 | 1,880,000,000 | 49,498,864 | 1,929,498,864 | - | 1,929,498,864 |
| Profit/(Loss) for the Year | - | 51,977,819 | 51,977,819 | - | 51,977,819 |
| Other Comprehensive Income/(Loss) | - | 38,474 | 38,474 | - | 38,474 |
| Total Comprehensive Income/(Loss) | - | 52,016,293 | 52,016,293 | - | 52,016,293 |
| As at 31 March 2024 | 1,880,000,000 | 101,515,156 | 1,981,515,156 | - | 1,981,515,156 |

| Year ended 31 March | Stated Capital | Fair Value Reserve of Financial Assets at FVTOCI | Retained Earnings | Total Equity |
|-----------------------------------|----------------|--|-------------------|---------------|
| | Rs. | Rs. | Rs. | Rs. |
| As at 01 April 2022 | 1,880,000,000 | (173,386,000) | 337,514,667 | 2,044,128,667 |
| Loss for the Year | - | - | (114,942,921) | (114,942,921) |
| Other Comprehensive Income/(Loss) | - | 95,678,000 | (1,061,930) | 94,616,070 |
| Total Comprehensive Income/(Loss) | - | 95,678,000 | (116,004,851) | (20,326,851) |
| As at 31 March 2023 | 1,880,000,000 | (77,708,000) | 221,509,816 | 2,023,801,816 |
| Profit/(Loss) for the Year | - | - | 128,689,164 | 128,689,164 |
| Other Comprehensive Income/(Loss) | - | (45,743,000) | 149,221 | (45,593,779) |
| Total Comprehensive Income/(Loss) | - | (45,743,000) | 128,838,385 | 83,095,385 |
| As at 31 March 2024 | 1,880,000,000 | (123,451,000) | 350,348,201 | 2,106,897,201 |

The accounting policies and notes on pages 58 to 100 form an integral part of these Financial Statements.

STATEMENT OF CASH FLOWS

| Year ended 31 March | Note | Group | | Company | |
|---|------|----------------------|----------------------|---------------------|--------------------|
| | | 2024 Rs. | 2023 Rs. | 2024 Rs. | 2023 Rs. |
| Cash Flows Generated From/(Used in) Operating Activities | | | | | |
| Cash Flows From Operating Activities | | | | | |
| Profit/(Loss) Before Tax | | 89,614,097 | (67,569,656) | 134,962,623 | (68,922,658) |
| Non-Cash Adjustment to Reconcile Profit/(Loss) Before Tax to Net Cash Flows: | | | | | |
| Depreciation of Property, Plant and Equipment | 7 | 246,797,142 | 246,904,699 | 23,911,787 | 23,766,234 |
| Amortisation of Intangible Assets | 10 | 7,983 | 39,473 | 7,983 | 39,473 |
| Finance Costs | 4.3 | 378,759,496 | 545,543,239 | 19,730,202 | 32,771,151 |
| Finance Charge on Lease Liabilities | 4.3 | 8,770,909 | 8,496,531 | 233,968 | 115,940 |
| Finance Income | 4.4 | (14,677,238) | (375,114) | (1,881,329) | (59,691) |
| Amortisation of Right of Use Assets | | 7,255,670 | 8,032,406 | 2,345,548 | 3,276,754 |
| Transfer of Employee Benefit Liability | 17.2 | (2,422,282) | (15,994) | (2,422,282) | (15,994) |
| Adjustment for Right of Use Assets | | 14,748 | - | 14,748 | - |
| Provision for Employee Benefit Liability | 17.1 | 2,483,247 | 1,911,566 | 2,286,334 | 1,787,551 |
| Dividend Income | 4.2 | - | - | (170,000,425) | - |
| Impairment of Property, Plant and Equipment | 7 | 5,524,914 | - | - | - |
| Operating Profit before Working Capital Changes | | 722,128,686 | 742,967,151 | 9,189,157 | (7,241,239) |
| Working Capital Adjustments: | | | | | |
| (Increase)/Decrease in Inventories | | 9,298 | (123,434) | - | - |
| (Increase)/Decrease in Trade and Other Receivables and Prepayments | | 731,905,559 | (507,099,714) | (163,717,107) | (39,804,144) |
| Increase/(Decrease) in Trade and Other Payables | | (45,439,043) | 9,915,088 | 232,337,649 | 64,274,359 |
| Cash Flows Generated From/(Used in) Operating Activities | | 1,408,604,500 | 245,659,091 | 77,809,699 | 17,228,976 |
| Employee Benefit Liability Costs Paid | 17.2 | (272,619) | (800,000) | (272,619) | (800,000) |
| Finance Costs Paid | | (400,525,885) | (349,142,464) | (19,730,202) | (12,596,700) |
| Income Tax Paid | | (223,195) | (67,950) | - | (38,165) |
| Net Cash Flows Generated From/(Used in) Operating Activities | | 1,007,582,799 | (104,351,323) | 57,806,878 | 3,794,110 |
| Cash Flows From/(Used in) Investing Activities | | | | | |
| Acquisition of Property, Plant and Equipment | 7 | (891,218) | (93,500) | (891,218) | (69,000) |
| Finance Income | 4.4 | 14,677,238 | 375,114 | 1,477,904 | 59,691 |
| Net Cash Flows From/(Used in) Investing Activities | | 13,786,020 | 281,614 | 586,686 | (9,309) |
| Cash Flows From/(Used in) Financing Activities | | | | | |
| Proceeds From Interest Bearing Loans and Borrowings | 16 | 50,844,984 | 1,166,424,546 | - | 11,720,057 |
| Lease Rental Paid | | (6,872,943) | (1,980,000) | (2,260,763) | - |
| Repayment of Interest Bearing Loans and Borrowings | 16 | (709,905,176) | (1,024,641,358) | (32,187,810) | (16,654,533) |
| Net Cash Flows From/(Used in) Financing Activities | | (665,933,135) | 139,803,189 | (34,448,573) | (4,934,476) |
| Net Increase/(Decrease) in Cash and Cash Equivalents | | 355,435,685 | 35,733,480 | 23,944,991 | (1,149,676) |
| Cash and Cash Equivalents at the Beginning of the Year | 13 | 44,241,806 | 8,508,326 | 1,238,896 | 2,388,571 |
| Cash and Cash Equivalents at the End of the Year | 13 | 399,677,491 | 44,241,806 | 25,183,885 | 1,238,896 |

The accounting policies and notes on pages 58 to 100 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 and is listed on 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 2024 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 Authorization for Issue

The financial statements of LAUGFS Power PLC and its Subsidiaries (collectively, the Group) for the year ended 31 March 2024 were authorized for issue in accordance with a resolution of the Board of Directors on 12 June 2024.

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 2024, based on available information, the management has assessed the prevailing macroeconomic conditions and its effect on the Group companies and the appropriateness of the use of the going concern basis. In March 2024, the Company evaluated the resilience of its businesses considering a wide range of factors, relating to expected revenue, cost management, profitability, ability to defer non-essential capital expenditure, debt repayment and potential sources of financing facilities.

Accordingly, as at the date of the financial statements, there is improvement of Revenue for the financial year ended 31 March 2024 and had not an adverse effect on the financial statements as well.

2.5 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its Subsidiaries as at 31 March 2024. 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:

- 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.

NOTES TO THE FINANCIAL STATEMENTS

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 is 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 categorization (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, 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 (Note 9, 15 and 16)
- Quantitative disclosures of fair value measurement hierarchy (Note 16.5)
- Financial instruments (including those carried at amortised cost) (Note 9 and 16)

2.9 Revenue

2.9.1 Supply of Electricity

Revenue from electricity supplied is recognized 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.

2.9.2 Dividend

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

2.9.3 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.

2.9.4 Others

Other Income is recognized on an accrual basis.

2.9.5 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 recognized 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.

2.10 Expenses

Expenses are recognized 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.

2.11 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.

2.11.1 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.

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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.

2.11.2 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.

2.11.3 Sales Tax

Revenues, expenses and assets are recognized 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 recognized 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.

2.12 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.

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 recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

When a major inspection is performed, its cost is recognized 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 recognized 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.

2.13 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 – 20-30 Years
- Leasehold Land – 20-30 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.

ii) 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

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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.

2.14 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.

2.15 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).

2.16 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.

2.16.1 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)

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

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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.

2.16.2 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.

2.16.3 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 recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

2.16.4 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 16.5

2.17 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 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 recognized 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 recognized 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 recognized 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 recognized 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 recognized. 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 recognized for the asset in prior years. Such reversal is recognized 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 recognized. 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.

2.18 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.

2.19 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.

2.20 Provisions

Provisions are recognized 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 recognized 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.

2.21 Employee Benefits

2.21.1 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.

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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 recognized 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.

2.21.2 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.

2.21.3 Short-term Benefits

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

2.22 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.

2.23 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.

2.24 Changes in Accounting Policies and Disclosures

2.24.1 New and amended standards and interpretations

There are no significant changes to the accounting standards for the financial year under review.

2.24.2 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, to the date of issuance of the financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

These amendments to various standards are effective for the annual reporting periods beginning on or after 01 January 2024.

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

Amendments to LKAS 1 relate to classification of liabilities with covenants as current or non-current. The amendments clarify that if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants only at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. The requirements apply only to liabilities arising from loan arrangements.

Disclosures: Supplier Finance Arrangements - Amendments to LKAS 7 and SLFRS 7

The amendments clarify the characteristics of supplier finance arrangements and require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those arrangements.

Lease Liability in a Sale and Leaseback - Amendment to SLFRS 16

The amendments to SLFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. A seller-lessee applies the amendment retrospectively in accordance with LKAS 8 to sale and leaseback transactions entered into after the date of initial application

SLFRS 17 Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace SLFRS 4 Insurance Contracts (SLFRS 4) that was issued in 2005. SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The core of SLFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

International Tax Reform—Pillar Two Model Rule - Amendments to LKAS 12

The amendments to LKAS 12 introduce a mandatory exception in LKAS 12 from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. An entity is required to disclose that it has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

2.25 Significant Accounting Judgements, Estimates and Assumptions

The preparation of financial statements in conformity with SLFRS/LKAS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Use of Judgements, Estimates and Assumptions

In the process of applying the accounting policies, management has made following judgements, estimates and assumptions which have the most significant effect on the amounts recognised in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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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 Year ended 31 March | Hydro Power | | Solar Power | | Eliminations/Adjustments | | Group | |
|--|---------------------|---------------------|----------------------|----------------------|--------------------------|------------------------|----------------------|----------------------|
| | 2024 Rs. | 2023 Rs. | 2024 Rs. | 2023 Rs. | 2024 Rs. | 2023 Rs. | 2024 Rs. | 2023 Rs. |
| Revenue | | | | | | | | |
| External Customers | 67,186,288 | 59,514,515 | 900,483,975 | 909,147,760 | - | - | 967,670,263 | 968,662,275 |
| Total Revenue | 67,186,288 | 59,514,515 | 900,483,975 | 909,147,760 | - | - | 967,670,263 | 968,662,275 |
| Results | | | | | | | | |
| Operating Profit/(Loss) (Without Impairment) | 18,540,920 | 19,312,099 | 449,451,259 | 466,782,902 | - | - | 467,992,179 | 486,095,002 |
| Impairment (Charge)/Reversal | (5,524,914) | - | - | - | - | - | (5,524,914) | - |
| Operating Profit/(Loss) (After Impairment) | 13,016,006 | 19,312,099 | 449,451,259 | 466,782,902 | - | - | 462,467,264 | 486,095,002 |
| Finance Costs | (40,581,279) | (52,227,485) | (346,949,126) | (501,812,285) | - | - | (387,530,406) | (554,039,770) |
| Finance Income | 785,745 | 30,087 | 13,891,493 | 345,027 | - | - | 14,677,239 | 375,114 |
| Profit/(Loss) Before Tax | (26,779,529) | (32,885,300) | 116,393,626 | (34,684,356) | - | - | 89,614,097 | (67,569,656) |
| Income Tax (Expense)/Reversal | (3,512,653) | (34,940,570) | (4,123,550) | (11,104,267) | (30,000,075) | (30,000,075) | (37,636,278) | (46,044,838) |
| Profit/(Loss) for the Year | (30,292,182) | (67,825,870) | 112,270,076 | (45,788,624) | (30,000,075) | (30,000,075) | 51,977,819 | (113,614,494) |
| Actuarial Gains/(Losses) on Defined Benefit Liability | (95,557) | (388,980) | 197,983 | (381,262) | - | - | 102,426 | (770,242) |
| Income Tax Effect | (31,976) | (122,530) | (31,976) | (122,530) | - | - | (63,952) | (245,061) |
| Total Comprehensive Income/(Loss) for the Year Net of Tax | (30,419,715) | (68,337,380) | 112,436,082 | (46,292,417) | (30,000,075) | (30,000,075) | 52,016,292 | (114,629,797) |
| Assets & Liabilities | | | | | | | | |
| Total Non-Current Assets | 773,358,608 | 867,281,957 | 6,106,350,335 | 6,296,969,919 | (3,443,344,184) | (3,483,562,270) | 3,436,364,760 | 3,680,689,606 |
| Total Current Assets | 38,086,518 | 84,322,028 | 2,544,747,867 | 2,686,899,638 | (1,690,500,462) | (1,518,260,526) | 892,335,923 | 1,252,961,140 |
| Total Assets | 811,447,126 | 951,603,985 | 8,651,098,203 | 8,983,869,557 | (5,133,844,646) | (5,001,822,796) | 4,328,700,683 | 4,933,650,746 |
| Total Non-Current Liabilities | 140,981,887 | 165,122,219 | 1,684,828,968 | 2,074,078,130 | - | - | 1,825,810,856 | 2,239,200,350 |
| Total Current Liabilities | 361,368,090 | 256,270,976 | 1,850,507,042 | 2,026,941,081 | (1,690,500,462) | (1,518,260,526) | 521,374,671 | 764,951,532 |
| Total Liabilities | 502,349,977 | 421,393,195 | 3,535,336,010 | 4,101,019,212 | (1,690,500,462) | (1,518,260,526) | 2,347,185,527 | 3,004,151,882 |
| Other Disclosures | | | | | | | | |
| Depreciation for the Year | 20,896,505 | 20,899,071 | 225,900,637 | 226,005,628 | - | - | 246,797,142 | 246,904,699 |
| Purchase of Property, Plant and Equipment | - | - | 891,218 | 93,500 | - | - | 891,218 | 93,500 |
| Employee Benefit Liability | 3,672,072 | 3,789,167 | 3,433,827 | 3,630,812 | - | - | 7,105,899 | 7,419,979 |

Adjustments/eliminations column reflects consolidation elimination and adjustments.

