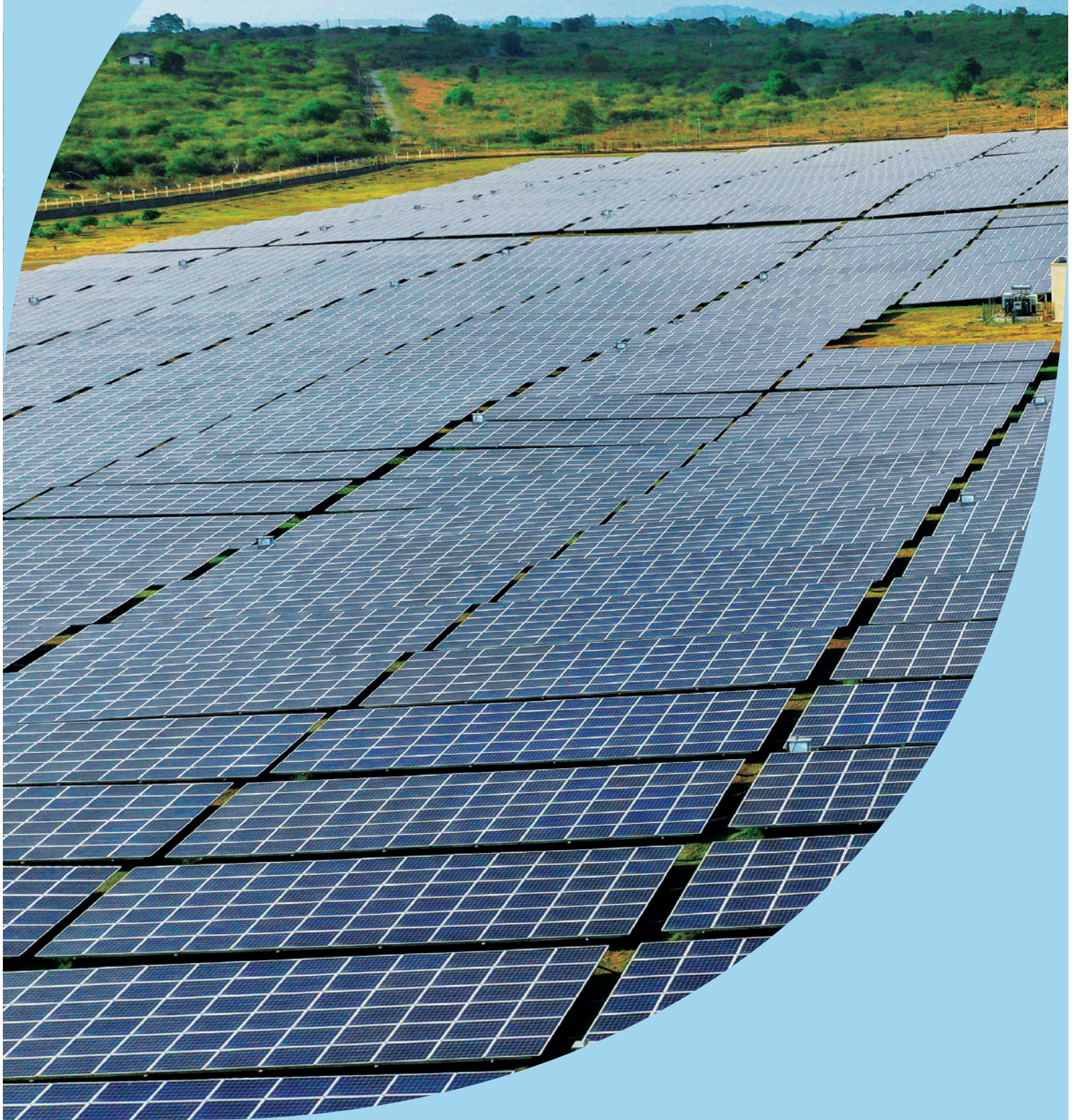




LAUGFS POWER PLC
ANNUAL REPORT 2019/20

A STEADY MOVE.



At LAUGFS Power, we have been on a steady journey illuminating our nation with sustainable solutions that promise a greener tomorrow. Today, we're an active provider of green energy to the national grid with the largest solar power plant and three mini hydro plants in Sri Lanka.

During the year under review, we continued to make impactful investments to enhance our renewable energy operations, supporting the socioeconomic progress of the country. Moving ahead, we aim to steadily expand our footprint locally and internationally to satisfy the growing demand for energy with sustainable solutions that are better and safer for the planet.

At LAUGFS Power, we're steadily progressing towards a more sustainable future.



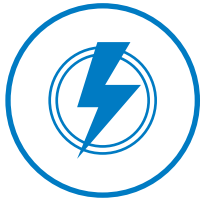
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Energy
44.3 GWh



Capacity
24.3 MW



Revenue
Rs. **979** MN

LAUGFS GROUP

Vision

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

LAUGFS GROUP

Mission

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

About Us

Engaged in renewable energy solutions, LAUGFS Power operates the largest solar power plant in Sri Lanka. This was commissioned in 2017 with an aggregate capacity of 20MW, adding 40GWh per year to the national grid. LAUGFS Power also operates three mini-hydro power plants at Balangoda and Ginigathena, supplying green energy to the National Grid.

About Us

We are equipped with seven power plants in four locations with a cumulative installed capacity of 23.75 MW. The solar power plants are some of the largest plants in Sri Lanka and supplied 39.78 GWh of green energy to the national grid in 2019/20. Energy is key to all economic activities and using sustainable energy resources is imperative to minimise greenhouse gas emissions and improve the living standards and well-being of people. LAUGFS Power plays an active role in building the sustainable energy sector of the country and two of our projects are part of the “Soorya Bala Sangramaya” initiative of the Government. In addition to solar and hydro power projects, we are also exploring opportunities and ventures in other viable energy generation sources such as wind power. In recognition of our active presence in the sustainable energy sector, LAUGFS Power was presented an award at the Mahaweli Entrepreneurship Presidential Awards in 2019 under the category ‘Best Power Generation’.