4. REVENUE/OTHER INCOME AND EXPENSES

| | Group | | Company | |
|---|--------------------|--------------------|--------------------|-------------------|
| | 2024 Rs. | 2023 Rs. | 2024 Rs. | 2023 Rs. |
| 4.1 Revenue - from contracts with customers | | | | |
| Supply of Electricity | 967,670,263 | 968,662,275 | 88,883,670 | 80,090,901 |
| | 967,670,263 | 968,662,275 | 88,883,670 | 80,090,901 |
| 4.2 Other Operating Income | | | | |
| Dividend Income | - | - | 170,000,425 | - |
| | - | - | 170,000,425 | - |
| 4.3 Finance Costs | | | | |
| Interest Expense on Overdrafts | 98,143 | 278,626 | 5,556 | 2,430 |
| Interest Expense on Loans and Borrowings | 378,661,354 | 545,264,613 | 19,724,646 | 32,768,721 |
| Finance Charge on Lease Liabilities | 8,770,909 | 8,496,531 | 233,968 | 115,940 |
| | 387,530,405 | 554,039,770 | 19,964,170 | 32,887,091 |
| 4.4 Finance Income | | | | |
| Interest Income | 14,677,238 | 375,114 | 1,881,329 | 59,691 |
| | 14,677,238 | 375,114 | 1,881,329 | 59,691 |
| 4.5 Profit/(Loss) Before Tax | | | | |
| Stated after Charging/(Crediting) | | | | |
| Included in Cost of Sales | | | | |
| Depreciation of Property, Plant and Equipment | 244,220,146 | 244,475,824 | 21,366,792 | 21,369,359 |
| Amortisation of Right of Use Assets | 638,500 | 638,500 | 333,500 | 333,500 |
| Plant and Machine Maintenance | 46,680,215 | 37,424,370 | 878,954 | 1,124,909 |
| Employees Benefits including the following; | | | | |
| Staff Expenses | 22,447,756 | 19,429,613 | 11,089,768 | 9,814,360 |
| Defined Contribution Plan Costs - EPF and ETF (Included in Employees Benefits) | 1,686,720 | 1,469,072 | 844,473 | 746,972 |
| | 315,673,337 | 303,437,379 | 34,513,487 | 33,389,100 |
| Included in Administration Expenses | | | | |
| Employees Benefits including the following; | | | | |
| Staff Expenses | 39,444,739 | 53,542,431 | 36,882,319 | 53,307,745 |
| Employee Benefit Plan Costs - Gratuity (Included in Employee Benefits) | 2,483,245 | 1,911,566 | 2,286,333 | 1,787,551 |
| Defined Contribution Plan Costs - EPF and ETF (Included in Employees Benefits) | 3,292,526 | 5,364,254 | 3,201,626 | 5,364,254 |
| Depreciation of Property, Plant and Equipment | 2,576,996 | 2,428,875 | 2,544,996 | 2,396,875 |
| Amortisation of Right of Use Assets | 6,617,170 | 7,393,906 | 2,012,048 | 2,943,254 |
| Amortisation of Intangible Assets | 7,983 | 39,473 | 7,983 | 39,473 |
| Donations | 481,500 | 35,640 | 397,500 | - |
| Sponsorships | 270,000 | - | 245,000 | - |
| Auditors' Fee | | | | |
| Audit Services | 1,083,224 | 749,477 | 521,922 | 293,846 |
| Non Audit Services | 895,155 | 883,730 | 169,344 | 160,713 |
| | 1,978,380 | 1,633,207 | 691,266 | 454,559 |

NOTES TO THE FINANCIAL STATEMENTS

| | Group | | Company | |
|---|---------|-----------|---------|-----------|
| | 2024 | 2023 | 2024 | 2023 |
| | Rs. | Rs. | Rs. | Rs. |
| 4.6 Components of Other Comprehensive Income | | | | |
| Employee Benefit Liability | | | | |
| Actuarial Gains/(Losses) arising during the Year | 102,426 | (770,242) | 213,173 | (816,869) |

5. INCOME TAX

The major components of income tax expense for the years ended 31 March 2024 and 31 March 2023 are:

| | Group | | Company | |
|---|-------------------|-------------------|------------------|-------------------|
| | 2024 | 2023 | 2024 | 2023 |
| | Rs. | Rs. | Rs. | Rs. |
| 5.1 Statement of Profit or Loss | | | | |
| Current Income Tax: | | | | |
| Current Income Tax Expense (Note 5.3) | 1,362,744 | 26,972 | - | 2,397 |
| Dividend Tax of Subsidiaries | 30,000,075 | - | - | - |
| Under/(Over) Provision in Respect of Prior Years | (2,397) | - | (2,397) | - |
| Self Assessment basis payment for current year | - | - | - | - |
| | 31,360,422 | 26,972 | (2,397) | 2,397 |
| Deferred Income Tax: | | | | |
| Deferred Taxation Charge/(Reversal) (Note 5.4) | 6,275,856 | 46,017,866 | 6,275,856 | 46,017,866 |
| | 6,275,856 | 46,017,866 | 6,275,856 | 46,017,866 |
| Income Tax Expense Reported in the Statement of Profit or Loss | 37,636,278 | 46,044,838 | 6,273,459 | 46,020,263 |
| 5.2 Statement of Other Comprehensive Income | | | | |
| Actuarial Gains/(Losses) on Retirement Benefit Plans | (63,952) | (245,061) | (63,952) | (245,061) |
| Income Tax Charged Directly to Other Comprehensive Income | (63,952) | (245,061) | (63,952) | (245,061) |

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 2024 and 31 March 2023 are as follows:

| | Group | | Company | |
|---|----------------------|----------------------|---------------------|---------------------|
| | 2024 | 2023 | 2024 | 2023 |
| | Rs. | Rs. | Rs. | Rs. |
| Accounting Profit/(Loss) Before Tax | 89,614,097 | (67,569,656) | 134,962,623 | (68,922,658) |
| Adjustments in respect to Current Income Tax | | | | |
| Aggregate Disallowed Items | 272,148,963 | 275,022,970 | 33,622,109 | 36,853,009 |
| Aggregate Allowable Expenses | (92,503,357) | (106,426,584) | (47,311,025) | (57,725,769) |
| Income Exempt from Income Tax | (368,335,253) | (240,215,055) | - | - |
| Investment Income | (183,386,557) | 29,066 | (171,881,754) | (59,691) |
| Business Income | (282,462,109) | (139,159,260) | (50,608,047) | (89,855,109) |
| Other Income | 183,386,557 | (29,066) | 171,881,754 | 59,691 |
| Less : Allowable Deductions | (178,844,079) | (2,824,655) | (171,881,754) | (49,703) |
| Total Taxable Income | 4,542,478 | (2,853,721) | - | 9,988 |

| | Group | | Company | |
|--|-----------|-----------|---------|-----------|
| | 2024 | 2023 | 2024 | 2023 |
| | Rs. | Rs. | Rs. | Rs. |
| At the Statutory Income Tax Rate | | | | |
| Business Income | 30% | 14% - 30% | 30% | 14% - 30% |
| Other Income | 30% | 24% | 30% | 14% - 24% |
| Other Income | 30% | 30% | 30% | 30% |
| Current Income Tax Expenses - Business Income | - | - | - | - |
| - Other Income - 24% | - | 3,994 | - | 2,397 |
| - Other Income - 30% | 1,362,744 | 22,978 | - | - |
| Income Tax Expense reported in the Statement of Profit or Loss | 1,362,744 | 26,972 | - | 2,397 |

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 | |
|---|--|---------------------|--|-------------------|--|----------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| Deferred Tax Liabilities | | | | | | |
| Capital Allowances for Tax Purposes | (86,123,477) | (79,870,140) | 6,253,336 | 46,793,754 | - | - |
| Right of Use Assets | (1,559,113) | (1,659,163) | (100,050) | 850,372 | - | - |
| | (87,682,589) | (81,529,303) | 6,153,286 | 47,644,126 | - | - |
| Deferred Tax Assets | | | | | | |
| Employee Benefit Liability | 1,933,766 | 2,120,288 | 122,570 | (1,626,260) | 63,952 | 245,061 |
| | 1,933,766 | 2,120,288 | 122,570 | (1,626,260) | 63,952 | 245,061 |
| Deferred Income Tax Expense | | | 6,275,856 | 46,017,866 | 63,952 | 245,061 |
| Net Deferred Tax Assets/ Liabilities | (85,748,823) | (79,409,015) | | | | |

NOTES TO THE FINANCIAL STATEMENTS

5. INCOME TAX (CONTD.)

| Company | Statement of Financial Position | | Statement of Profit or Loss | | Statement of Other Comprehensive Income | |
|---|------------------------------------|---------------------|--------------------------------|--------------------|--|----------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| Deferred Tax Liabilities | | | | | | |
| Capital Allowances for Tax Purposes | (86,123,477) | (79,870,140) | 6,253,336 | 46,793,754 | - | - |
| Right of Use Asset | (1,559,113) | (1,659,163) | (100,050) | 850,372 | - | - |
| | (87,682,589) | (81,529,303) | 6,153,286 | 47,644,126 | - | - |
| Deferred Tax Assets | | | | | | |
| Employee Benefit Liability | 1,933,766 | 2,120,288 | 122,570 | (1,626,260) | 63,952 | 245,061 |
| Investments in Subsidiaries - FVTOCI | - | - | - | - | - | - |
| | 1,933,766 | 2,120,288 | 122,570 | (1,626,260) | 63,952 | 245,061 |
| Deferred Income Tax Expense | | | 6,275,856 | 46,017,866 | 63,952 | 245,061 |
| Net Deferred Tax Assets/ Liabilities | (85,748,823) | (79,409,015) | | | | |

5.5 Reconciliation of Net Deferred Tax Assets/Liabilities

| | Group | | Company | |
|---|---------------------|---------------------|---------------------|---------------------|
| | 2024 | 2023 | 2024 | 2023 |
| | Rs. | Rs. | Rs. | Rs. |
| As at 01 April | (79,409,015) | (33,146,088) | (79,409,015) | (33,146,088) |
| Tax Expense/(Reversal) Recognised in the Statement of Profit or Loss | (6,275,856) | (46,017,866) | (6,275,856) | (46,017,866) |
| Tax Expense/(Reversal) Recognised in Other Comprehensive Income | (63,952) | (245,061) | (63,952) | (245,061) |
| As at 31 March | (85,748,823) | (79,409,015) | (85,748,823) | (79,409,015) |

5.5.1 Deferred Tax

Deferred tax has been computed using the current tax rate of 30% (2023-30%) for the Company and Group. Further information about deferred tax is presented in note 5.4 deferred tax assets/ liabilities.

5.6 Current Taxes

5.6.1 Corporate Income Taxes of Companies Resident in Sri Lanka have been computed in accordance with the Inland Revenue Act No.24 of 2017.

5.6.2 As per the Inland Revenue Act No.24 of 2017 and amendments thereto, all Group companies which are resident in Sri Lanka are liable to Income Tax at 30% w.e.f 01 October 2022, upto 30 September 2022 - 14% on taxable profit during the period with the exception of the Companies stated below.

5.6.3 Exemptions/Concessions Granted Under the Board of Investment Law

| Company | Nature of the Exemption / Concession | Current Tax | Period |
|--------------------------------|--|-------------|----------------------------|
| Anorchi Lanka (Pvt) Ltd | Profit of the company is exempted from Income Tax for a period of 10 Years | Exempt | 10 Years from Year 2016/17 |
| 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 Year 2016/17 |

6. EARNINGS / (LOSS) PER SHARE

Basic/Diluted Earnings Per Share is calculated by dividing the net profit/(loss) 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/(Loss) Per Share computations.

| | Group | |
|---|-------------|---------------|
| | 2024 | 2023 |
| | Rs. | Rs. |
| Amount Used as the Numerator: | | |
| Net Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent for Basic/Diluted Earnings/(Loss) Per Share | 51,977,819 | (113,614,494) |
| | 2024 | 2023 |
| | Number | Number |
| Number of Ordinary Shares Used as the Denominator: | | |
| Weighted Average Number of Ordinary Shares for Basic/Diluted Earnings/(Loss) Per Share | 387,000,086 | 387,000,086 |
| | 2024 | 2023 |
| | Rs. | Rs. |
| Basic/Diluted Earnings/(Loss) Per Share | 0.13 | (0.29) |

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.

7. PROPERTY, PLANT AND EQUIPMENT

| | Balance as at 01.04.2023 | Additions during the Year | Transfers In/(Out) | Impairment | Disposals during the Year | Balance as at 31.03.2024 |
|--|--------------------------------|---------------------------------|-----------------------|--------------------|---------------------------------|--------------------------------|
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| 7.1 Group | | | | | | |
| 7.1.1 Gross Carrying Amounts | | | | | | |
| At Cost | | | | | | |
| Freehold Land | 27,556,625 | - | - | - | - | 27,556,625 |
| Buildings on Freehold Land | 204,772,731 | - | - | - | - | 204,772,731 |
| Buildings on Leasehold Land | 9,416,126 | - | - | - | - | 9,416,126 |
| Plant, Machinery and Equipment | 4,386,321,921 | - | - | (5,524,914) | - | 4,380,797,007 |
| Office Equipment | 1,832,981 | 750,000 | - | - | - | 2,582,981 |
| Furniture and Fittings | 668,561 | 141,218 | - | - | - | 809,779 |
| Total Value of Depreciable Assets | 4,630,568,945 | 891,218 | - | (5,524,914) | - | 4,625,935,248 |
| 7.1.2 In the Course of Construction | | | | | | |
| Hydro Power Plant | 450,806,729 | - | - | - | - | 450,806,729 |
| | 450,806,729 | - | - | - | - | 450,806,729 |
| Total Gross Carrying Amount | 5,081,375,674 | 891,218 | - | (5,524,914) | - | 5,076,741,978 |

NOTES TO THE FINANCIAL STATEMENTS

7. PROPERTY, PLANT AND EQUIPMENT

| | Balance as at 01.04.2023 Rs. | Charged for the Year Rs. | Transfers In/(Out) Rs. | Impairment* | Disposals during the Year Rs. | Balance as at 31.03.2024 Rs. |
|--------------------------------|---------------------------------------|-----------------------------------|------------------------------|-------------|--|---------------------------------------|
| 7.1.3 Depreciation | | | | | | |
| At Cost | | | | | | |
| Buildings on Freehold Land | 77,281,479 | 10,238,636 | - | - | - | 87,520,116 |
| Buildings on Leasehold Land | 1,335,011 | 427,745 | - | - | - | 1,762,755 |
| Plant, Machinery and Equipment | 1,407,475,243 | 235,781,379 | - | - | - | 1,643,256,622 |
| Office Equipment | 1,350,572 | 306,223 | - | - | - | 1,656,795 |
| Furniture and Fittings | 627,072 | 43,159 | - | - | - | 670,231 |
| | 1,488,069,378 | 246,797,142 | - | - | - | 1,734,866,519 |
| Total Depreciation | 1,488,069,378 | 246,797,142 | - | - | - | 1,734,866,519 |

| | 2024 Rs. | 2023 Rs. |
|---|---------------|---------------|
| 7.1.4 Net Book Values | | |
| At Cost | | |
| Freehold Land | 27,556,625 | 27,556,625 |
| Buildings on Freehold Land | 117,252,615 | 127,491,252 |
| Buildings on Leasehold Land | 7,653,371 | 8,081,115 |
| Plant, Machinery and Equipment | 2,737,540,385 | 2,978,846,678 |
| Office Equipment | 926,186 | 482,409 |
| Furniture and Fittings | 139,547 | 41,489 |
| | 2,891,068,730 | 3,142,499,568 |
| In the Course of Construction | | |
| Hydro Power Plant | 450,806,729 | 450,806,729 |
| | 450,806,729 | 450,806,729 |
| Total Carrying Amount of Property, Plant and Equipment | 3,341,875,458 | 3,593,306,297 |

7.1.5 The Group, as at the reporting date, assessed impairment of its power plants by estimating recoverable amount. The recoverable amount is the higher of fair value less costs of disposal and its value in use except for Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Ltd. The recoverable amount has been determined based on a value in use calculation using cash flow projections using approved budgets/forecasts.

7.1.6 Key Assumptions used in the Value in Use calculation are as follows:

| Company | Valuation Technique | Significant inputs | 2024 | 2023 |
|---|----------------------------------|--|---------------|---------------|
| Anorchi Lanka (Pvt) Ltd | Discounted Cash Flow Methodology | Discount Rate | 16.3% - 22.3% | 17% - 33.1% |
| | | Tariff Rate Per kWh (Rs.) | 23.10 | 23.10 |
| | | Performance Ratio | 78.0% | 78.0% |
| Iris Eco Power Lanka (Pvt) Ltd | Discounted Cash Flow Methodology | Discount Rate | 16.3% - 22.3% | 17% - 33.1% |
| | | Tariff Rate Per kWh (Rs.) - Hambantota | 23.10 | 23.10 |
| | | - Embilipitiya | 18.22 | 18.22 |
| | | Performance Ratio - Hambantota | 78.0% | 78.0% |
| Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Ltd | Discounted Cash Flow Methodology | - Embilipitiya | 79.0% | 79.0% |
| | | Discount Rate | 16.3% - 21.4% | 17% - 32.2% |
| | | Tariff Rate Per kWh (Rs.) | 13.04 | 13.04 |
| Pams Power (Pvt) Ltd | Discounted Cash Flow Methodology | Plant Load Factor | 21.9% | 22.0% |
| | | Discount Rate | 16.3% - 22.3% | 17% - 33.1% |
| | | Tariff Rate Per kWh (Rs.) | 35.43 - 15.10 | 35.43 - 15.10 |
| | | Plant Load Factor | 40.0% | 40.0% |

7.1.7 The group performed an annual impairment testing for power plant cash generating units (CGUs) and it was concluded that carrying amount of Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Ltd exceeds its recoverable value. Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Ltd is therefore impaired by Rs. 5,524,914 to bring it to represent the recoverable amount of the asset. This has been charged against Property Plant & Equipment.

| | Balance as at 01.04.2023 | Additions during the Year | Transfers In/(Out) | Disposals during the Year | Balance as at 31.03.2024 |
|--|--------------------------|---------------------------|--------------------|---------------------------|--------------------------|
| | Rs. | Rs. | Rs. | Rs. | Rs. |

7.2 Company

7.2.1 Gross Carrying Amounts

| At Cost | Balance as at 01.04.2023 | Additions during the Year | Transfers In/(Out) | Disposals during the Year | Balance as at 31.03.2024 |
|--|--------------------------|---------------------------|--------------------|---------------------------|--------------------------|
| | Rs. | Rs. | Rs. | Rs. | Rs. |
| Freehold Land | 311,000 | - | - | - | 311,000 |
| Buildings on Freehold Land | 122,978,321 | - | - | - | 122,978,321 |
| Buildings on Leasehold Land | 5,797,959 | - | - | - | 5,797,959 |
| Plant, Machinery and Equipment | 343,608,254 | - | - | - | 343,608,254 |
| Office Equipment | 1,181,265 | 750,000 | - | - | 1,931,265 |
| Furniture and Fittings | 642,316 | 141,218 | - | - | 783,534 |
| Total Value of Depreciable Assets | 474,519,114 | 891,218 | - | - | 475,410,332 |
| Total Gross Carrying Amount | 474,519,114 | 891,218 | - | - | 475,410,332 |

| | Balance as at 01.04.2023 | Charged for the Year | Transfers In/(Out) | Disposals during the Year | Balance as at 31.03.2024 |
|--|--------------------------|----------------------|--------------------|---------------------------|--------------------------|
| | Rs. | Rs. | Rs. | Rs. | Rs. |

7.2.2 Depreciation

| At Cost | Balance as at 01.04.2023 | Charged for the Year | Transfers In/(Out) | Disposals during the Year | Balance as at 31.03.2024 |
|--------------------------------|--------------------------|----------------------|--------------------|---------------------------|--------------------------|
| | Rs. | Rs. | Rs. | Rs. | Rs. |
| Buildings on Freehold Land | 49,416,356 | 6,148,916 | - | - | 55,565,272 |
| Buildings on Leasehold Land | 781,177 | 289,898 | - | - | 1,071,075 |
| Plant, Machinery and Equipment | 92,845,283 | 17,179,713 | - | - | 110,024,996 |
| Office Equipment | 916,321 | 250,101 | - | - | 1,166,422 |
| Furniture and Fittings | 600,828 | 43,159 | - | - | 643,987 |
| Total Depreciation | 144,559,965 | 23,911,787 | - | - | 168,471,752 |

NOTES TO THE FINANCIAL STATEMENTS

| | 2024 | 2023 |
|---|--------------------|--------------------|
| | Rs. | Rs. |
| 7.2.3 Net Book Values | | |
| At Cost | | |
| Freehold Land | 311,000 | 311,000 |
| Buildings on Freehold Land | 67,413,049 | 73,561,965 |
| Buildings on Leasehold Land | 4,726,884 | 5,016,782 |
| Plant, Machinery and Equipment | 233,583,258 | 250,762,971 |
| Office Equipment | 764,842 | 264,943 |
| Furniture and Fittings | 139,547 | 41,488 |
| | 306,938,580 | 329,959,149 |
| Total Carrying Amount of Property, Plant and Equipment | 306,938,580 | 329,959,149 |

7.3 During the financial year, the Group and Company acquired Property, Plant and Equipment to the aggregate value of Rs. 891,218/- (2023-Rs. 93,500/- and Rs. 69,000/- respectively) for cash.

7.4 The Group and Company has Property, Plant and Equipment with a cost of Rs. 2,098,697/- (2023 - Rs. 1,925,770/-) and Rs. 1,647,736/- (2023 - Rs. 1,567,809/-) respectively, that have been fully depreciated and continue to be used.

7.5 No borrowing costs were capitalised to Property, Plant and Equipment during the year ended 31 March 2024 (2023 - Nil).

7.6 The useful lives of the assets are estimated as follows:

| | 2024 | 2023 |
|--------------------------------|-------------|-------------|
| 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 |
| Buildings on Leasehold 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 of Use Assets recognised and movements during the year.

| | 2024 | 2023 |
|---|-------------------|-------------------|
| | Rs. | Rs. |
| 8.1.1 Cost | | |
| Balance as at 01 April | 106,184,866 | 111,760,776 |
| Additions | 14,369,646 | 835,727 |
| Derecognised during the year | (2,012,048) | (6,411,637) |
| Balance as at 31 March | 118,542,464 | 106,184,866 |
| Accumulated Amortisation | | |
| Balance as at 01 April | 18,809,538 | 17,188,769 |
| Charge for the year | 7,255,670 | 8,032,406 |
| Derecognised during the year | (2,012,048) | (6,411,637) |
| Balance as at 31 March | 24,053,161 | 18,809,538 |
| Net Book Value as at 31 March | 94,489,302 | 87,375,326 |
| | 2024 | 2023 |
| | Rs. | Rs. |
| 8.1.2 Lease Liabilities | | |
| Balance as at 01 April | 65,419,068 | 68,988,972 |
| Additions | 14,369,646 | 835,727 |
| Accretion of Interest | 8,770,909 | 8,496,531 |
| ROU Asset Adjustment | 14,748 | - |
| Payments | (13,571,963) | (12,902,162) |
| Balance as at 31 March | 75,002,407 | 65,419,068 |
| 8.1.3 Maturity Analysis of Lease Liability | | |
| Less Than 1 year | 11,311,200 | 9,756,000 |
| 1- 5 year | 47,224,800 | 39,024,000 |
| More than 5 years | 130,636,800 | 124,488,000 |
| | 189,172,800 | 173,268,000 |
| Finance charges allocated to future periods | (114,170,393) | (107,848,932) |
| | 75,002,407 | 65,419,068 |

NOTES TO THE FINANCIAL STATEMENTS

8.2 Company

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

| | 2024 Rs. | 2023 Rs. |
|---|------------------|------------------|
| 8.2.1 Cost | | |
| Balance as at 01 April | 6,670,000 | 12,245,909 |
| Additions | 2,012,048 | 835,727 |
| Derecognised during the year | (2,012,048) | (6,411,637) |
| Balance as at 31 March | 6,670,000 | 6,670,000 |
| Accumulated Amortisation | | |
| Balance As at 01 April | 1,139,458 | 4,274,340 |
| Charge for the year | 2,345,548 | 3,276,754 |
| Derecognised during the year | (2,012,048) | (6,411,637) |
| Balance As at 31 March | 1,472,958 | 1,139,458 |
| Net Book Value As at 31 March | 5,197,042 | 5,530,542 |
| 8.2.2 Lease Liabilities | | |
| Balance as at 01 April | - | 2,194,495 |
| Additions | 2,012,048 | 835,727 |
| Accretion of Interest | 233,968 | 115,940 |
| ROU Asset Adjustment | 14,748 | - |
| Payments | (2,260,763) | (3,146,162) |
| Balance as at 31 March | - | - |
| 8.2.3 Maturity Analysis of Lease Liability | | |
| Less Than 1 year | - | - |
| Finance charges allocated to future periods | - | - |

9. INVESTMENTS IN SUBSIDIARIES

| | 2024 Rs. | 2023 Rs. | | |
|---|-----------------------------|----------------------|---------------------------|---------------------------|
| Company | | | | |
| As at 01 April | 3,027,792,000 | 2,932,114,000 | | |
| Fair Value Gain/(Loss) | (45,743,000) | 95,678,000 | | |
| As at 31 March | 2,982,049,000 | 3,027,792,000 | | |
| 9.1 Investments in Subsidiaries | | | | |
| Company | Country of Incorporation | % of Holding | Fair Value 2024 Rs. | Fair Value 2023 Rs. |
| Financial Assets at FVTOCI - Non-Quoted | | | | |
| Anorchi Lanka (Pvt) Ltd | Sri Lanka | 100% | 1,070,042,000 | 1,063,209,000 |
| Iris Eco Power Lanka (Pvt) Ltd | Sri Lanka | 100% | 1,490,456,000 | 1,420,860,000 |
| Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Ltd | Sri Lanka | 100% | 17,316,000 | - |
| Pams Power (Pvt) Ltd | Sri Lanka | 100% | 404,235,000 | 543,723,000 |
| Total Non-Quoted Investments in Subsidiaries | | | 2,982,049,000 | 3,027,792,000 |

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 (Note 16.5).