Our Capacity and Contribution to Sri Lanka’s Renewable Energy

HYDRO POWER

Capacity

1.75 MW capacity in Balangoda and Ginigathena.

SOLAR POWER

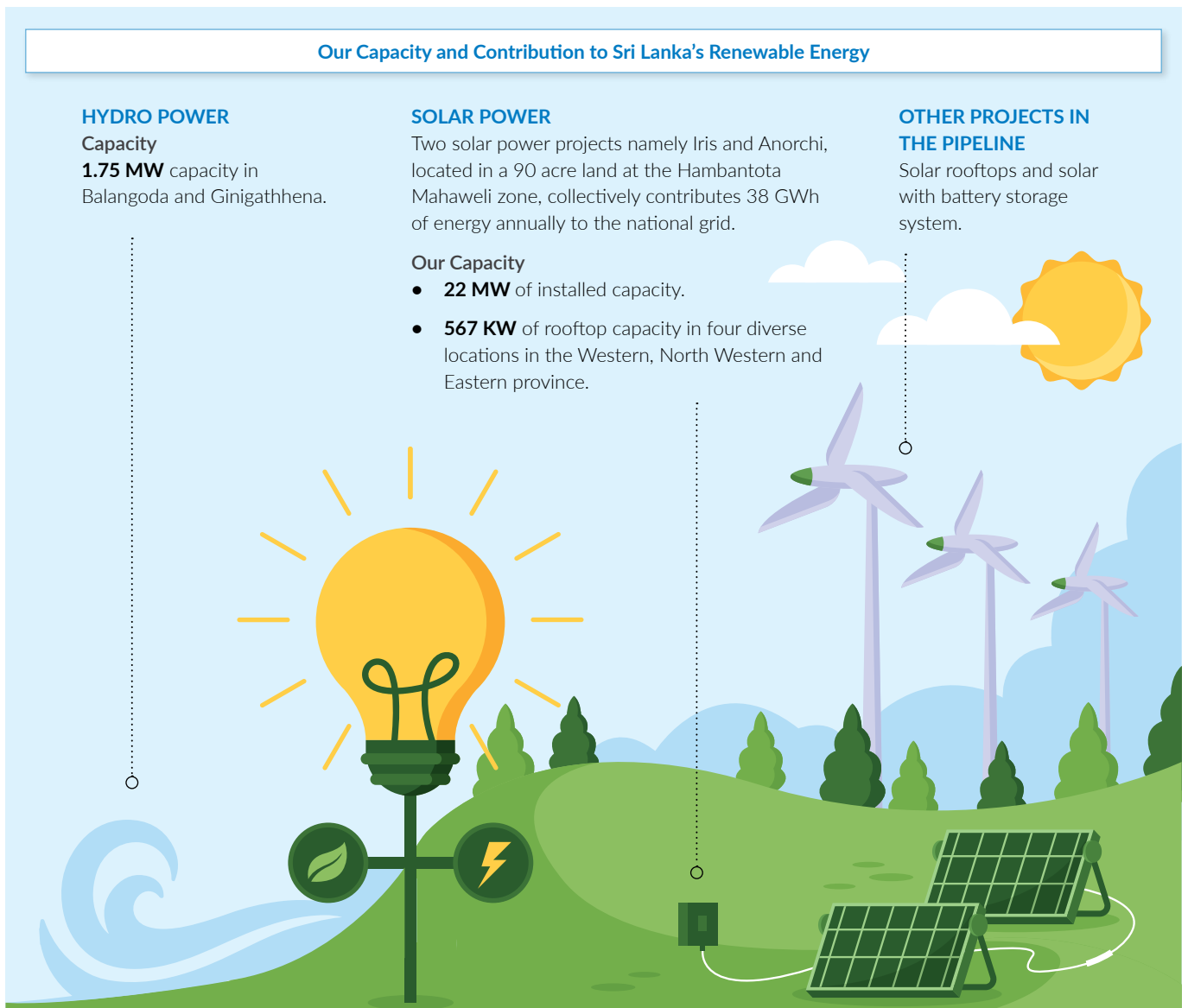
Two solar power projects namely Iris and Anorchi, located in a 90 acre land at the Hambantota Mahaweli zone, collectively contributes 38 GWh of energy annually to the national grid.

Our Capacity

- **22 MW** of installed capacity.
- **567 KW** of rooftop capacity in four diverse locations in the Western, North Western and Eastern province.

OTHER PROJECTS IN THE PIPELINE

Solar rooftops and solar with battery storage system.



Revenue	Rs.979 Mn
Operating Profits	Rs.549 Mn
Profits After Tax	Rs.126 Mn
Assets	Rs.6,190 Mn
Liabilities	Rs.3,481 Mn

Equity	Rs.2,709 Mn
Value Added	Rs.979 Mn
Supply of Sustainable Energy	44.3 GWh
Taxes Paid to Govt.	Rs.5.32 Mn
Capital Investments on Renewable Energy Sector	Rs.367 Mn

EXECUTIVE REVIEWS

Group Chairman's Message



In this scenario, renewables are expected to be the only energy source that will grow in 2020 due to priority access to grids and low operating costs. Power generation from renewable sources are also largely unaffected by demand and continue to generate power at low costs.

Deshabandu W. K. H. Wegapitiya
Group Chairman

Dear Shareholder,

LAUGFS Power PLC delivered a Profit After Tax of Rs.126 Mn for the financial year ending 31st March 2020, which is a decrease of 26% over the previous year. A leading player in non-conventional renewable energy (NCRE), we operate 3 mini-hydro power plants and the country's largest solar power project supporting the country's clean energy agenda. We strongly believe that this is the future of energy and are committed to growth in the non-conventional renewable power sector.

This year we also obtained our listing on the Colombo Stock Exchange and this is the first annual report that we are presenting as a public listed company. The governance structures and policy frameworks in place supported a smooth transition to ensure compliance with additional regulatory requirements.

GLOBAL SHIFTS POST COVID-19

Globally, electricity demand declined significantly due to lockdown measures as decreased demand from commercial and industrial operations outweighed the increases in residential demand according to the Global Energy Review 2020 published by the International Energy Agency. Their findings based on the daily data of 30 countries representing one third of global energy demand, estimate that every month of full lockdown reduced demand by

over 1.5% on an annual basis. Projection for 2020 forecast a 5% decline in demand with some regions experiencing reductions of even 10%.

In this scenario, renewables are expected to be the only energy source that will grow in 2020 due to priority access to grids and low operating costs. Power generation from renewable sources are also largely unaffected by demand and continue to generate power at low costs. Accordingly, solar PV, hydro power and wind are expected to increase renewable electricity generation by 5% in 2020.

SRI LANKA

The financial year commenced with power cuts which remained in place until 11th April 2019 due to power shortages in the 1st quarter of 2019 indicating the need for investing in increasing the generation capacity. Sri Lanka's electricity sales increased by 3.7% in 2019 despite the drop in demand from the hotel sector which was adversely impacted by the April 2019 terror attacks. The number of consumers increased by 2.2% to 6,501 thousand due to the increased numbers in the domestic and religious segment. Energy generation increased by 3.3% with the energy mix shifting to favour fuel, oil and coal as the drought adversely impacted hydro power generation followed by a prolonged period of rain which resulted in lower solar power generation.

Group RevenueRs. **979Mn****Group PAT**Rs. **126Mn**

CEB's Least Cost Long-Term Generation Expansion Plan for the period 2020 to 2039 sets out a long-term energy mix comprising 30% Natural Gas, 30% coal power, 25% large hydro and 15% from both other renewable energy sources and furnace oil. Sri Lanka's high dependency on fossil fuels pose a wide spectrum of challenges in transitioning towards sustainable energy including cost reflective energy pricing, grid modifications and energy conservation. At present, non-renewable energy sources are more financially attractive than NCRE sources as environmental effects are not included in financial costs of fuel oil and coal. This is exacerbated by the subsidies for petroleum products which prevailed prior to the COVID-19 impacts on oil, distorting the true economic costs. There is wide acceptance that financial incentives are needed to make NCRE sources more financially attractive than non-renewable sources and attractive feed-in tariffs, net metering systems, investment tax credits, subsidised interest rates for project loans, green bonds and soft loans are identified as possible financial interventions to promote NCRE projects in the country.

CONTRIBUTING TO CLEAN ENERGY

LAUGFS Power added 2.25 MW to its portfolio during the year with 2MW of ground mount and 0.25MW of roof top solar installations at commercial premises. This takes the company's total power generating capacity through NCRE to 24.32 MW, making it a leading player in this segment.

Investments in NCRE are clearly viewed as socially and environmentally responsible investments but its drawback is its variability stemming from its vulnerability to vagaries of nature make the investments less attractive financially. NCRE requires a diversified portfolio approach along with a combination of interventions mentioned above for its long-term sustainable growth.

Independent Power Producers(IPP) supplied 28.9% of the country's electricity requirement in 2019 compared to 22.6% in 2018 reflecting the potential for IPP's to support provision of reliable power supply in the country. Pricing of electricity continues to be a key concern due to the careful balance needed to manage non-food inflation, commercial viability of PPP projects, cost of emergency power and continued losses of the Ceylon Electricity Board.

WAY FORWARD

LAUGFS Power is committed to grow in NCRE as a source for power generation, supporting the socioeconomic progress of the country, as we believe this is the most environmentally and socially responsible option for the country. Opportunities for growth are significant despite the decline in demand post COVID-19 and it is widely expected to normalise in the next few months. Rapid technological advances in the field and decreasing costs of technology for NCRE will continue to propel its growth supported by increasing calls for pricing of environmental effects for coal and petroleum products.

We will focus on extending capacity through roof top installations which are relatively easy to accomplish. Another 2 MW mini hydro power plant is under construction and is expected to be commissioned in March 2021.

We have also entered into a joint venture with the Government for a 10MW solar power project with a battery storage system which will be the first of its kind. We are ready to commence construction soon after the signing of the power purchase agreement. We will also add on another 1.0 MW to the solar project to compensate for the degradation in solar panels. Wind power projects will be a target area in the year that has commenced to further diversify our portfolio.