9.2.2 Valuation Techniques and Significant inputs

| Company | Valuation Technique | Significant Inputs | 2024 | 2023 |
|---|----------------------------------|-------------------------------------|------------------------|----------------------|
| Anorchi Lanka (Pvt) Ltd | Discounted Cash Flow Methodology | Cost of Equity Performance Ratio | 16.3% - 22.3% 78.0% | 17% - 33.1% 78.0% |
| Iris Eco Power Lanka (Pvt) Ltd | Discounted Cash Flow Methodology | Cost of Equity Performance Ratio | 16.3% - 22.3% 78.0% | 17% - 33.1% 78.0% |
| Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Ltd | Discounted Cash Flow Methodology | Cost of Equity Plant Load Factor | 16.3% - 21.4% 21.9% | 17% - 32.2% 22.0% |
| Pams Power (Pvt) Ltd | Discounted Cash Flow Methodology | Cost of Equity Plant Load Factor | 16.3% - 22.3% 40.0% | 17% - 33.1% 40.0% |

Discounted Cash Flow Method (DCF)

DCF Methodology Estimates the fair market value of the entity considering the future cash flow generation of the Company, as of now. Projected cash flows are discounted using cost of equity, to arrive at the net present value of the investment.

9.2.3 Sensitivity of Assumptions Employed in Fair Valuation

| Company | Increase/ (Decrease) | | 2024 | | | 2023 | | |
|---|----------------------|--------------------------------------|---|--|--------------------------------------|---|--|-----|
| | Discount Rate | Effect on Other Comprehensive Income | Effect on Statement of Financial Position | Fair Value of Financial Assets at FVTOCI | Effect on Other Comprehensive Income | Effect on Statement of Financial Position | Fair Value of Financial Assets at FVTOCI | |
| | | | | | | | | Rs. |
| Anorchi Lanka (Pvt) Ltd | +1 | 411,000 | (411,000) | 1,069,631,000 | 50,820,000 | (50,820,000) | 1,012,389,000 | |
| | -1 | (417,000) | 417,000 | 1,070,459,000 | (56,809,000) | 56,809,000 | 1,120,018,000 | |
| Iris Eco Power Lanka (Pvt) Ltd | +1 | 1,655,000 | (1,655,000) | 1,488,801,000 | 53,118,000 | (53,118,000) | 1,367,742,000 | |
| | -1 | (1,682,000) | 1,682,000 | 1,492,138,000 | (59,645,000) | 59,645,000 | 1,480,505,000 | |
| Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Ltd | +1 | 24,000 | (24,000) | 17,292,000 | 444,000 | (444,000) | (444,000) | |
| | -1 | (23,000) | 23,000 | 17,339,000 | 4,497,000 | (4,497,000) | (4,497,000) | |
| Pams Power (Pvt) Ltd | +1 | 1,300,000 | (1,300,000) | 402,935,000 | 15,233,000 | (15,233,000) | 528,490,000 | |
| | -1 | (1,262,000) | 1,262,000 | 405,497,000 | (16,873,000) | 16,873,000 | 560,596,000 | |

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10. INTANGIBLE ASSETS

| | Goodwill | | Computer Software | | Total | |
|---|-------------|-------------|-------------------|----------------|--------------------------|----------------|
| | 2024 Rs. | 2023 Rs. | 2024 Rs. | 2023 Rs. | 2024 Rs. | 2023 Rs. |
| 10.1 Group | | | | | | |
| Cost | | | | | | |
| As at 01 April | - | - | 302,308 | 302,308 | 302,308 | 302,308 |
| Additions | - | - | - | - | - | - |
| As at 31 March | - | - | 302,308 | 302,308 | 302,308 | 302,308 |
| Amortisation and Impairment | | | | | | |
| As at 01 April | - | - | 294,325 | 254,852 | 294,325 | 254,852 |
| Amortisation | - | - | 7,983 | 39,473 | 7,983 | 39,473 |
| Impairment of Goodwill | - | - | - | - | - | - |
| As at 31 March | - | - | 302,308 | 294,325 | 302,308 | 294,325 |
| Net Book Values | | | | | | |
| As at 31 March | - | - | - | 7,983 | - | 7,983 |
| | | | | | Computer Software | |
| | | | | | 2024 | 2023 |
| | | | | | Rs. | Rs. |
| 10.2 Company | | | | | | |
| Cost | | | | | | |
| As at 01 April | | | | | 302,308 | 302,308 |
| Additions | | | | | - | - |
| As at 31 March | | | | | 302,308 | 302,308 |
| Amortisation and Impairment | | | | | | |
| As at 01 April | | | | | 294,325 | 254,852 |
| Amortisation | | | | | 7,983 | 39,473 |
| As at 31 March | | | | | 302,308 | 294,325 |
| Net Book Values | | | | | | |
| As at 01 April | | | | | 7,983 | 47,456 |
| As at 31 March | | | | | - | 7,983 |
| 11. INVENTORIES | | | | | | |
| | | | Group | | Company | |
| | | | 2024 | 2023 | 2024 | 2023 |
| | | | Rs. | Rs. | Rs. | Rs. |
| Non-Trade Inventories | | | 114,135 | 123,434 | - | - |
| Total inventories at the lower of cost and net realisable value | | | 114,135 | 123,434 | - | - |

12. TRADE AND OTHER RECEIVABLES

| | | Group | | Company | |
|--------------------------|-------------------------------|--------------------|----------------------|--------------------|--------------------|
| | | 2024 | 2023 | 2024 | 2023 |
| | | Rs. | Rs. | Rs. | Rs. |
| Trade Receivables | - Related Parties (Note 12.1) | 17,820,159 | 13,168,830 | 17,820,159 | 13,168,830 |
| | - Others | 174,650,179 | 1,123,260,627 | 11,178,334 | 86,236,072 |
| | | 192,470,338 | 1,136,429,457 | 28,998,493 | 99,404,902 |
| Other Receivables | - Related Parties (Note 12.2) | 194,576,776 | - | 372,261,616 | 138,649,082 |
| | - Others | 17,339 | 17,339 | 17,339 | 17,339 |
| | | 387,064,453 | 1,136,446,796 | 401,277,448 | 238,071,323 |
| Advances and Prepayments | | 89,075,506 | 71,111,991 | 60,244,066 | 59,761,037 |
| | | 476,139,959 | 1,207,558,787 | 461,521,514 | 297,832,361 |

12.1 Trade Dues from Related Parties

| | | Group | | Company | |
|-------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Relationship | | 2024 | 2023 | 2024 | 2023 |
| | | Rs. | Rs. | Rs. | Rs. |
| LAUGFS Leisure Ltd | Fellow Subsidiary | 1,607,343 | 1,130,382 | 1,607,343 | 1,130,382 |
| Anantaya Passekudah (Pvt) Ltd | Fellow Subsidiary | 16,212,815 | 12,038,448 | 16,212,815 | 12,038,448 |
| | | 17,820,159 | 13,168,830 | 17,820,159 | 13,168,830 |

12.2 Other Dues from Related Parties

| | | Group | | Company | |
|--|-----------------|--------------------|----------|--------------------|--------------------|
| Relationship | | 2024 | 2023 | 2024 | 2023 |
| | | Rs. | Rs. | Rs. | Rs. |
| Pams Power (Pvt) Ltd | Subsidiary | - | - | 232,394,687 | 129,469,003 |
| Ginigathena Thiniyagala Mini Hydro Power (Pvt) Ltd | Subsidiary | - | - | 290,153 | 9,180,079 |
| LAUGFS Holdings Ltd | Ultimate Parent | 194,576,776 | - | 139,576,776 | - |
| | | 194,576,776 | - | 372,261,616 | 138,649,082 |

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

12.4 Other dues 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:

| Group | Total | Neither Due nor Impaired | Past Due but not Impaired | | | |
|-------|---------------|--------------------------|---------------------------|------------|------------|-------------|
| | | | < 30 Days | 31-60 Days | 61-90 Days | > 90 Days |
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| 2024 | 174,650,179 | 90,596,978 | 84,053,201 | - | - | - |
| 2023 | 1,123,260,627 | 71,483,392 | 155,013,647 | 67,700,488 | - | 829,063,100 |

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| Company | Total | Neither Due nor Impaired | Past Due but not Impaired | | | |
|---------|------------|--------------------------------|---------------------------|---------------|---------------|--------------|
| | | | < 30 Days | 31-60 Days | 61-90 Days | > 90 Days |
| | | | Rs. | Rs. | Rs. | Rs. |
| 2024 | 11,178,334 | 5,602,532 | 5,575,802 | - | - | - |
| 2023 | 86,236,072 | 1,102,420 | 14,683,476 | 5,488,010 | - | 64,962,166 |

13. CASH AND CASH EQUIVALENTS

| | Group | | Company | |
|---|--------------------|-------------------|-------------------|------------------|
| | 2024 | 2023 | 2024 | 2023 |
| | Rs. | Rs. | Rs. | Rs. |
| 13.1 Favourable Cash & Cash Equivalent Balances | | | | |
| Cash in Hand and at Bank | 415,589,500 | 44,297,461 | 25,937,311 | 1,286,302 |
| | 415,589,500 | 44,297,461 | 25,937,311 | 1,286,302 |
| 13.2 Unfavourable Cash & Cash Equivalent Balances | | | | |
| Bank Overdrafts (Note 16) | (15,912,010) | (55,655) | (753,426) | (47,406) |
| Cash and Cash Equivalents for the Purpose of Statement of Cash Flows | 399,677,491 | 44,241,806 | 25,183,885 | 1,238,896 |

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.

14. STATED CAPITAL

| | 2024 | | 2023 | |
|--|-------------|---------------|-------------|---------------|
| | Number | Rs. | Number | Rs. |
| Group/Company | | | | |
| 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 FVTOCI

| | 2024 Rs. | 2023 Rs. |
|--|----------------------|---------------------|
| Company | | |
| Financial Assets at FVTOCI Reserve (Note 15.1) | (123,451,000) | (77,708,000) |
| | (123,451,000) | (77,708,000) |
| 15.1 Financial Assets at FVTOCI Reserve | | |
| As at 01 April | (77,708,000) | (173,386,000) |
| Gains/(Losses) arising during the Year | (45,743,000) | 95,678,000 |
| As at 31 March | (123,451,000) | (77,708,000) |

16. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Interest Bearing Loans and Borrowings

| | 2024 Amount Repayable Within 1 Year Rs. | 2024 Amount Repayable After 1 Year Rs. | 2024 Total Rs. | 2023 Amount Repayable Within 1 Year Rs. | 2023 Amount Repayable After 1 Year Rs. | 2022 Total Rs. |
|-----------------------------|---|--|----------------------|---|--|----------------------|
| 16.1 Group | | | | | | |
| Term Loans (Note 16.1.1) | 406,003,838 | 1,659,865,554 | 2,065,869,393 | 548,869,842 | 2,088,506,498 | 2,637,376,340 |
| Bank Overdrafts (Note 13.2) | 15,912,010 | - | 15,912,010 | 55,655 | - | 55,655 |
| Lease Liability | 1,911,828 | 73,090,578 | 75,002,407 | 1,554,211 | 63,864,858 | 65,419,068 |
| | 423,827,676 | 1,732,956,134 | 2,156,783,809 | 550,479,708 | 2,152,371,356 | 2,702,851,064 |

| | As at 01.04.2023 Rs. | Loan Obtained Rs. | Repayments/ Reschedulement Rs. | As at 31.03.2024 Rs. |
|--|----------------------------|-------------------------|--------------------------------------|----------------------------|
| 16.1.1 Term Loans | | | | |
| Commercial Bank of Ceylon PLC - Loan 1 | 9,641,280 | | (9,641,280) | - |
| Commercial Bank of Ceylon PLC - Loan 2 | 17,292,259 | | (11,353,183) | 5,939,076 |
| DFCC Bank PLC - Loan 1 | 1,013,091,187 | | (173,739,137) | 839,352,050 |
| DFCC Bank PLC - New Interest Capitalized Loan | 139,376,023 | 16,653,554 | (136,455,596) | 19,573,981 |
| DFCC Bank PLC - New Interest Capitalized Loan | | 60,586,019 | (60,586,019) | - |
| DFCC Bank PLC - New Interest Capitalized Loan | | 10,313,671 | (10,313,671) | - |
| DFCC Bank PLC - Loan 2 | 21,940,284 | | (2,861,776) | 19,078,508 |
| DFCC Bank - New Interest Capitalized Loan | 1,935,119 | | (1,935,119) | - |
| DFCC Bank PLC - Loan 3 | 14,094,730 | | (2,046,009) | 12,048,721 |
| DFCC Bank - New Interest Capitalized Loan | 1,377,814 | | (1,377,814) | - |
| DFCC Bank PLC - Loan 4 | 86,436,994 | | (6,300,000) | 80,136,994 |
| DFCC Bank - New Interest Capitalized Loan | 8,026,009 | | (8,026,009) | - |
| Sampath Bank PLC - New Loan | 980,000,000 | | (66,000,000) | 914,000,000 |
| Sampath Bank PLC - New Interest Capitalized Loan | 140,700,000 | | (140,700,000) | - |
| Hatton National Bank PLC - Loan 1 | 183,352,000 | | (41,660,000) | 141,692,000 |
| Hatton National Bank PLC - Loan 2 | 6,053,198 | | (3,783,250) | 2,269,948 |
| Hatton National Bank PLC - New Interest Capitalized Loan 3 | | 50,844,984 | (19,066,869) | 31,778,115 |
| Hatton National Bank PLC - New Interest Capitalized Loan | 14,059,444 | | (14,059,444) | - |
| | 2,637,376,340 | 138,398,227 | (709,905,176) | 2,065,869,393 |

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| | 2024 Amount Repayable Within 1 Year Rs. | 2024 Amount Repayable After 1 Year Rs. | 2024 Total Rs. | 2023 Amount Repayable Within 1 Year Rs. | 2023 Amount Repayable After 1 Year Rs. | 2023 Total Rs. |
|---|---|--|----------------------------|---|--|----------------------------|
| 16.2 Company | | | | | | |
| Term Loans (Note 16.2.1) | 14,943,714 | 96,320,508 | 111,264,222 | 37,326,065 | 106,125,968 | 143,452,033 |
| Bank Overdrafts (Note 13.2) | 753,426 | - | 753,426 | 47,406 | - | 47,406 |
| Lease Liability | - | - | - | - | - | - |
| | 15,697,140 | 96,320,508 | 112,017,649 | 37,373,471 | 106,125,968 | 143,499,439 |
| | | | As at 01.04.2023 Rs. | Loan Obtained Rs. | Repayments Rs. | As at 31.03.2024 Rs. |
| 16.2.1 Term Loans | | | | | | |
| Commercial Bank of Ceylon PLC - Loan 1 | | | 9,641,280 | - | (9,641,280) | - |
| DFCC Bank - Loan 1 | | | 21,940,284 | - | (2,861,776) | 19,078,508 |
| DFCC Bank - New Interest Capitalized Loan | | | 1,935,119 | - | (1,935,119) | - |
| DFCC Bank - Loan 2 | | | 14,094,730 | - | (2,046,009) | 12,048,721 |
| DFCC Bank - New Interest Capitalized Loan | | | 1,377,617 | - | (1,377,617) | - |
| DFCC Bank - Loan 3 | | | 86,436,994 | - | (6,300,000) | 80,136,994 |
| DFCC Bank - New Interest Capitalized Loan | | | 8,026,009 | - | (8,026,009) | - |
| | | | 143,452,033 | - | (32,187,810) | 111,264,222 |

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 2 | AWPLR* + 2% per annum | Repayable by 7 equal monthly installments of Rs. 848,439.50 |
| DFCC Bank PLC | | |
| Loan 1 (Part 1) | AWPLR + 1.5% per annum (20% from Jan 2023 to June 2023) | Repayable by 52 equal monthly installments of Rs.16,141,385.57 |
| Loan 1 (Part 2) | AWPLR + 1.5% per annum (20% from Jan 2023 to June 2023) | Repayable by 10 equal monthly installments of Rs. 1,957,398.12 |
| Loan 2 (Part 1) | AWPLR + 2% per annum (20% per annum only for Jan 2023 to June 2023) | Repayable by 60 equal monthly installments of Rs. 317,975.13 |
| Loan 3 (Part 1) | AWPLR + 2% per annum (20% per annum only for Jan 2023 to June 2023) | Repayable by 53 equal monthly installments of Rs. 227,334.35 |
| Loan 4 (Part 1) | AWPLR + 1.5% per annum (20% per annum only for Jan 2023 to June 2023) | Repayable by 75 monthly installments |
| Sampath Bank PLC | | |
| Loan 1 | 15% per annum (Nov 2022 to Nov 2023), Afterwards, AWPLR + 1 % | Repayable by 121 equal monthly installments of Rs. 7,500,000/- and final payment of Rs. 6,500,000/- |
| Hatton National Bank PLC | | |
| Loan 1 | AWPLR + 1% per annum | Repayable in 33 equal monthly installments of Rs. 4,166,000/- and the final installment of Rs. 4,214,000/- |
| Loan 2 | AWPLR per annum | Repayable by 5 equal monthly installments of Rs. 378,324.71 and the final installment of Rs. 378,324.89 |
| Loan 3 | AWPLR + 1% per annum | Repayable by 15 equal monthly installments of Rs. 2,118,541/- |

| Company | Interest Rate | Repayment Terms |
|----------------------|---|--|
| DFCC Bank PLC | | |
| Loan 1 | AWPLR + 2% per annum (20% per annum only for Jan 2023 to June 2023) | Repayable by 60 equal monthly installments of Rs. 317,975.13 |
| Loan 2 | AWPLR + 2% per annum (20% per annum only for Jan 2023 to June 2023) | Repayable by 53 equal monthly installments of Rs. 227,334.35 |
| Loan 3 | AWPLR + 1.5% per annum (20% per annum only for Jan 2023 to June 2023) | Repayable by 75 monthly installments |

* AWPLR - Average Weighted Primary Lending Rate

16.4 Fair Values

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.

NOTES TO THE FINANCIAL STATEMENTS

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 2024, the Group held the following financial instruments carried at fair value on the statement of financial position.

| | 2024 Rs. | Level 1 Rs. | Level 2 Rs. | Level 3 Rs. |
|---|----------------------|----------------|----------------|----------------------|
| Company | | | | |
| Assets Measured at Fair Value | | | | |
| Financial Assets at FVTOCI (Investment in Subsidiaries) | 2,982,049,000 | - | - | 2,982,049,000 |
| | 2,982,049,000 | - | - | 2,982,049,000 |

| | 2023 Rs. | Level 1 Rs. | Level 2 Rs. | Level 3 Rs. |
|---|----------------------|----------------|----------------|----------------------|
| Company | | | | |
| Assets Measured at Fair Value | | | | |
| Financial Assets at FVTOCI (Investment in Subsidiaries) | 3,027,792,000 | - | - | 3,027,792,000 |
| | 3,027,792,000 | - | - | 3,027,792,000 |

During the reporting period ending 31 March 2024, there were no transfers between Level 1 and Level 2 fair value measurements.

17. EMPLOYEE BENEFIT LIABILITY

17.1 Net Benefit Expense

| | Group | | Company | |
|-------------------------------------|------------------|------------------|------------------|------------------|
| | 2024 | 2023 | 2024 | 2023 |
| | Rs. | Rs. | Rs. | Rs. |
| Current Service Cost | 1,013,344 | 1,086,665 | 872,808 | 969,274 |
| Interest Cost on Benefit Obligation | 1,469,903 | 824,901 | 1,413,526 | 818,277 |
| Total Expenses | 2,483,247 | 1,911,566 | 2,286,334 | 1,787,551 |

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

| | Group | | Company | |
|---|------------------|------------------|------------------|------------------|
| | 2024 | 2023 | 2024 | 2023 |
| | Rs. | Rs. | Rs. | Rs. |
| As at 01 April | 7,419,979 | 5,554,165 | 7,067,628 | 5,279,202 |
| Adjustment due to Transfer of Employees into/(out of) Company | (2,422,282) | (15,994) | (2,422,282) | (15,994) |
| Current Service Cost | 1,013,344 | 1,086,665 | 872,808 | 969,274 |
| Interest Cost on Benefit Obligation | 1,469,903 | 824,901 | 1,413,526 | 818,277 |
| Remeasurement (Gains)/Losses in Other Comprehensive Income | (102,426) | 770,242 | (213,173) | 816,869 |
| Benefits Paid | (272,619) | (800,000) | (272,619) | (800,000) |
| As at 31 March | 7,105,899 | 7,419,979 | 6,445,888 | 7,067,628 |

17.3 Messrs. Smiles Global (Pvt) Ltd, Actuaries, carried out an actuarial valuation of the defined benefit plan - gratuity on 31 March 2024. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used as at 31 March 2024 are as follows:

| | 2024 | 2023 |
|--------------------------------|------------------------------|------------------------------|
| Method of Actuarial Valuation: | Projected Unit Credit method | Projected Unit Credit method |
| Discount Rate: | 12.4% - 12.8% | 16% - 20% |
| Salary Increment Rate: | 10% | 10% |
| Staff Turnover Ratio: | 1% - 5% | 1% - 17% |
| Mortality Table: | A1967/70 Ult Mortality Table | A1967/70 Ult Mortality Table |
| Retirement Age: | 55 years | 55 years |

NOTES TO THE FINANCIAL STATEMENTS

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 2024.

Due to the lack of long term high quality bonds available in the Sri Lankan market, discount rate is determined by examining short and medium term government and corporate bonds for the purpose of this valuation.

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.

| Increase/(Decrease) In Discount Rate | In Rate of Salary Increment | 2024 | | | 2023 | | |
|---|-----------------------------|--|--|--|--|--|--|
| | | Effect on Statement of Profit or Loss (Reduction)/Increase in Results for the Year | Effect on Statement of Financial Position (Reduction)/Increase in the Liability as at the Year End | Present Value of Employee Benefit Obligation | Effect on Statement of Profit or Loss (Reduction)/Increase in Results for the Year | Effect on Statement of Financial Position (Reduction)/Increase in the Liability as at the Year End | Present Value of Employee Benefit Obligation |
| | | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| +1% | - | 598,361 | (598,361) | 6,507,538 | 261,482 | (261,482) | 7,158,497 |
| -1% | - | (686,979) | 686,979 | 7,792,878 | (284,416) | 284,416 | 7,704,395 |
| - | +1% | (726,806) | 726,806 | 7,832,705 | (340,979) | 340,979 | 7,760,958 |
| - | -1% | 641,171 | (641,171) | 6,464,728 | 317,139 | (317,139) | 7,102,840 |

17. EMPLOYEE BENEFIT LIABILITY (CONTD.)
17.5 Changes in the Defined Benefit Obligation Group

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

| 2024 | Amounts Charged to Profit or Loss | | | Remeasurement Gains/(Losses) in Other Comprehensive Income | | | | | 31 March 2024 | | | |
|----------------------------|-----------------------------------|--------------|---------------|--|---------------|---|--|--|---------------|------------------------|--------------------------|-------------------------------|
| | 01 April 2023 | 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 | 7,419,979 | 1,013,344 | 1,469,903 | 2,483,247 | (272,619) | (2,422,282) | (693,338) | 1,985,621 | (1,394,709) | (102,426) | - | 7,105,899 |
| | 7,419,979 | 1,013,344 | 1,469,903 | 2,483,247 | (272,619) | (2,422,282) | (693,338) | 1,985,621 | (1,394,709) | (102,426) | - | 7,105,899 |

| 2023 | Amounts Charged to Profit or Loss | | | Remeasurement Gains/(Losses) in Other Comprehensive Income | | | | | 31 March 2023 | | | |
|----------------------------|-----------------------------------|--------------|---------------|--|---------------|---|--|--|---------------|------------------------|--------------------------|-------------------------------|
| | 01 April 2022 | 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 | 5,554,165 | 1,086,665 | 824,901 | 1,911,566 | (800,000) | (15,994) | 1,822,819 | (1,711,899) | 659,323 | 770,242 | - | 7,419,979 |
| | 5,554,165 | 1,086,665 | 824,901 | 1,911,566 | (800,000) | (15,994) | 1,822,819 | (1,711,899) | 659,323 | 770,242 | - | 7,419,979 |

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

| Year ended 31 March | 2024 | | 2023 | |
|-------------------------|-----------|-----------|-----------|-----------|
| | Rs. | Rs. | Rs. | Rs. |
| Between 0 and 2 Years | - | - | - | - |
| Between 2 and 5 Years | 161,804 | 234,765 | 161,804 | 234,765 |
| Between 5 and 10 Years | 3,622,249 | 7,013,412 | 3,622,249 | 7,013,412 |
| Beyond 10 Years | 3,321,845 | 171,802 | 3,321,845 | 171,802 |
| Total Expected Payments | 7,105,899 | 7,419,979 | 7,105,899 | 7,419,979 |

The average duration of the defined benefit plan obligating at the end of the reporting period is 16.14 years (2023 : 16.35 years).

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17. EMPLOYEE BENEFIT LIABILITY (CONTD.) 17.7 Changes in the Defined Benefit Obligation Company

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

| 2024 | Amounts Charged to Profit or Loss | | | Remeasurement Gains/(Losses) in Other Comprehensive Income | | | | | | | | |
|----------------------------|-----------------------------------|--------------|---------------|--|---------------|---|--|--|------------------------|--------------------------|--|---------------|
| | 01 April 2023 | Service Cost | Interest Cost | Sub Total included in Profit or Loss | Benefits Paid | Adjustment due to transfer of employees into (out of) Company Assumptions | Actuarial Changes arising from Demographic Assumptions | Actuarial Changes arising from Financial Assumptions | Experience Adjustments | Subtotal Included in OCI | Subtotal Contributions by the Employer | 31 March 2024 |
| | | Rs. | Rs. | | | | | | | | | |
| Employee Benefit Liability | 7,067,628 | 872,808 | 1,413,526 | 2,286,334 | (272,619) | (2,422,282) | (693,338) | 1,784,003 | (1,303,838) | (213,173) | - | 6,445,888 |
| | 7,067,628 | 872,808 | 1,413,526 | 2,286,334 | (272,619) | (2,422,282) | (693,338) | 1,784,003 | (1,303,838) | (213,173) | - | 6,445,888 |

| 2023 | Amounts Charged to Profit or Loss | | | Remeasurement Gains/(Losses) in Other Comprehensive Income | | | | | | | | |
|----------------------------|-----------------------------------|--------------|---------------|--|---------------|---|--|--|------------------------|--------------------------|--|---------------|
| | 01 April 2022 | Service Cost | Interest Cost | Sub Total included in Profit or Loss | Benefits Paid | Adjustment due to transfer of employees into (out of) Company Assumptions | Actuarial Changes arising from Demographic Assumptions | Actuarial Changes arising from Financial Assumptions | Experience Adjustments | Subtotal Included in OCI | Subtotal Contributions by the Employer | 31 March 2023 |
| | | Rs. | Rs. | | | | | | | | | |
| Employee Benefit Liability | 5,279,202 | 969,274 | 818,277 | 1,787,551 | (800,000) | (15,994) | 1,822,819 | (1,692,324) | 686,374 | 816,869 | - | 7,067,628 |
| | 5,279,202 | 969,274 | 818,277 | 1,787,551 | (800,000) | (15,994) | 1,822,819 | (1,692,324) | 686,374 | 816,869 | - | 7,067,628 |

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

| Year ended 31 March | 2024 | | 2023 | |
|-------------------------|-----------|-----------|-----------|-----------|
| | Rs. | Rs. | Rs. | Rs. |
| Between 0 and 2 Years | - | - | - | - |
| Between 2 and 5 Years | - | - | 234,765 | - |
| Between 5 and 10 Years | 3,559,047 | 6,832,863 | 3,559,047 | 6,832,863 |
| Beyond 10 Years | 2,886,841 | - | 2,886,841 | - |
| Total Expected Payments | 6,445,888 | 7,067,628 | 6,445,888 | 7,067,628 |

The average duration of the defined benefit plan obligating at the end of the reporting period is 1.25 years (2023 : 5.57 years).