ACKNOWLEDGEMENTS

I thank the Board for their visionary guidance and the team at LAUGFS Power PLC for their unwavering commitment to realising our vision. I also take this opportunity to thank the officials of the Public Utilities Commission of Sri Lanka, the Sustainable Energy Authority of Sri Lanka and the Ceylon Electricity Board for their co-operation and assistance. In conclusion I thank our shareholders for their continued support and count on the same in the future.



Deshabandu W.K.H. Wegapitiya
Group Chairman

5th October 2020

Group Deputy Chairman's Message



Diversity of the portfolio and close monitoring of the cash cycle were key to stability in earnings. As power generation is an essential service, LAUGFS Power was relatively immune to the business interruptions which impacted many other businesses

U.K. Thilak De Silva
Group Deputy Chairman

LAUGFS Power PLC recorded profit growth of 1% to deliver Rs.185 Mn as Profit Before Tax for the year ended 31st March 2020 in a year marked by impacts of climate change. Diversity of the portfolio and close monitoring of the cash cycle were key to stability in earnings. As power generation is an essential service, LAUGFS Power was relatively immune to the business interruptions which impacted many other businesses during the year due to the Easter Sunday terror attacks and the COVID-19 pandemic. Similarly, LAUGFS Power continued operations 24/7 during the entire lockdown supporting stable earnings in the financial year that has commenced as well.

A GLOBAL PERSPECTIVE

COVID-19 impact on the global energy sector has been dramatic as energy demand fell by 3.8% in the first quarter of 2020. Demand for coal and oil fell by 8% and 6% in the first quarter which only witnessed the beginnings of lockdown measures. Oil prices went down to record lows, even going into negative territory briefly in April 2020. The demand for electricity also declined by 20% as increased household demand failed to offset the reduction in industrial demand. Renewables alone recorded growth driven by increased installed capacity and priority dispatch.

Electricity demand is expected to decline by 5% in 2020 globally and by as much as 10% in some regions, the largest decline since the Great Depression. However, the forecast for renewable energy is positive and proposals for a greener, smarter and fairer recovery by the IMF is setting the tone for future attention on renewable energy sources and paving the way for elimination of subsidies for fossil fuels that skew financial returns.

LOCAL PERSPECTIVES

Sri Lanka's reliance on imported fossil fuels for electricity generation weighs heavily on the country's trade balance and the exchange rate, making a shift to sustainable renewable energy sources a key imperative. Sri Lanka is yet to extensively exploit other non-conventional renewable energy sources (NCRE) and is taking several measures to promote renewable energy in Sri Lanka to reduce the country's dependence on oil and rainfall in the long run, strengthening the company's prospects for growth. There is broad agreement that NCRE investments need to be made more financially attractive such as feed-in tariffs, investment tax credits, subsidised interest rates for project loans, green bonds and soft loans to drive a sustainable energy agenda for the country in partnership with the private sector and this is the solid foundation for future progress.

New Investment in Assets

Rs. **367Mn**

Total Assets

Rs. **6,190Mn**

Installed capacity increased by 5% during the year, mainly driven by private sector investment. During the calendar year 2019, hydro power generation decreased due to dry weather conditions that prevailed although it picked up towards the latter part of the year. Power generation from coal and thermal increased significantly, increasing the country's carbon footprint, highlighting the need to make investment in NCREs more attractive.

PERFORMANCE

Revenue increased by a mere 1% during the year to Rs.979 Mn due to dry weather conditions followed by a prolonged wet season which resulted in a generation of both hydro and solar power being below optimal capacity. Solar power generation accounted for 93% of revenue reflecting the portfolio tilt to solar power. Power generated by our 3 mini hydro power plants accounted for the balance 7% of revenue. Hydro power recorded an operating profit due to dividend income received by subsidiaries, depressing overall operating margins which were marginally below the previous year. Profit Before Tax increased by 1% to Rs.185 Mn as administrative expenses remained flat and finance costs declined due to decrease in market interest rate and capital repayment. Profit After Tax decreased by 26% over the previous year Rs.170 Mn due to deferred tax and CIT charges as taxation plays a key role in the financial attractiveness of the sector due to reasons discussed above.

The financial position of the Group is stable with a gearing ratio of 54%. The working capital cycle expanded during the year as trade debtor days increased due to delays in payment by our sole customer, CEB, resulting in high financing costs. Capital expenditure of Rs. 367 Mn was invested in the construction of one hydro power project which is expected to be completed in the year that has commenced and two 1 MW Solar projects with LAUGFS Group companies which are now operational. This, together with increased debtors accounted for the increase of 2% in Total Assets. The increase in generation capacity during the year was 2.25 MW with construction planned for a further 10.55 MW in the next year.

LOOKING AHEAD

NCRE is poised to be the growth area in energy solutions in the next decade as environment concerns continue to gather momentum. LAUGFS Power is well positioned at the forefront of the local industry and continues to adopting newer technologies to support development of environmentally and socially responsible solutions to the country's energy demand.

LAUGFS Power has an attractive pipeline of NCRE projects supporting our growth. The Joint Venture with the Sustainable Energy Authority of Sri Lanka for 10 MW of solar power will be the first of its kinds with a battery storage system, paving the way for stability in power generation. The Power Purchase Agreement on this is pending. This project will significantly add to the Group's installed capacity and potential earnings. The pipeline also includes a 2 MW mini hydro power plant which is presently under construction. We will be adding a further 1 MW to the existing 22 MW solar power capacity to compensate for degradation of solar. We are tendering for wind power projects to diversify the portfolio as diversification is key to stability in earnings.

ACKNOWLEDGEMENTS

The Chairman and the Board of Directors have charted a course for the Group which continues to deliver stable earnings through sound risk management and I thank them for their continued guidance during the year. I wish to thank my team for their commitment and dedication to ensuring that we continued supply even during the lockdown, fulfilling our purpose. I am appreciative of the guidance of officials of the Public Utilities Commission, the Ceylon Electricity Board and the Sustainable Energy Authority. In conclusion, I thank the shareholders for their confidence and look to their continued participation in the future.



U.K. Thilak De Silva
Group Managing Director

5th October 2020

Board of Directors



Deshabandu W.K.H. Wegapitiya
Group Chairman



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



Mr. Piyadasa Kudabalage
Group Managing Director/GCEO



Mr. H.A. Ariyaratne
Non-Executive Director



Mr. Mayura Fernando
Independent Non-Executive Director



Mr. Murali Prakash
Independent Non-Executive Director

DESHABANDU W. K. H. WEGAPITIYA

Group Chairman

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

In 1995 he was instrumental in creating Gas Auto Lanka (Private) Limited, the initial enterprise of now diversified LAUGFS Holdings Limited. The visionary leadership, remarkable entrepreneurship and his extra-ordinary personal traits to withstand and overcome all adversities thrown in his way, enabled him to succeed in all his endeavours to create the business conglomerate "LAUGFS", during a comparatively short period of time. A popular figure in the local entrepreneurial community in Sri Lanka as a success story, he was recognised as the best entrepreneur of the country many times. He is a frequent speaker, presenter and a panelist on topics such as "Business Excellence", "Leadership" and "Entrepreneurship" organised by a variety of organisations. He is a well-known personality in the global LP Gas and energy circles and also a regular participant and a speaker at international forums on LP Gas and Energy Management. Presently he serves as a Board member of Sri Lanka Telecom PLC. He served on many public and private sector institutes as an honorary member of the management. He was a Board member of Mobitel (Private) Limited, past Chairman of the Chamber of Young Lankan Entrepreneurs (COYLE), former Senior Vice President of FCCISL, Executive council member of FCCISL, Executive Committee member of Ceylon Chamber of Commerce, member of National Pay Commission, and Council member of University of Sri Jayawardenepura.

MR. U.K. THILAK DE SILVA

Group Deputy Chairman

Mr. Thilak De Silva served as the Group Managing Director of LAUGFS Holdings Limited and all its subsidiaries from the inception, in the year 1995, until the new Group MD was appointed as a result of the Group management succession plan. Thereafter, he is presently serving as the Group Deputy Chairman of this highly-diversified business conglomerate. The Group, is engaged with the widest landscape in business in the country, consisting of LP Gas downstream operations, petroleum fuel

distribution, blending, storage distribution and sale of lubricants, maritime services including ownership and management of gas carriers, heavy engineering, vehicle emission testing, property development, leisure and hospitality with ownership and management of star class hotels, consumer retail chains, fast food chains, manufacture and export of solid tyres, manufacture and export of pharmaceuticals and IV solutions, hydro, solar and other types of renewable energy generation.

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

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

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

MR. PIYADASA KUDABALAGE

Group Managing Director/GCEO

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

Board of Directors

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

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

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

MR. H. A. ARIYARATNE

Non-Executive Director

Mr. Ariyaratne possesses over 35 years of experience in the banking industry as a well-known banker, is a First Class Honours Science Graduate with a wide exposure to the fields of development banking, investment banking, asset management, venture capital, corporate restructuring, etc. Mr. Ariyaratne served as the Executive Vice President of DFCC Bank in charge of overall lending and was the former Chief Executive Officer of Lanka Ventures PLC. In addition to that he has served in Director positions in other companies representing Lanka Ventures PLC and DFCC Bank, and he also served as an Independent Director at DFCC Bank. He has also served for many years as the Chairman of the Banking, Finance and Insurance Committee of the National Chamber of Sri Lanka.

He is the Chairman of the Remuneration Committee of LAUGFS Gas PLC and is a Director of LAUGFS Holdings Limited, the parent company of LAUGFS Gas PLC and serves on the Boards of several subsidiaries in the LAUGFS Group of Companies and Finagle Lanka (Private) Limited.

MR. MAYURA FERNANDO

Independent, Non-Executive Director

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

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

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

MR. MURALI PRAKASH

Independent Non-Executive Director

Mr. Murali Prakash is currently the Group Managing Director/Chief Executive Officer of Ambeon Capital PLC and Ambeon Holdings PLC. Ambeon Capital PLC is the investment company and the parent of Ambeon Holdings PLC, the investment holding and management company of Colombo City Holdings PLC, Ceylon Leather Products Limited, Dankotuwa Porcelain PLC, Millennium I.T.E.S.P. (Private) Limited, Royal Fernwood Porcelain Limited, South Asia Textiles Limited and Taprobane Capital Plus (Private) Limited. Mr. Prakash serves as a Director on the respective boards of all these private and public quoted subsidiaries within the Group. He also serves as a Non-Executive Independent Director of LAUGFS Gas PLC, and several other subsidiaries of the LAUGFS Group.

With over 35 years of experience handling key management positions in the areas of general management, strategic restructuring, investments/credit management, manufacturing, marketing/sales and business consultancy, some of his previous roles include serving as the Group Managing Director/Chief Executive Officer of Browns Group of Companies, a public quoted conglomerate involved in trading, manufacturing, finance, leisure, plantations, healthcare and strategic investments, the Chairman of Galoya Holdings (Private) Limited and the Sales Director of Singer (Sri Lanka) PLC. He has also served on the Boards of Singer (Sri Lanka) PLC, Singer Finance (Lanka) PLC, and Singer Industries (Ceylon) PLC.

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

Corporate Management



Mr. Mahinda Senarath
General Manager



Mr. Sanjeewa Perera
Senior Manager – Engineering
& Mechanical



Mr. Rajiv Nagodavithana
Project Manager – Electrical



Mr. Udara Kapuduwa
Electrical Engineer



Mr. Nishantha Nilaweera
Assistant Accountant



Mr. Sajith Wickramaarachchi
Director/ Group Chief Human
Resource Officer



Mr. Dhammika Cabral
Director/ Group Head of Supply Chain



Mr. Shanaka Indradasa
Chief Financial Officer



Mr. Buddhika Mathew
Head of Legal

Corporate Management



Mr. Sanjeeva Wickramasinghe
Head of Group Risk & Control



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



Ms. Shehara Ferdinandis
Senior Manager - Corporate
Communications



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



Mr. Buddhi Weerasekera
Senior Manager IT - Group IT
Infrastructure & SOC

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis

OPERATING ENVIRONMENT

During the year, total electricity generation increased by 3.3% to 15,879 GWh with an increase in thermal power generation. Dry weather conditions experienced during the first seven months of the year affected availability of hydro power and non-conventional renewable energy (NCRE) sources which declined by 27% and 6.2% in 2019. As a result, the Ceylon Electricity Board (CEB) operated all thermal power plants to meet the growing demand for electricity while also scheduling daily power cuts during March and early April 2019. With this, the contribution of thermal power generation such as fuel oil and coal increased to 65% in 2019 compared to 54% last year while renewable energy sources such as Hydro and NCRE contributed 24% and 11% to the electricity generation.

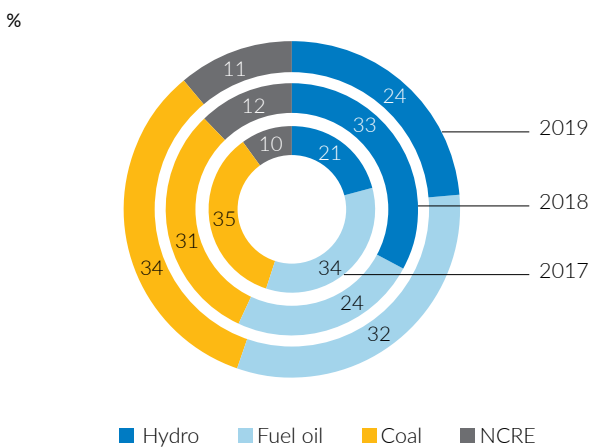
Sector outlook

(Extracted from the Central Bank of Sri Lanka Annual Report 2019)

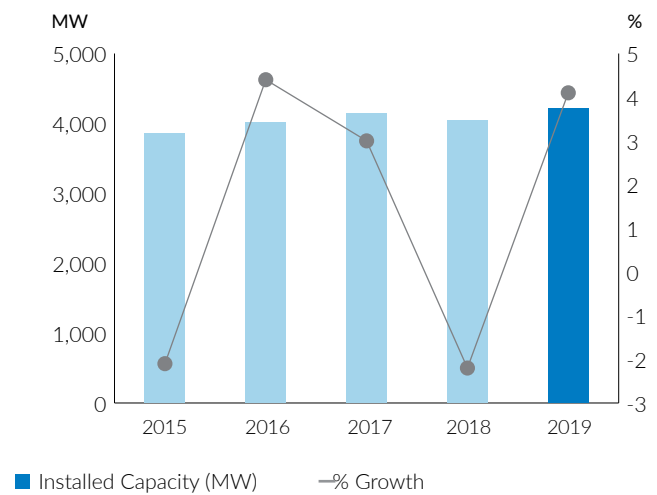
Energy is a key input for all economic activities including production, transportation and household use. However, use of fossil fuel-based energy sources not only result in a depletion of natural resources but have detrimental effects on people and the environment. The Government of Sri Lanka (GoSL) works on several initiatives to shift to sustainable energy sources which will add value to the environment, society and economy by reducing carbon emissions, improving well-being of people and enabling low cost and affordable energy solutions. The key renewable energy expansion projects in 2019 was the 100 MW Mannar wind power plant. In addition, e-energy education and conservation programmes were conducted through Sri Lanka Sustainable Energy Authority (SLSEA).

Renewable energy sources such as Hydro and NCRE contributed 24% and 11% to the electricity generation.