18. TRADE AND OTHER PAYABLES

| | | Group | | Company | |
|---|-------------------------------|-------------------|-------------|----------------------|---------------|
| | | 2024 | 2023 | 2024 | 2023 |
| | | Rs. | Rs. | Rs. | Rs. |
| Trade Payables | - Related Parties (Note 18.1) | 1,280,530 | 6,928,313 | 618,087 | 5,042,114 |
| Other Payables | - Related Parties (Note 18.2) | 2,514,553 | 16,682,540 | 1,460,330,175 | 1,383,243,984 |
| | - Others | 58,142,812 | 65,796,768 | 5,440,744 | 7,474,184 |
| | | 61,937,896 | 89,407,622 | 1,466,389,007 | 1,395,760,283 |
| Sundry Creditors including Accrued Expenses | | 35,609,099 | 125,061,804 | 4,173,948 | 12,868,872 |
| | | 97,546,995 | 214,469,427 | 1,470,562,955 | 1,408,629,156 |

18.1 Trade Dues to Related Parties

| | Relationship | Group | | Company | |
|--------------------------------------|-------------------|------------------|-----------|----------------|-----------|
| | | 2024 | 2023 | 2024 | 2023 |
| | | Rs. | Rs. | Rs. | Rs. |
| LAUGFS Petroleum (Pvt) Ltd | Fellow Subsidiary | 213,111 | 402,435 | 213,111 | 402,435 |
| LAUGFS Business Solutions (Pvt) Ltd | Fellow Subsidiary | 649,197 | 2,338,625 | 165,455 | 592,225 |
| LAUGFS Leisure Ltd | Fellow Subsidiary | 52,000 | 297,901 | 52,000 | 297,901 |
| LAUGFS Property Developers (Pvt) Ltd | Fellow Subsidiary | 187,521 | 3,656,353 | 187,521 | 3,656,353 |
| LAUGFS Lubricants Ltd | Fellow Subsidiary | 178,701 | - | - | - |
| LAUGFS Supermarkets (Pvt) Ltd | Fellow Subsidiary | - | 233,000 | - | 93,200 |
| | | 1,280,530 | 6,928,313 | 618,087 | 5,042,114 |

18.2 Other Dues to Related Parties

| | Relationship | Group | | Company | |
|--------------------------------------|-------------------|------------------|------------|----------------------|---------------|
| | | 2024 | 2023 | 2024 | 2023 |
| | | Rs. | Rs. | Rs. | Rs. |
| LAUGFS Holdings Ltd | Ultimate Parent | 2,427,139 | 14,798,242 | 2,427,139 | 1,748,242 |
| Anorchi Lanka (Pvt) Ltd | Subsidiary | - | - | 625,549,985 | 657,566,460 |
| Iris Eco Power Lanka (Pvt) Ltd | Subsidiary | - | - | 832,265,636 | 722,044,984 |
| LAUGFS Property Developers (Pvt) Ltd | Fellow Subsidiary | 87,414 | 1,799,304 | 87,414 | 1,799,304 |
| LAUGFS Engineering (Pvt) Ltd | Fellow Subsidiary | - | 69,000 | - | 69,000 |
| LAUGFS Terminals Ltd | Fellow Subsidiary | - | 15,994 | - | 15,994 |
| | | 2,514,553 | 16,682,540 | 1,460,330,175 | 1,383,243,984 |

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

18.4 Other Dues to Related Parties are Payable on demand, non interest bearing and unsecured.

19. COMMITMENTS AND CONTINGENCIES
19.1 Capital Expenditure Commitments

The Group and Company do not have any commitments for acquisition of property, plant and equipment incidental to the ordinary course of business as at 31 March 2024.

19.2 Contingencies
32563/20 Hatton Magistrate Court Case

Case No. 32563/20 concerns the Kehelgamuyoya Mini Hydro Power Plant Project by Pams Power Pvt Ltd, which received necessary approvals from relevant authorities, including the Central Environmental Authority, in 2003. Despite these approvals, the project faced interruptions, most recently on 08 September 2023 due to a personal complaint. This led to a case in the Hatton Magistrate's Court aiming to discontinue the project.

NOTES TO THE FINANCIAL STATEMENTS

Final Hearing of the case is scheduled for 16 July 2024. The company lawyers are confident that the case lacks technical evidence and thus the ruling will be in favour of the project.

P 262 Hatton DC

The Plaintiff in this case is P.B.J. Ajith Kumara. Pams Power (Pvt) Ltd is named as the 6th Defendant in this partition case concerning a land designated for a mini hydro project. The next hearing is scheduled for 11 September 2024

P 276 Hatton DC

In the matter of Partition Case No. P 276 Hatton District Court, initiated by Plaintiff U.S. Dayananda, Pams Power (Pvt) Ltd is named as the 6th Defendant. The Plaintiff has filed this suit seeking an order to partition the land on which the Defendants, including Pams Power (Pvt) Ltd, are residing. The court has scheduled a calling date to file objections on 5 September 2024

B 383/18 Hatton MC

The case was initiated by the Officer in Charge (OIC) of the Ginigathhena Police Station as a public nuisance complaint made to the police regarding public disturbance. The matter was subsequently referred to the Attorney General and has since been laid by.

20. ASSETS PLEDGED

The following assets have been pledged as security for liabilities.

| Nature of Assets | Nature of the Liability | Carrying Amount Pledged | | Pledged Included Under |
|------------------|--------------------------------------|-------------------------|---------------|-------------------------------|
| | | 2024 Rs. | 2023 Rs. | |
| Group | | | | |
| Project Assets | Primary Mortgage Over Project Assets | 306,938,580 | 329,959,149 | Property, Plant and Equipment |
| Project Assets | Negative Pledge Over Project Assets | 1,611,000,000 | 1,611,000,000 | 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 | 1,200,000,000 | 1,200,000,000 | Property, Plant and Equipment |
| Project Assets | Primary Mortgage Over Equity Shares | 300,000,000 | 300,000,000 | Equity |
| Company | | | | |
| Project Assets | Primary Mortgage over Project Assets | 306,938,580 | 329,959,149 | 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 2024 and 31 March 2023, refer to Notes 12 and 18).

21.1 Group

| | Ultimate Parent | | Other Group Companies | | Total | |
|---|--------------------|---------------------|-----------------------|------------------|--------------------|---------------------|
| | 2024 Rs. | 2023 Rs. | 2024 Rs. | 2023 Rs. | 2024 Rs. | 2023 Rs. |
| Balance as at 01 April | (14,798,242) | 16,358,231 | 4,356,218 | 6,771,771 | (10,442,024) | 23,130,002 |
| Purchase of Goods/Services | (44,470,870) | (31,853,940) | (18,395,551) | (16,433,383) | (62,866,420) | (48,287,323) |
| Payment Made for Purchase of Goods/Services | 629,376,431 | 18,958,585 | 74,735,392 | 25,395,162 | 704,111,823 | 44,353,747 |
| Payment Received from Purchase of Goods/Services | (375,535,400) | (18,261,118) | (44,243,845) | (11,361,338) | (419,779,245) | (29,622,456) |
| Adjustment due to Transfer of Employees into/(out of) Company | (2,422,282) | - | - | (15,994) | (2,422,282) | (15,994) |
| Balance as at 31 March | 192,149,637 | (14,798,242) | 16,452,215 | 4,356,218 | 208,601,852 | (10,442,023) |

21.2

| Company | Ultimate Parent | | Subsidiaries | | Other Group Companies | | Total | |
|---|--------------------|--------------------|------------------------|------------------------|-----------------------|------------------|------------------------|------------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| Balance as at 01 April | (1,748,242) | 20,358,231 | (1,240,962,361) | (1,184,640,945) | 6,242,419 | 7,153,372 | (1,236,468,185) | (1,157,129,342) |
| Purchase of Goods/Services | (9,295,462) | (6,803,940) | - | - | (12,476,636) | (12,323,183) | (21,772,098) | (19,127,123) |
| Dividend | - | - | 170,000,425 | - | - | - | 170,000,425 | - |
| Payment Made for Purchase of Goods/Services | 150,615,623 | 1,058,585 | 151,240,312 | 72,060,818 | 73,348,875 | 21,271,252 | 375,204,810 | 94,390,655 |
| Payment Received from Purchase of Goods/Services | - | (16,361,118) | (305,409,156) | (128,382,234) | (50,000,000) | (9,843,028) | (355,409,156) | (154,586,380) |
| Adjustment due to Transfer of Employees into/(out of) Company | (2,422,282) | - | - | - | - | (15,994) | (2,422,282) | (15,994) |
| Balance as at 31 March | 137,149,637 | (1,748,242) | (1,225,130,780) | (1,240,962,361) | 17,114,657 | 6,242,419 | (1,070,866,487) | (1,236,468,186) |

21.3 Subsidiaries include the following Companies;

Anorchi Lanka (Pvt) Ltd
Iris Eco Power Lanka (Pvt) Ltd
Ginigathena Thiniyagala Mini Hydro Power (Pvt) Ltd
Pams Power (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 Lubricants Ltd
Anantaya Passekudah (Pvt) Ltd
LAUGFS Leisure Ltd
LAUGFS Eco Sri Ltd
LAUGFS Engineering (Pvt) Ltd
LAUGFS Terminals Ltd

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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.

| Compensation of Key Management Personnel | 2024 | 2023 |
|--|-------------------|-------------------|
| | Rs. | Rs. |
| Group | | |
| Directors' Emoluments (Cash Benefits) | 32,024,150 | 33,928,800 |
| Non-cash Benefits | 1,387,823 | 1,072,320 |
| Total Compensation Paid to Key Management Personnel | 33,411,973 | 35,001,120 |
| Company | | |
| Directors' Emoluments (Cash Benefits) | 13,024,150 | 9,928,800 |
| Non-cash Benefits | 1,387,823 | 1,072,320 |
| Total Compensation Paid to Key Management Personnel | 14,411,973 | 11,001,120 |

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to Key Management Personnel.

22. FINANCIAL RISK MANAGEMENT

22.1 Introduction

The company's financial risk management program aims to address the unpredictability of financial risks and mitigate their potential negative impact on the company's financial performance. Due to the nature of the Group's business activities, there is a positive correlation with associated risks, exposing it to interest rate risk, credit risk, and liquidity risk.

LAUGFS' comprehensive risk management policy seeks to manage these risks through both operational and financial measures. The Board of Directors holds ultimate responsibility for establishing and overseeing the LAUGFS risk management framework. Financial risk management is conducted according to guidelines set by Group Treasury, which identifies, evaluates, and hedges financial risks in close collaboration with the business units.

The Group has implemented strategies for governing the use of financial instruments, ensuring clear segregation of duties related to financial activities, settlements, and accounting. Risk management policies and systems are reviewed periodically to reflect changes in market conditions and LAUGFS activities.

The LAUGFS Group Risk & Control Division supports the Audit Committee in its oversight responsibilities. The division conducts regular and ad-hoc reviews of risk management controls and procedures, with findings reported to the Audit Committee.

22.2 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.

22.2.1 Trade Receivables

The government-controlled transmission licensee, Ceylon Electricity Board (CEB), is the sole customer of the service. Despite its financial position, this state entity has maintained a consistent credit record. However outstanding receivables from CEB are regularly monitored.

Credit exposure

| Group As at 31 March 2024 | Cash in Hand and at Bank | Trade and Other Receivables | Amount Due From Related Parties | Total | % of Allocation |
|-----------------------------------|-----------------------------|-----------------------------------|---------------------------------------|--------------------|--------------------|
| | Rs. | Rs. | Rs. | Rs. | |
| Trade Receivable | - | 174,650,179 | 17,820,159 | 192,470,338 | 22% |
| Advances and Prepayments | - | 89,075,506 | - | 89,075,506 | 10% |
| Other Receivables | - | 17,339 | 194,576,776 | 194,594,115 | 22% |
| Cash in Hand and at Bank | 415,589,500 | - | - | 415,589,500 | 46% |
| Total credit risk exposure | 415,589,500 | 263,743,024 | 212,396,934 | 891,729,460 | 100% |

| Company As at 31 March 2024 | Cash in Hand and at Bank | Trade and Other Receivables | Amount Due From Related Parties | Total | % of Allocation |
|-----------------------------------|-----------------------------|-----------------------------------|---------------------------------------|--------------------|--------------------|
| | Rs. | Rs. | Rs. | Rs. | |
| Trade Receivable | - | 11,178,334 | 17,820,159 | 28,998,493 | 6% |
| Advances and Prepayments | - | 60,244,066 | - | 60,244,066 | 12% |
| Other Receivables | - | 17,339 | 372,261,616 | 372,278,955 | 77% |
| Cash in Hand and at Bank | 25,937,311 | - | - | 25,937,311 | 5% |
| Total credit risk exposure | 25,937,311 | 71,439,740 | 390,081,775 | 487,458,825 | 100% |

| Group As at 31 March 2023 | Cash in Hand and at Bank | Trade and Other Receivables | Amount Due From Related Parties | Total | % of Allocation |
|-----------------------------------|-----------------------------|-----------------------------------|---------------------------------------|----------------------|--------------------|
| | Rs. | Rs. | Rs. | Rs. | |
| Trade Receivable | - | 1,123,260,627 | 13,168,830 | 1,136,429,457 | 90% |
| Advances and Prepayments | - | 71,111,991 | - | 71,111,991 | 6% |
| Other Receivables | - | 17,339 | - | 17,339 | 0% |
| Cash in Hand and at Bank | 44,297,461 | - | - | 44,297,461 | 4% |
| Total credit risk exposure | 44,297,461 | 1,194,389,957 | 13,168,830 | 1,251,856,248 | 100% |

| Company As at 31 March 2023 | Cash in Hand and at Bank | Trade and Other Receivables | Amount Due From Related Parties | Total | % of Allocation |
|-----------------------------------|-----------------------------|-----------------------------------|---------------------------------------|--------------------|--------------------|
| | Rs. | Rs. | Rs. | Rs. | |
| Trade Receivable | - | 86,236,072 | 13,168,830 | 99,404,902 | 33% |
| Advances and Prepayments | - | 59,761,037 | - | 59,761,037 | 20% |
| Other Receivables | - | 17,339 | 138,649,082 | 138,666,421 | 46% |
| Cash in Hand and at Bank | 1,286,302 | - | - | 1,286,302 | 1% |
| Total credit risk exposure | 1,286,302 | 146,014,448 | 151,817,912 | 299,118,663 | 100% |

22.2.2 Short Term deposits

Credit risk refers to the potential loss arising from counterparties' failure to fulfil their contractual obligations. The credit risk of cash & cash equivalents is managed by the Group Treasury Division in accordance with the Group established guidelines. The Group Treasury Division ensures the short-term deposits, surplus funds are held with banks & financial institution counterparties, with good reputations & credit ratings. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counterparty's failure.