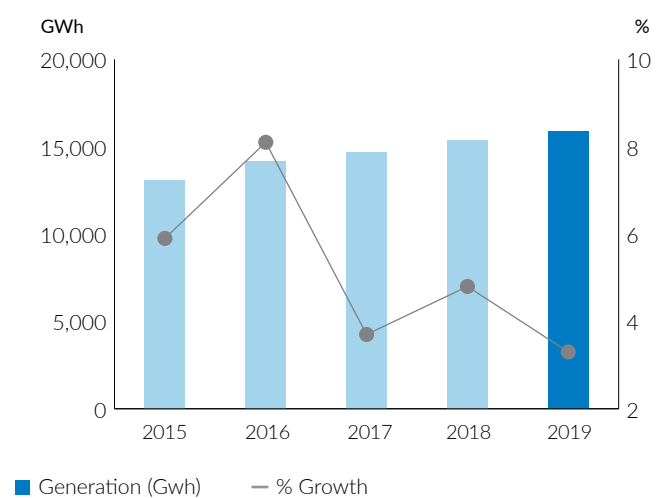
Energy Mix



Installed Capacity



Generation



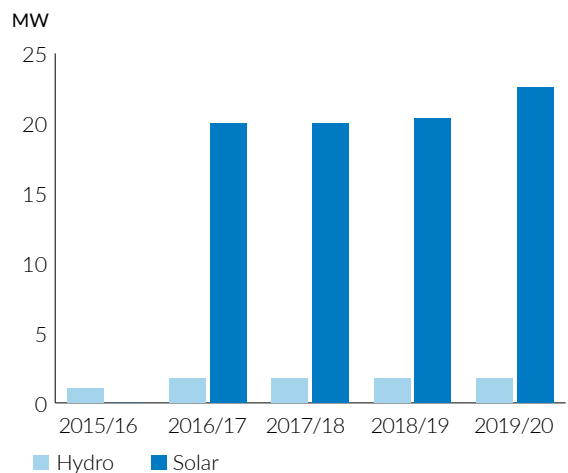


OUR CAPACITY

Projects in Commercial Operation

Project	Type	Plant Capacity (MWh)
Anorchi Hambantota	Solar	10
IRIS Eco Hambantota	Solar	10
LAUGFS Power Embilipitiya	Solar	1
IRIS Eco Embilipitiya	Solar	1
Rooftop Solar Systems	Solar	0.57
Ginigathhena	Hydro	0.7
Ranmudu Oya Phase 1	Hydro	0.5
Ranmudu Oya Phase 3	Hydro	0.55
Total		24.32

Cumulative Capacity



Our Pipeline and Investments

We continuously work on numerous projects to expand our presence in the field of renewable energy. During the year, LAUGFS Power invested Rs. 367Mn on a hydro power project and two solar projects which are part of the Soorya Bala Sangramaya initiative of the Government of Sri Lanka and worked on the below power projects to expand current capacity and diversify. We also signed a joint venture agreement with the Sustainable Energy Authority of the Government of Sri Lanka, for the development of a 10 MW solar power plant with battery storage system.

Solar roof-tops by March 2021

500 KW

Joint venture project with the Government

10 MW

Mini Hydro power plants by March 2021

2 MW

Other projects to add to solar power

1 MW

Management Discussion and Analysis

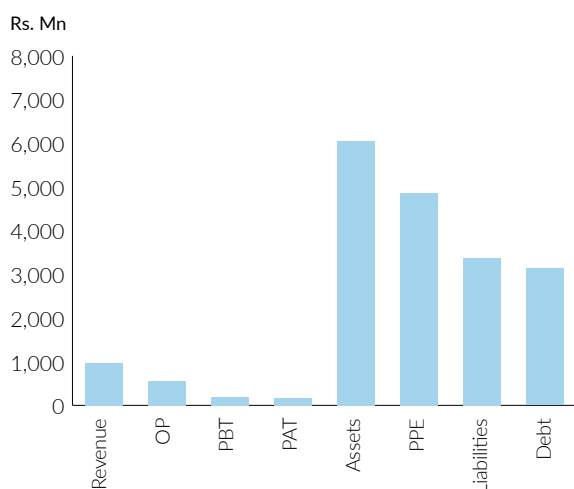
CARBON CREDITS

Our Solar power projects were qualified for carbon credits in 2019 by United Nations Framework Convention on Climate Change (UNFCCC). Certificates are issued every year with the volume of carbon credits generated by the solar power projects. During 2019/20 we generated 38 GWh, equivalent to 30,000 metric tonnes of CO₂ saved.

Performance Review

Highlights (Rs.Mn)	18/19	19/20	Variance
Revenue	967	979	12
Operating Profits	557	549	(8)
Profit Before Tax	184	185	1
Profit After Tax	170	126	(44)
Assets	6,058	6,190	132
Property, Plant and Equipment	4,869	4,928	59
Liabilities	3,378	3,481	103
Debt	3,131	3,239	108

Performance Review 2018/19

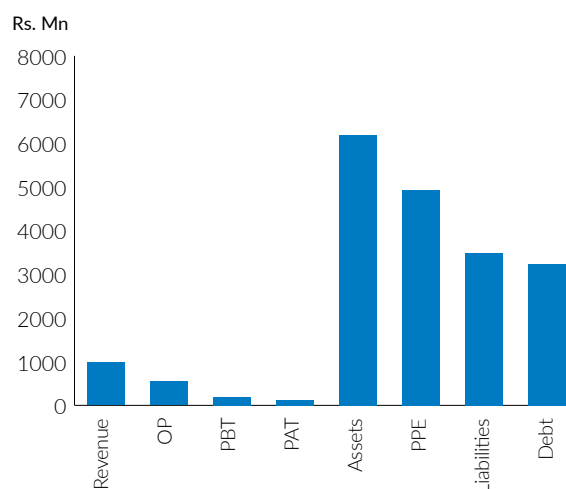


Revenue

Revenue remained in line with last year as power generation primarily from the solar power projects were impacted by the heavy rainfalls experienced during the year. Revenue from solar power which accounts for 93% of group revenue, remained in line with last year. However, the decreasing rainfalls reduced hydro power generation in 2019/20 with revenue from hydro projects decreasing by 4% to Rs. 66Mn.

Total power generation was 44.31 GWh compared to 43.67 GWh last year. Solar power projects generated 39.77 GWh, a 2% growth to last year. Hydro power projects benefitting from the prolonged rainy seasons from July to December 2019, generated 4.53 GWh compared to 4.77 GWh last year.

Performance Review 2019/20



Average tariffs during the year amounted to Rs. 22.10/ kWh.

The tariff for one of the hydro power projects was revised in Jan 2020 to Rs.17.84/ kWh, after the completion of four years of operations. All other projects continued with fixed power purchase agreements.

Profitability and Efficiency

Operating profits of LAUGFS Power remained in line with last year at Rs. 549Mn. Operating margins were marginally lower at 56.1% compared to 57.6% last year. However, the Profit Before Tax increased by 1% to Rs. 185Mn as the repayment of short -term borrowings supported a decline in finance costs during 2019/20.

Shareholder Returns

With the increase in profitability, dividends of Rs. 96.75Mn was paid to shareholders compared to Rs. Nil in 2018/19. Return on equity decreased to 5% in 2019/20 compared to 6% last year.

Net Assets and Funding Profile

Assets increased by 2.1% during the year to Rs. 6,190Mn. Property, plant and equipment which accounts for 80% of assets, remained broadly in line with last year. Non-current assets grew by 2% to Rs. 5,667Mn with the recognition of right to use assets of Rs. 100Mn with the adoption of SLFRS -16- leases.

Current assets too remained broadly in line with last year at Rs. 522Mn. Trade and other receivables increased by 14% to Rs. 500Mn. Cash and bank balances significantly declined during the year to Rs. 10Mn with the capital expenditure incurred in expanding capacity of the solar power projects.

Total liabilities was in line with last year at Rs.3,481Mn. Borrowings increased by 3% to Rs.3,239Mn. With the repayment of short-term borrowings, the group debt mix was predominantly long-term loans which accounts for 87% of total debt. The share of short-term borrowings declined to 13% from 16% last year. However, the gearing ratio remained in line with last year at 54%.

Total Equity increased by 1% to Rs.2,709Mn primarily driven by the increasing profitability during the year.

Liquidity and Solvency

Cash and bank balances significantly declined to Rs.10Mn during the year. Cash flows from operating activities amounted to Rs. 657Mn compared to Rs. 774Mn last year. Although profitability increased during the year, higher working capital investments of Rs. 131Mn, deteriorated operating cash flows. Cash outflows from investing activities increased to Rs. (367)Mn due to the increase in capital investments. Cash outflows from financing activities amounted to Rs. (96)Mn compared to Rs. (291)Mn last year.



Significant Changes During the Year

With the listing of LAUGFS Power Limited on 30th October 2019, the corporate name was changed to LAUGFS Power PLC.

OUTLOOK

With a strong commitment to support the sustainable energy sector of the country, LAUGFS Power will continue to expand capacity through various solar, hydro and wind power projects. Ensuring the completion of the ongoing power projects will be a priority in the forthcoming year while we continue to explore opportunities to further expand our contribution to the national grid.

OPPORTUNITIES

- Increasing demand for electricity.
- Strong Government support to expand renewable energy capacity of the country.
- Increasing environmental consciousness promotes the use of green energy sources.

RISKS

- Fluctuating weather conditions impact availability of renewable energy.
- The tariffs are determined by the Ceylon Electricity Board (CEB) During the year: ceiling prices were set for solar and wind power.
- The Government halted the issue of new licenses for hydro power projects.

Corporate Governance Check List

COMPLIANCE WITH CSE CONTINUING LISTING REQUIREMENTS

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

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

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

The Board of Directors of LAUGFS POWER PLC has pleasure in presenting the Annual Report and the Audited Financial Statements of the Company and its subsidiaries for the financial year ended 31st March 2020. LAUGFS POWER PLC is a public limited company incorporated in Sri Lanka under the Companies Act No. 17 of 1982 and re-registered as required under the provisions of Companies Act No. 7 of 2007 and listed on the Diri Savi Board of the Colombo Stock Exchange since 30th October 2019.

PRINCIPAL ACTIVITIES

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

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

LAUGFS Power PLC – Engaged in Hydro 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 3 to the Financial Statements.

RESULTS AND APPROPRIATIONS

Revenue generated by the Company for the year under review amounted to Rs. 76Mn whilst Group revenue amounted to Rs. 979Mn Contribution to group revenue, from the different business segments carried out by the subsidiaries are provided in Note 3 to the Financial Statements.

FINANCIAL STATEMENTS AND THE REPORT OF THE AUDITORS

The Financial Statements of the Company and the Group for the year ended 31st March 2020 as approved by the Board of Directors on the 4th of September 2020 are given on pages 36 to 85

The Auditor's Report on the Financial Statements of the Company and the Group is given on page 33.

ACCOUNTING POLICIES

A note on the Accounting Policies adopted in the preparation and presentation of the Financial Statements are given on pages 41 to 54 There were no material changes in the Accounting Policies adopted by the Company and its subsidiaries during the year under review. Except SLFRS 16.

DONATIONS

Total donations made by the Company and its subsidiaries during the year under review amounted to Rs. 550,997 Of these, the donations to approved charities were Rs. Nil These amounts do not include contributions on account of Corporate Social Responsibility (CSR) initiatives.

INVESTMENTS

Total investments of the Company in subsidiaries, associate and other equity investments amounted to Rs. 3,932Mn The details of the investments are given in Note No. 9 to the Financial Statements.

PROPERTY, PLANT AND EQUIPMENT

The net book value of property, plant and equipment as at the balance sheet date amounted to Rs. 387Mn and Rs. 4,928Mn 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. 126 and Rs. 367 respectively.

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

STATED CAPITAL AND RESERVES

The stated capital of the Company remains at Rs. 1,880,000,000 as at 31st March 2020, which consist of 335,000,086 ordinary voting and 52,000,000 ordinary non-voting shares.

The total Group Equity was Rs. 2,709Mn as at 31st March 2020.

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 10 to 12. Accordingly the following persons were the Directors of the Company as at 31st March 2020, whilst Mr. P. Kudabala was appointed to the Board on 25th May 2020 as Group Managing Director/GCEO. This appointment was made as a part of the Group's continuing management succession plan.

- (a) **Mr. W. K. H. Wegapitiya** – Group Chairman
- (b) **Mr. U. K. Thilak De Silva** – Group Managing Director (re-designated as Group Deputy Chairman on 25th May 2020)
- (c) **Mr. H. A. Ariyaratne** – Non-Executive Director
- (d) **Mr. N. M. Prakash** – Independent Non-Executive Director
- (e) **Mr. P. M. B. Fernando** - Independent Non-Executive Director

BOARD COMMITTEES

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

AUDIT COMMITTEE

Audit Committee comprises of three members namely Mr. P. M. B. Fernando (Chairman of the Audit Committee), Mr. N. M. Prakash and Mr. H. A. Ariyaratne. 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 of Mr. N. M. Prakash (Chairman of the Committee), Mr. H. A. Ariyaratne and Mr. P. M. B. Fernando. This Committee has been established as a requirement under Section 9 of the Colombo Stock Exchange Listing Rules, in order to monitor and regulate

related party transactions in the best interests of the shareholders in order to ensure that the operations of the Group of Companies are compliant with Section 9 of the Colombo Stock Exchange Listing Rules.

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

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

REMUNERATION COMMITTEE

The Remuneration Committee comprise of Mr. H. A. Ariyaratne (Chairman of the Remuneration Committee), Mr. N. M. Prakash and Mr. P. M. B. Fernando. This Committee recommends the remuneration payable to the Executive Directors and sets guidelines for the remuneration of the senior management of the Company. The Board makes the final determination having considered the recommendations of the Remuneration Committee and also the performance of the senior management. The report of the remuneration committee is given under the Board Committee reports section of the annual report and the remuneration policy is given in the corporate governance report.

INTEREST REGISTER

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

DIRECTORS' INTEREST IN CONTRACTS

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

DIRECTORS SHAREHOLDING

The shareholdings of the Directors of the Company as at 31st March 2020, and as defined under the Listing Rules of Colombo Stock Exchange are as follows.

LPL N	No. of Shares	%
Mr. W. K. H. Wegapitiya	1,411,536	0.421
Mr. U. K. T. N. De Silva	1,077,897	0.322
Mr. H. A. Ariyaratne	3,900	0.000
Mr. N. M. Prakash	17,000	0.001
Mr. P. M. B. Fernando	100	0.000

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. H. A. Ariyaratne	3,400	0.007
Mr. N. M. Prakash	Nil	Nil
Mr. P. M. B. Fernando	Nil	Nil

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. Mr. H. A. Ariyaratne serves as a Director in LAUGFS Holdings Limited which is the holding company, holds a significant stake of LAUGFS Power PLC.

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 86. The distribution and the composition of shareholding are given on page 87 and 88 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 89 and 90 of the Annual Report.

CORPORATE GOVERNANCE

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

ENVIRONMENT

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

STATUTORY PAYMENTS

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

GOING CONCERN

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

DIVIDENDS

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

AUDITORS

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

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

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 29th October 2020 at 4.00 pm at the Head office of LAUGFS Holdings Ltd as a virtual meeting as a precautionary measure due the prevailing COVID-19 protocols issued by the relevant authorities and guidelines issued by the Colombo Stock Exchange. The notice of meeting appears in the supplementary information section of the comprehensive Annual Report.

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

By Order of the Board



W.K.H. Wegapitiya
Group Chairman



U.K. Thilak De Silva
Group Deputy Chairman



PW Corporate Secretarial (Pvt) Ltd.
Secretaries
5th October 2020

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

5th October 2020

Audit Committee Report

COMPOSITION OF THE AUDIT COMMITTEE

Audit Committee is a formally constituted sub-committee of the main Board. The primary function of the committee is overseeing of the preparation, presentation and adequacy of disclosures in the financial statements of LAUGFS Power PLC and its subsidiaries, in accordance with Sri Lanka Accounting Standards, in order to provide additional assurance to the Board of Directors on the reliability of its financial statements and processes.

COMPOSITION

The Audit Committee is comprised of the following Non-Executive Directors:

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

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

The detailed experience of the Audit Committee members are outlined in page 12.

MEETINGS AND ATTENDANCE

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

Member	Attendance
Mr. Mayura Fernando	4/4
Mr. Murali Prakash	3/4
Mr. H. A. Ariyaratne	3/4

The below personnel are permanent attendees by invitation, while Heads of functions within the Group, whose internal audit reports were being reviewed also attended by invitation. The external auditors also attended meetings, on invitation, to brief the Audit Committee on specific issues.

PERMANENT ATTENDEES BY INVITATION

Group Chairman
Group Deputy Chairman
Executive Group Managing Director/ GCEO
Group Director - Finance
Chief Finance Officer
General Manager
Head of Legal
Accountant

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.

KEY RESPONSIBILITIES OF THE AUDIT COMMITTEE

The Audit Committee is to assist the Board of Directors in its general oversight of financial reporting, Internal controls and functions relating to internal and external audit. 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 and is reviewed annually.