The Group held cash in hand and at bank equivalents of LKR. 415 Mn on 31 March 2024 which represents its maximum credit exposure on these assets.

NOTES TO THE FINANCIAL STATEMENTS

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

| Rating | Group | | Company | |
|--------|-------------|------|------------|------|
| | Rs. | % | Rs. | % |
| A | 290,300,063 | 66% | 7,395,812 | 70% |
| A- | 150,070,186 | 34% | 3,231,234 | 30% |
| Total | 440,370,249 | 100% | 10,627,046 | 100% |

As at 31 March 2024, deposits were made with Banks respectively which were rated "A-" or better.

22.3 Liquidity Risk

Liquidity risk relates to the Company's ability to meet its financial obligations as they become due. The Company manages liquidity risk by maintaining adequate cash reserves, maintaining committed credit lines with reputable financial institutions, and closely monitoring its cash flow requirements. The Group also maintains a conservative approach to debt financing to ensure sufficient liquidity is available to meet its short-term and long-term obligations.

The Group assessed the concentration of risk with respect to restructuring its debt and concluded it to be satisfying since total liquid asset over liabilities show a considerable increase compared to the previous year.

The 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 Group Treasury meets the liquidity needs of business units and subsidiaries through central cash management to cover any short-term fluctuations and longer-term funding to address any structural liquidity needs. The Group Treasury monitors cash flows at the subsidiary and Group levels and secures sufficient bank facilities to meet funding needs. Constant communication about financing needs between banks ensures that availability within borrower limits is optimized by efficiently reallocating underutilized capacities within the Company.

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

22.4 Interest Rate Risk

Risk arises from movements in interest rates which could affect the Group's financial results. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. Such fluctuations can affect the Group's profitability, making it essential to monitor and manage this risk effectively.

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

The Group manages interest rate risk through various strategies aimed at minimizing the potential adverse effects of interest rate movements costs through effective negotiations with banks to restructuring of the existing debt to take advantage of favorable interest rate environments, thereby reducing overall interest expense.

| Increase/ (Decrease) in interest rate | Effect on Comprehensive Income Statement | |
|---------------------------------------|--|-------------|
| | 2024 | 2023 |
| | Rs. | Rs. |
| +1% | 2,201,678 | 5,540,398 |
| -1% | (2,201,678) | (5,540,398) |

22.5 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 an increase in short-term borrowings

| Group As at 31 March 2024 | On Demand | Less than 3 months | 3 to 12 Months | 1 to 5 Years | > 5 Years | Total |
|--------------------------------------|-------------------|-------------------------------|---------------------------|-------------------------|-------------------------|----------------------|
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| Non-Current Financial Liabilities | | 72,876,797 | 333,127,041 | 1,157,728,560 | 502,136,995 | 2,065,869,393 |
| Lease Liabilities | | 318,638 | 1,593,190 | 10,649,595 | 62,440,984 | 75,002,407 |
| Bank Overdrafts | 15,912,010 | - | - | - | - | 15,912,010 |
| Total | 15,912,010 | 73,195,435 | 334,720,232 | 1,168,378,155 | 564,577,978 | 2,156,783,809 |

| Company As at 31 March 2024 | On Demand | Less than 3 months | 3 to 12 Months | 1 to 5 Years | > 5 Years | Total |
|--|------------------|-------------------------------|---------------------------|-------------------------|-------------------------|--------------------|
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| Non-Current Financial Liabilities | - | 2,490,619 | 12,453,095 | 58,183,515 | 38,136,994 | 111,264,222 |
| Lease Liabilities | - | - | - | - | - | - |
| Bank Overdrafts | 753,426 | - | - | - | - | 753,426 |
| Total | 753,426 | 2,490,619 | 12,453,095 | 58,183,515 | 38,136,994 | 112,017,649 |

| Group As at 31 March 2023 | On Demand | Less than 3 months | 3 to 12 Months | 1 to 5 Years | > 5 Years | Total |
|--------------------------------------|------------------|-------------------------------|---------------------------|-------------------------|-------------------------|----------------------|
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| Non-Current Financial Liabilities | - | 91,478,274 | 457,391,568 | 1,486,922,275 | 601,584,223 | 2,637,376,340 |
| Lease Liabilities | - | 259,035 | 1,295,176 | 8,648,978 | 55,215,879 | 65,419,068 |
| Bank Overdrafts | 55,655 | - | - | - | - | 55,655 |
| Total | 55,655 | 91,737,309 | 458,686,744 | 1,495,571,253 | 656,800,102 | 2,702,851,063 |

| Company As at 31 March 2023 | On Demand | Less than 3 months | 3 to 12 Months | 1 to 5 Years | > 5 Years | Total |
|--|------------------|-------------------------------|---------------------------|-------------------------|-------------------------|--------------------|
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| Non-Current Financial Liabilities | - | 6,221,011 | 31,105,054 | 55,695,252 | 50,430,716 | 143,452,033 |
| Lease Liabilities | - | - | - | - | - | - |
| Bank Overdrafts | 47,406 | - | - | - | - | 47,406 |
| Total | 47,406 | 6,221,011 | 31,105,054 | 55,695,252 | 50,430,716 | 143,499,439 |

NOTES TO THE FINANCIAL STATEMENTS

22.6 Capital Management

Capital includes equity attributable to the equity holders of the parent. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

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

The Group's commitment to maintaining a strong capital structure is evident from the improvement in gearing ratios over the past year. Effective debt management and prudent financial strategies have contributed to reducing the Group's reliance on debt, thereby enhancing financial stability and supporting business growth. The ongoing focus on maintaining healthy capital ratios and a strong credit rating will continue to be pivotal in maximizing shareholder value and sustaining long-term success.

| Ratio | Group | | Company | |
|----------------------|-------|------|---------|------|
| | 2024 | 2023 | 2024 | 2023 |
| Debt to Equity ratio | 51% | 58% | 5% | 7% |

23. 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.

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 31.03.2024 | Date | As at 31.03.2023 | Date |
|-------------------------------|------------------|------------|------------------|----------------------------|
| Market price per share | | | | |
| Highest during the year | Rs. 10.40 | 12/07/2023 | Rs. 11.80 | 17/05/2022 |
| Lowest during the year | Rs. 7.00 | 13/10/2023 | Rs. 7.50 | 27/04/2022 & 19/12/2022 |
| As at end of year | Rs. 9.00 | 28/03/2024 | Rs. 8.40 | 31/03/2023 |

| LPL N | As at 31.03.2024 | As at 31.03.2023 |
|---|-------------------------|-------------------|
| Number of Transactions during the year | 1,788 | 1,563 |
| Number of Shares Traded during the year | 950,913 | 1,036,114 |
| Value of Shares Traded during the year | Rs. 8,275,372.10 | Rs. 10,379,971.00 |

| LPL X | As at 31.03.2024 | Date | As at 31.03.2023 | Date |
|-------------------------------|------------------|------------|------------------|------------|
| Market price per share | | | | |
| Highest during the year | Rs. 8.70 | 07/03/2024 | Rs.10.30 | 27/05/2022 |
| Lowest during the year | Rs. 5.80 | 27/06/2023 | Rs. 6.00 | 22/11/2022 |
| As at end of year | Rs. 8.30 | 27/03/2024 | Rs. 6.90 | 31/03/2023 |

| LPL X | As at 31.03.2024 | As at 31.03.2023 |
|---|--------------------------|-------------------|
| Number of Transactions during the year | 1,405 | 1,099 |
| Number of Shares Traded during the year | 3,827,427 | 2,315,807 |
| Value of Shares Traded during the year | Rs. 30,245,532.80 | Rs. 17,136,230.10 |

Public Holding

1. The Public Holding Percentage as at 31 March 2024 being 25.23%
2. Total number of shareholders who hold the Public Holdings as at 31 March 2024 – 7,745
3. The Float adjusted market capitalization as at 31 March 2024 - Rs. 760,771,827.00

The Float adjusted market capitalization of the Company falls under Option 2 (Diri Savi Board) of Rule 7.13.1(i) (b) 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 31 March 2024

LPL N

| From | To | No. of Holders | No. of Shares | % |
|----------------|-----------|----------------|---------------|--------|
| 1 | 1,000 | 6,630 | 2,290,671 | 0.68 |
| 1,001 | 10,000 | 990 | 2,983,906 | 0.89 |
| 10,001 | 100,000 | 104 | 2,977,403 | 0.89 |
| 100,001 | 1,000,000 | 18 | 5,400,268 | 1.61 |
| Over 1,000,000 | | 8 | 321,347,838 | 95.92 |
| | | 7,750 | 335,000,086 | 100.00 |

LPL X

| From | To | No. of Holders | No. of Shares | % |
|----------------|-----------|----------------|---------------|--------|
| 1 | 1,000 | 4,931 | 1,615,084 | 3.11 |
| 1,001 | 10,000 | 891 | 2,452,696 | 4.72 |
| 10,001 | 100,000 | 114 | 3,417,912 | 6.57 |
| 100,001 | 1,000,000 | 17 | 5,663,540 | 10.89 |
| Over 1,000,000 | | 6 | 38,850,768 | 74.71 |
| | | 5,959 | 52,000,000 | 100.00 |

Analysis of Shareholders as at 31 March 2024

LPL N

| From | No. of Holders | No. of Shares | % |
|----------------------|----------------|---------------|--------|
| Local Individuals | 7,568 | 11,960,037 | 3.57 |
| Local Institutions | 141 | 322,569,590 | 96.29 |
| Foreign Individuals | 38 | 315,753 | 0.09 |
| Foreign Institutions | 3 | 154,706 | 0.05 |
| | 7,750 | 335,000,086 | 100.00 |

LPL X

| From | No. of Holders | No. of Shares | % |
|----------------------|----------------|---------------|--------|
| Local Individuals | 5,819 | 9,299,942 | 17.88 |
| Local Institutions | 108 | 42,374,013 | 81.49 |
| Foreign Individuals | 30 | 237,346 | 0.46 |
| Foreign Institutions | 2 | 88,699 | 0.17 |
| | 5,959 | 52,000,000 | 100.00 |

Director's Shareholding as at 31 March 2024

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. P M B Fernando | 100 | 0.000 |
| Mr. K R Goonesinghe | Nil | Nil |
| Mr. S P P Amaratunga | Nil | Nil |
| 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. P M B Fernando | Nil | Nil |
| Mr. K R Goonesinghe | Nil | Nil |
| Mr. S P P Amaratunga | Nil | Nil |
| Mr. P Kudabalage | Nil | Nil |

Residency

LPL N

| Category | No. of shareholders | No. shares | % |
|--------------|---------------------|--------------------|------------|
| Resident | 7,709 | 334,529,627 | 99.86 |
| Non Resident | 41 | 470,459 | 0.14 |
| Total | 7,750 | 335,000,086 | 100 |

LPL X

| Category | No. of shareholders | No. shares | % |
|--------------|---------------------|-------------------|------------|
| Resident | 5,927 | 51,673,955 | 99.37 |
| Non Resident | 32 | 326,045 | 0.63 |
| Total | 5,959 | 52,000,000 | 100 |

SHARE INFORMATION

TWENTY MAJOR SHAREHOLDERS OF THE COMPANY - VOTING

| Ref. | Name | 31 March 2024 | | 31 March 2023 | |
|------|---|--------------------|----------------|---------------|---------|
| | | 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/ALMAS CAPITAL (PRIVATE) LIMITED | 5,289,543 | 1.579 | 5,289,543 | 1.579 |
| 4 | HATTON NATIONAL BANK PLC/ALMAS HOLDINGS (PRIVATE) LIMITED | 4,732,694 | 1.413 | 4,682,245 | 1.398 |
| 5 | ALMAS HOLDINGS (PRIVATE) LIMITED | 1,825,777 | 0.545 | 1,631,824 | 0.487 |
| 6 | MR W.K.H.WEGAPITIYA | 1,411,536 | 0.421 | 1,411,536 | 0.421 |
| 7 | PEOPLE'S LEASING & FINANCE PLC / L P HAPANGAMA | 1,132,541 | 0.338 | 1,132,541 | 0.338 |
| 8 | MR U.K.T.N.DE SILVA | 1,077,897 | 0.322 | 1,077,897 | 0.322 |
| 9 | PEOPLE'S LEASING & FINANCE PLC / MR. D M P DISANAYAKE | 960,317 | 0.287 | 817,376 | 0.244 |
| 10 | MR G.Y.N.MAHINKANDA | 814,575 | 0.243 | 814,575 | 0.243 |
| 11 | PEOPLE'S LEASING & FINANCE PLC / DR. H S D SOYSA & MRS. G SOYSA | 718,821 | 0.215 | 718,821 | 0.215 |
| 12 | MR H.D.M.P.SIRIWARDENA | 616,827 | 0.184 | 582,075 | 0.174 |
| 13 | PEOPLE'S LEASING & FINANCE PLC/ L H L M P HARADASA | 397,734 | 0.119 | 390,344 | 0.117 |
| 14 | EMPLOYEES TRUST FUND BOARD | 205,304 | 0.061 | 205,304 | 0.061 |
| 15 | MR C.S.KARIYAWASAN | 200,000 | 0.060 | 200,000 | 0.060 |
| 16 | CEYLON BISCUITS LIMITED | 170,000 | 0.051 | 170,000 | 0.051 |
| 17 | MRS. C.N.G.NARAYANA | 162,300 | 0.048 | 162,300 | 0.048 |
| 18 | MR. L H L T D HARADASA | 160,000 | 0.048 | 160,000 | 0.048 |
| 19 | MR. P SANGEEVEN | 143,998 | 0.043 | 143,781 | 0.043 |
| 20 | PEOPLE'S LEASING & FINANCE PLC/ THAPROBAN PAVILION (PVT) LTD | 127,548 | 0.038 | 127,548 | 0.038 |
| | | 326,025,262 | 97.321 | 325,595,560 | 97.193 |
| | OTHERS | 8,974,824 | 2.679 | 9,404,526 | 2.807 |
| | | 335,000,086 | 100.000 | 335,000,086 | 100.000 |