Key responsibilities include:

- External financial reporting obligations of the Company, including its obligations under the Colombo Stock Exchange Listing Rules, Rules/Regulations of the Securities and Exchange Commission and Companies Act No. 7 of 2007.
- Review and evaluate the performance of the Company's internal audit function.
- Maintaining an effective system of internal control, compliance with legal and regulatory requirements that may have a material impact on the Company and its financial statements.
- Compliance with Code of Best Practices on corporate governance jointly advocated by the Securities and Exchange Commission of Sri Lanka (SEC) and the Institute of Chartered Accountants of Sri Lanka. (CA Sri Lanka)
- The integrity of financial reporting, the effectiveness of the risk management and internal control system and related governance and compliance matters.
- Making a recommendation to the Board on the appointment, reappointment, dismissal, service period and audit fee of the external auditor.
- Pre-approve all auditing and non-audit services performed by the external audit firm and internal audit service providers.

ACTIVITIES IN 2019

In discharging responsibilities as set out in the Audit Committee Charter, In 2019/20 Audit Committee considered and discussed a variety of topics including key factors affecting the companies' performances, future weather patterns, compliances related to the Group, key controls and concerns relating to company's operational activities.

The Committee reviewed the quarterly and annual financial statements and recommended them to the Board for adoption and release. During year 2019/20, The Committee reviewed the adequacy in the internal audit coverage in the Group and the internal audit plans for the Group with the Head of the GRC Division and the management.

Head of Group Risk & Control, through internal audit reports briefed on the effectiveness of LAUGFS's risk management and internal control systems and on outcomes of significant audit findings and control weaknesses, including potential improvements and mitigating actions agreed with Top Management. The Audit Committee, having reviewed these reports, endorsed additional controls and risk mitigation strategies where necessary, in order to strengthen the existing internal control system.

FINANCIAL REPORTING

The Audit Committee has reviewed and discussed the Group quarterly and annual financial statements with Management and the External Auditors prior to the recommendation of same to the Board for adoption and release. The Group Managing Director, General Manager, Director-Group Finance, CFO and Accountant provided information and confirmation to the Audit Committee that the said financial statements for the year were prepared in accordance with the Sri Lanka Accounting Standards and the information required by the Companies Act No. 07 of 2007 therein, presented a true and fair view of the Company's state of affairs as at that date. The Committee obtained independent input from the External Auditors on the effects of any new Sri Lanka Accounting Standards that came into effect for the year under review and satisfied themselves that the necessary foundation was laid out, to enable the Company to comply with these new standards.

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

EXTERNAL AUDIT

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

The Committee also met the External Auditors, prior to the finalisation of the financial statements. The External Auditors' reports on the audit of the Company and Group financial statements for the year, were discussed with both Management and Auditors. The Committee reviewed the management letter issued by them based on their audit and advised on the rectification actions. The Committee negotiated with the External Auditors the quantum of their fees and out of pocket expenses.

The Members of the Committee had a discussion with the auditors pertaining to issues of sensitive nature which may have arisen during the audit, if any. The Committee also met the External Auditors without management being present, prior to the finalisation of the financial statements.

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

The performance of the External Auditors and the quality of their work have 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 31st March 2021, subject to approval by the shareholders at the Annual General Meeting, at a remuneration to be decided by the Management.



Mr. Mayura Fernando
Chairman - Audit Committee
5th October 2020

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. H. A. Ariyaratne (Chairman) – Non-Executive Director
2. Mr. T. K. Bandaranayake - Independent Non-Executive Director
3. Mr. N. M. Prakash – Independent Non-Executive Director

KEY RESPONSIBILITIES

- To make recommendations to the Board on Company's remuneration policy / structure and its specific application to the Board of Directors, Executive Directors and general application to the Key Management Personnel (KMP).
- To review and make recommendations on the remuneration and incentive framework, including any proposed equity incentive awards including terminal benefits/pension rights for the Executive Directors and KMPs.
- To evaluate the performance of the 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.
- Effective communication with shareholders on the remuneration policy and the Committee's work on behalf of the Board through a Remuneration Committee Report.
- To make recommendations at the appropriate service contracts are available for Executive Directors.
- To review and approve compensation payable to Executive Directors and Senior Management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive.
- To ensure that no Director or any of his associates is involved in deciding his own remuneration.
- To review from time to time as appropriate the Terms of Reference and the effectiveness of the Remuneration Committee and recommend to the Board any necessary changes.

ACTIVITIES IN 2019/20

In view of the challenging business environment and related constraints the Group was confronted with, priorities took a shift from strategic level KMP deliverables to tactical and operational HR activities. Objectives were; streamlining ways of working, enabling standardisation across SBUs and effective maintenance of policies, procedures and methods. This shift was made to support the respective businesses to improve efficiency and effectiveness. During this process, more emphasis was given towards streamlining the following areas which were identified as core challenges.

Identified Key Challenges

1. Right sizing across the Group.
2. Creating a mindset to embrace the much-needed transformation and to ensure a policy, process driven culture.
3. Building of trust and confidence on the performance-based rewards & recognition system and drive the concept across the Group.
4. Mitigating the subjectivity in the Performance Management System.
5. Ensuring corporate governance and basic HR discipline.
6. Identifying and retain mission & functionally critical employees especially, with the much-needed right sizing.
7. Mitigating communication gaps.

1. Cost Optimisation & Right Sizing

- Aggressive drive on reduction of over time cost across the Group with clear guidelines and parameters.
- As part of the Right Sizing initiative, the total headcount in the business was re-evaluated and reduced.
- Reviewing and streamlining the time and attendance process.

2. HR Compliance & HR Hygiene

- Conducting periodic audits for data validation and authentication.
- During the concluded financial year, the following policies were re-evaluated, revalidated and re-launched along with an additional set of policies which was critically relevant;
 - o The attendance policy
 - o Leave policy
 - o Payment and reimbursement of expenses policy
 - o Workstation allocation for head office staff policy
 - o The recruitment & selection policy manual with relevant formats and templates
 - o Internal job posting policy
 - o Social media policy
 - o Tele working policy/guidelines for Group IT & LBS
 - o Vehicle allowance policy
 - o Fuel card policy
 - o Mobile hand set allocation policy for senior management,

3. Talent Management, Development and Compensation & Benefits

- Revised the existing practice of Bonus cycle to (to be paid) after audited accounts.

- Talent Mapping of Mission & Functional Critical Positions
- The introduction of LAUGFS Career Council – Performance Moderations, Promotion Moderations & Pay for Performance.

4. Training & Development

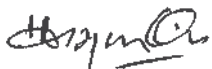
- Special Activity based training on “Transformational Thinking” through an internal resource person specially recruited to customise and conduct the same as per the business need.
- The design and development of the LAUGFS Competency Framework which will be launched and embedded into the 2020/21 PMS cycle.
- Re-validation of all JDs across the Group capturing and highlighting the KPIs of each position.

5. Corporate Governance

- Re-designing and re- launching “Idiriya” as the LAUGFS Code of Conduct
- Implementation of the LAUGFS Disclosure Agreement across the Group.

6. Open Communication Channels

- Periodic communication mechanisms launched on a quarterly basis – “Leadership Address by Chairman & GMD” which was later introduced targeting each category of employees across the Group



Mr. H. A. Ariyaratne
Chairman - Remuneration Committee
5th October 2020

Report of the Related Party Transaction Review Committee

The Board has established the Related Party Transaction Review (RPTR) Committee in terms of the code of best practice on Related Party Transactions issued by the Securities & Exchange Commission of Sri Lanka and the Section 9 of the Listing Rules of the Colombo Stock Exchange.

Mandate

To primarily assist the Board in meeting its oversight responsibilities to ensure that the interest of shareholders as a whole is taken into consideration when entering into Related Party Transactions guided by the code of best practices and Section 09 of the listing rules of the Colombo Stock Exchange.

Composition

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

The Committee, comprised of the following members as at 31 March 2020.