TWENTY MAJOR SHAREHOLDERS OF THE COMPANY - NON-VOTING

| Ref. | Name | 31 March 2024 | | 31 March 2023 | |
|------|---|-------------------|----------------|-------------------|----------------|
| | | Shares | % | Shares | % |
| 1 | EMPLOYEE'S PROVIDENT FUND | 18,041,300 | 34.695 | 18,041,300 | 34.695 |
| 2 | HATTON NATIONAL BANK PLC/ALMAS HOLDINGS (PRIVATE) LIMITED | 8,483,128 | 16.314 | 8,457,373 | 16.264 |
| 3 | HATTON NATIONAL BANK PLC/ALMAS CAPITAL (PRIVATE) LIMITED | 6,500,000 | 12.500 | 7,832,985 | 15.063 |
| 4 | PEOPLE'S LEASING & FINANCE PLC / L P HAPANGAMA | 2,941,765 | 5.657 | 2,417,426 | 4.649 |
| 5 | PEOPLE'S LEASING & FINANCE PLC / MR. D M P DISANAYAKE | 1,747,193 | 3.360 | - | - |
| 6 | PEOPLE'S LEASING & FINANCE PLC / L H L M P HARADASA | 1,137,382 | 2.187 | 1,068,149 | 2.054 |
| 7 | BANK OF CEYLON NO. 1 ACCOUNT | 947,089 | 1.821 | 1,297,831 | 2.496 |
| 8 | MR A.M.WEERASINGHE | 813,471 | 1.564 | 813,471 | 1.564 |
| 9 | MR L H L M P HARADASA | 749,144 | 1.441 | 648,044 | 1.246 |
| 10 | PEOPLE'S LEASING & FINANCE PLC / DR H S D SOYSA & MRS G SOYSA | 640,173 | 1.231 | 590,173 | 1.135 |
| 11 | MRS C.N.G.NARAYANA | 378,800 | 0.728 | 378,800 | 0.728 |
| 12 | MRS S.D.AMARASINGHE | 372,400 | 0.716 | 372,400 | 0.716 |
| 13 | NARATHA VENTURES PRIVATE LIMITED | 308,000 | 0.592 | 308,000 | 0.592 |
| 14 | MERCHANT BANK OF SRI LANKA & FINANCE PLC/H M C B MAWILMADA | 189,575 | 0.365 | 189,575 | 0.365 |
| 15 | MR. J D VITHANAGE | 182,000 | 0.350 | 166,832 | 0.321 |
| 16 | PEOPLE'S LEASING & FINANCE PLC / L H L NORIS DE SILVA & SON (PVT) LTD | 157,296 | 0.302 | 157,296 | 0.302 |
| 17 | MR. A B K WEERAMAN | 150,200 | 0.289 | 150,200 | 0.289 |
| 18 | VARNERS INTERNATIONAL (PRIVATE) LIMITED | 150,000 | 0.288 | 150,000 | 0.288 |
| 19 | MRS. N MULJIE | 139,217 | 0.268 | 139,217 | 0.268 |
| 20 | MOUNT LAVINIA HOTEL (PVT) LIMITED | 130,000 | 0.250 | 130,000 | 0.268 |
| | | 44,158,133 | 84.919 | 43,309,072 | 83.287 |
| | OTHERS | 7,841,867 | 15.081 | 8,690,928 | 16.713 |
| | | 52,000,000 | 100.000 | 52,000,000 | 100.000 |

REAL ESTATE PORTFOLIO

| Company | Plant Name | Location | Land (Acres) | | Building area (Sq. Ft) | No of building |
|---|------------------------------------|----------------------------|--------------|------------|---------------------------|-------------------|
| | | | Free hold | Lease Hold | | |
| Anorchi Lanka (Pvt) Ltd | 10 MW Anorchi Lanka SPP | Baruthankanda, Hambanthota | | 45 | 5,835 | 6 |
| Iris Eco Power Lanka (Pvt) Ltd | 10 MW Iris Eco Power Lanka SPP | Baruthankanda, Hambanthota | | 45 | 5,835 | 6 |
| | 1 MW Embilipitiya 3 SPSP II SPP | Hingura, Embilipitiya | | 4.68 | 160 | 1 |
| LAUGFS Power PLC | 1 MW Embilipitiya 2 SPSP II SPP | Hingura, Embilipitiya | | 5 | 800 | 2 |
| | 0.5 MW Ranmudu Oya Phase I MHP | Pambagolla, Balangoda | | 1.48 | 2,400 | 2 |
| | 0.55 MW Ranmudu Oya Phase III MHP | Pidaligannawala, Balangoda | 0.67 | | 1,440 | 1 |
| Ginigathena Thiniyagala Mini Hydropower (Pvt) Ltd | 0.7 MW Ginigathena Thiniyagala MHP | Thiniyagala, Ginigathena | 0.98 | | 860 | 2 |
| Pams Power (Pvt) Ltd | 2 MW Kehelgamuwa Oya II MHP | Dagampitiya, Ginigathena | 0.6 | 2.16 | | 1 |

FIVE YEAR SUMMARY - GROUP

| For the year ended 31 March | 2019/2020 | 2020/2021 | 2021/2022 | 2022/2023 | 2023/2024 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| SUMMARY OF OPERATIONS | | | | | |
| Revenue | 979,343,466 | 982,880,136 | 1,027,698,539 | 968,662,275 | 967,670,263 |
| Gross Profit | 680,193,341 | 666,599,872 | 709,761,552 | 644,536,985 | 626,096,176 |
| Operating Profit/(Loss) | 549,054,481 | 531,006,496 | (699,236,821) | 486,095,002 | 462,467,264 |
| EBITDA | 788,919,981 | 787,682,560 | (444,227,155) | 741,446,695 | 731,205,298 |
| Profit Before Tax | 185,392,551 | 265,202,087 | (918,930,038) | (67,569,656) | 89,614,097 |
| Profit After Tax | 125,926,243 | 234,743,514 | (902,870,634) | (113,614,494) | 51,977,819 |
| Attributable to: | | | | | |
| Equity Holders of the Parent | 125,926,243 | 234,743,514 | (902,870,634) | (113,614,494) | 51,977,819 |
| Non-Controlling Interests | | | | | |
| | 125,926,243 | 234,743,514 | (902,870,634) | (113,614,494) | 51,977,819 |
| 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 | 829,095,541 | 1,065,480,889 | 164,128,664 | 49,498,864 | 101,515,156 |
| Equity attributable to Equity Holders of the Parent | 2,709,095,541 | 2,945,480,889 | 2,044,128,664 | 1,929,498,864 | 1,981,515,156 |
| Non-Controlling Interests | | | | | |
| Total Equity | 2,709,095,541 | 2,945,480,889 | 2,044,128,664 | 1,929,498,864 | 1,981,515,156 |
| ASSETS & LIABILITIES | | | | | |
| Property, Plant and Equipment | 4,928,162,277 | 4,709,768,667 | 3,840,117,493 | 3,593,306,297 | 3,341,875,458 |
| Other Non-Current Assets | 739,665,995 | 737,256,221 | 94,619,463 | 87,383,309 | 94,489,302 |
| Current Assets | 522,483,304 | 491,777,761 | 709,888,993 | 1,252,961,140 | 892,335,923 |
| Non-Current Liabilities | 2,842,222,511 | 2,403,241,063 | 1,889,040,654 | 2,239,200,350 | 1,825,810,856 |
| Current Liabilities | 638,993,525 | 590,080,697 | 711,456,631 | 764,951,532 | 521,374,671 |
| Net Assets | 2,709,095,541 | 2,945,480,889 | 2,044,128,664 | 1,929,498,864 | 1,981,515,156 |
| SUMMARY OF CASHFLOWS | | | | | |
| Net Operating Cashflows | 214,491,982 | 393,231,495 | 436,383,033 | (104,351,323) | 1,007,582,799 |
| Net Cash (used in) /From Investing Activities | (285,353,219) | (24,210,475) | (374,563) | 281,614 | 13,786,020 |
| Net Cash (used in)/From Financing Activities | (9,873,673) | (323,801,527) | (436,409,485) | 139,803,189 | (665,933,135) |
| Net Increase/(Decrease) in Cash and Cash Equivalent | (80,734,913) | 45,219,493 | (401,014) | 35,733,480 | 355,435,685 |
| FINANCIAL RATIO | | | | | |
| Gross Profit Margin | 69% | 68% | 69% | 67% | 65% |
| EBITDA Margin | 81% | 80% | -43% | 77% | 76% |
| Net Profit Margin | 13% | 24% | -88% | -12% | 5% |
| Earnings Per Share (EPS) | 0.33 | 0.61 | (2.33) | (0.29) | 0.13 |

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT THE 7TH ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD BY WAY OF VIRTUL ON 17th JULY 2024 AT 10.30 A.M. CENTERED AT THE BOARDROOM, OF LAUGFS HEAD OFFICE, NO. 101, MAYA AVENUE, COLOMBO 06.

1. 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 31 March 2024 and the Report of the Auditors thereon.
2. To re-elect Mr K R Goonesinghe , who retires by rotation in terms of Article 26(6) of the Articles of Association, as a Director of the Company;
3. To re-appoint Messrs Ernst & Young, Chartered Accountants, the retiring Auditors and to authorize the Directors to determine their remuneration.
4. To authorize the Directors to determine and make donations for the year ending 31 March 2025 and up to the date of the next Annual General Meeting.

By Order of the Board
LAUGFS POWER PLC



P W Corporate Secretarial (Pvt) Ltd
Director/Secretaries
At Colombo

12 June 2024

Notes:

1. 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 enclosed herewith.
2. A proxy need not be a shareholder of the Company.
3. 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.
4. For more information on how to participate by virtual means in the above virtual meeting, please refer Registration Process enclosed herewith.

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 Noofor 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. P M B Fernando | of Colombo or failing him |
| Mr. P Kudabalage | of Colombo or failing him |
| Mr. K R Goonesinghe | of Colombo or failing him |
| Prof S Amaratunge | 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 17th July, 2024 at 10.30 a.m. and any adjournment thereof and at every poll which may be taken in consequence thereof.

| | For | Against |
|--|-----|---------|
| 1. 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 31 March 2024 and the Report of the Auditors thereon. | | |
| 2. To re-elect K R Goonesinghe who retires by in terms Article 26(6) of the Articles of Association, as a Director of the Company. | | |
| 3. To re-appoint Messrs Ernst & Young, Chartered Accountants, the retiring Auditors and to authorize the Directors to determine their remuneration. | | |
| 4. To authorize the Directors to determine and make donations for the year ending 31 March 2025 and up to the date of the next Annual General Meeting. | | |

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

.....
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. 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 Registrars, Central Depository Systems (Pvt) Ltd, Ground Floor, M & M Center, 341/5, Kotte Road, Rajagiriya, Sri Lanka. or must be emailed to agm_egm_registrars@cse.lk by 10.30 a.m. on or before 15th July, 2024.

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 Noofor 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. P. M. B. Fernando | of Colombo or failing him |
| Mr. P. Kudabalage | of Colombo or failing him |
| Mr. K.R. Goonesinghe | of Colombo or failing him |
| Prof. S.P.P. Amaratunge | of Colombo |

as *my/our proxy to represent me/us at the Annual General Meeting of the Company to be held on 17th July 2024 at 10.30 a.m and any adjournment thereof.

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

.....
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)

Mr. P.M.B Fernando

Mr K.R. Goonesinghe

Prof. S.P.P. Amaratunge

BANKERS

Commercial Bank of Ceylon PLC.

DFCC Bank PLC.

Hatton National Bank PLC.

Sampath Bank PLC.

Peoples Bank.

AUDITORS

Ernst & Young.

(Chartered Accountants)

Rotunda Towers, No. 109,Galle Road,

Colombo 03,

Sri Lanka.

SECRETARIES

P W Corporate Secretarial (Pvt) Ltd.

3/17, Kinsey Road, Colombo 08,

Sri Lanka.

REGISTRARS

Central Depository Systems (Pvt) Ltd

Ground Floor, M & M Center,

341/5, Kotte Road, Rajagiriya,

Sri Lanka.

REGISTERED OFFICE

101, Maya Avenue,

Colombo 06,

Sri Lanka.

CORPORATE WEBSITE

www.laugfs.lk

FEEDBACK

In its endeavor to continuously improve its reporting processes, LAUGFS Power PLC welcomes feedback on the effectiveness of this report.

Any feedback and queries should be directed to:

Chief Legal Officer

LAUGFS Power PLC

101, Maya Avenue

Colombo 06.

Contact No. 011 556 6287

Designed & produced by

emagewise