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

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

MEETING ATTENDANCE

The RPTR Committee met quarterly during the year 2019/20. The meeting attendance of the members is set out in the table below:

Member	Attendance
Mr. N. Murali Prakash	3/4
Mr. H.A. Ariyaratne	3/4
Mr. Mayura Fernando	4/4

By Invitation when required,

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

THE DUTIES OF THE COMMITTEE

- Definition 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.
- Seek any information the Committee requires from Management, employees or external parties concerning to any transaction entered into with a related party.
- Obtain knowledge or expertise to assess all aspects of proposed related party transactions where necessary, including obtaining appropriate professional and persons.
- To recommend, where necessary, to the Board and obtain their approval prior to the execution of any related party transaction. Where necessary to escalate matters to the board for review, prior to the execution of any related party transaction.
- To review and recommend the acquisition or disposal of substantial assets between related parties, including but not limited to, obtaining 'competent advice' from independent professional experts on valuations and related aspects as deemed required.

METHODOLOGY ADOPTED BY THE COMMITTEE

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

On the further recommendation of the Committee, the Board adopted criteria in designating Key Management Personnel (KMPs) of the company to enhance transparency & corporate governance.

The activities and views of the Committee have been communicated to the Board of Directors on a regular basis by tabling the minutes of the Committee meetings and through discussions, as required.

ACTIVITIES IN 2019/2020

- Group level transfer pricing policy was subjected to annual review with professional guidance to be in line with best practices.
- During the year, the Committee reviewed transactions submitted by the Management, to ensure such transactions, if any, are in line with the mandate, and to initiate action on disclosures and other as required.

Non-Recurrent Transactions

Name of the Related Party	Relationship	Value of Related Party Transactions entered into during the financial year	Value of Related Party Transactions as a % of Equity & as a % of Consolidated Total Assets	Terms & Conditions of the Related Party Transactions	The rationale for entering into the transactions
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For the year under review, there were no non-recurrent related party transactions nor any that was assessed to be above the thresholds of 10% of the equity and/or 5% of the total assets, as per financial statements and information provided by the Management.

Recurrent Transactions

Name of the Related Party	Relationship	Nature of the transaction	Aggregated Value of Related Party Transactions entered into during the Financial Year	Aggregated Value of Related Party Transactions as a % of Net Revenue / Income	Terms and conditions of the Related Party Transactions
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For the year under review, the aggregate value of recurrent related party transactions, if any, were assessed to be within the threshold of 10% of gross revenue / income, as per financial statements and information provided by the Management.

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



Mr. Murali Prakash,
Chairman-Related Party Transaction Review Committee
5th October 2020

FINANCIAL STATEMENTS

Independent Auditors' Report



Ernst & Young
Chartered Accountants
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Sri Lanka

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TO THE SHAREHOLDERS OF LAUGFS POWER PLC REPORT ON THE AUDIT OF THE 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 2020, and the statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2020, 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 (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements of the

Code of Ethics issued by CA Sri Lanka (Code of Ethics) that are relevant to our audit of the financial statements, 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 our 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 Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matters

Key audit matter	How our audit addressed the key audit matter
<p>Assessment of impairment of goodwill</p> <p>Intangible assets include Goodwill amounting to Rs. 638.8 Million which account for about 11% of total assets of the Group as at 31 March 2020.</p> <p>The impairment test is based on the recoverable amount determined using Value In Use computations (VIU). Such VIU computations are based on the discounted cash-flow models of each Cash Generating Unit (CGU) to which Goodwill has been allocated as further described in Note 10.</p> <p>The VIU calculations are significant to our audit as it involves management's estimation of future cashflows which is highly judgemental due to considerations relating to expected gross margin and discount rates. Accordingly, the impairment tests of goodwill is considered to be a key audit matter.</p>	<p>Our audit procedures included the following;</p> <ul style="list-style-type: none"> - We obtained an understanding of the management's impairment assessment process; - We engaged our internal specialised resources to assist us in assessing the reasonableness of the significant assumptions and judgements used by the Group, in particular those relating to the discount rates of the separate CGUs of the Group; and - We have also assessed the adequacy of the disclosures made in the Note 10 to the financial statements.

Independent Auditors' Report

Other Information included in the 2020 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

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 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.

Auditor's 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 auditor's 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 SLAuSs, 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 control of the Company and the 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 auditor's 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

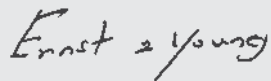
We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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 auditor's report is 1864.



4th September 2020
Colombo

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

Principals: G B Goudian ACMA A A J R Perera ACA ACMA T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited

Statement of Profit or Loss

Year ended 31 March	Note	Group		Company	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Revenue	4.1	979,343,466	967,406,126	76,438,763	58,142,765
Cost Of Sales		(299,150,125)	(294,638,722)	(22,029,396)	(17,428,339)
Gross Profit		680,193,341	672,767,404	54,409,367	40,714,426
Other Operating Income	4.2	72,624	-	500,073,874	108,360,271
Administrative Expenses		(131,211,484)	(115,540,846)	(78,670,655)	(57,570,480)
Operating Profit/(Loss)		549,054,481	557,226,558	475,812,586	91,504,217
Finance Costs	4.3	(366,599,183)	(384,737,032)	(110,560,610)	(13,343,848)
Finance Income	4.4	2,937,253	11,726,703	1,239,739	979,212
Profit Before Tax		185,392,551	184,216,229	366,491,715	79,139,581
Income Tax Expense	5.1	(59,466,308)	(13,573,853)	(51,675,300)	4,066,191
Profit/(Loss) for the Year		125,926,243	170,642,376	314,816,415	83,205,772
Attributable to:					
Equity Holders of the Parent		125,926,243	170,642,376	314,816,415	83,205,772
Non-Controlling Interests		-	-	-	-
		125,926,243	170,642,376	314,816,415	83,205,772
Basic/Diluted Earnings Per Share:	6	0.33	0.44	0.81	0.22

The accounting policies and notes on pages 41 to 85 form an integral part of these financial statements.

Statement of Other Comprehensive Income

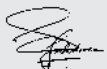
Year ended 31 March	Note	Group		Company	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Profit/(Loss) for the Year		125,926,243	170,642,376	314,816,415	83,205,772
Other Comprehensive Income					
<i>Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods :</i>					
Gains/(Losses) on financial assets at FVTOCI	15.1	-	-	(558,337,904)	(1,434,148,930)
Actuarial Gains/(Losses) on Defined Benefit Liability	4.6	(209,051)	(527,966)	(209,051)	(527,966)
Tax Effect	5.2	29,267	73,915	27,513,058	143,488,808
Net Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods		(179,784)	(454,051)	(531,033,897)	(1,291,188,088)
Other Comprehensive Income/(Loss) for the Year, Net of Tax		(179,784)	(454,051)	(531,033,897)	(1,291,188,088)
Total Comprehensive Income/(Loss) for the Year, Net of Tax		125,746,459	170,188,325	(216,217,482)	(1,207,982,316)
Attributable to:					
Equity Holders of the Parent		125,746,459	170,188,325	(216,217,482)	(1,207,982,316)
Non-Controlling Interests		-	-	-	-
		125,746,459	170,188,325	(216,217,482)	(1,207,982,316)

The accounting policies and notes on pages 41 to 85 form an integral part of these financial statements.

Statement of Financial Position

As at 31 March	Note	Group		Company	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	7	4,928,162,277	4,869,901,023	387,385,875	284,401,974
Right-Of-Use Assets	8	100,592,955	-	9,057,528	-
Investments In Subsidiaries	9	-	-	3,932,085,064	4,206,922,968
Intangible Assets	10	639,073,040	639,085,894	198,610	211,465
Deferred Tax Assets	5.5	-	5,395,050	-	-
Leasehold Land Prepayments	11	-	16,262,308	-	-
		5,667,828,272	5,530,644,275	4,328,727,077	4,491,536,407
Current Assets					
Trade and Other Receivables	12	500,089,992	439,644,453	112,612,511	290,184,518
Prepayments		5,986,961	18,302,329	-	-
Income Tax Recoverable		6,301,795	9,364,915	-	250,921
Cash and Short-Term Deposits	13	10,104,556	60,235,136	100,943	14,257,480
		522,483,304	527,546,833	112,713,454	304,692,919
Total Assets		6,190,311,576	6,058,191,108	4,441,440,531	4,796,229,326
EQUITY AND LIABILITIES					
Equity					
Stated Capital	14	1,880,000,000	1,880,000,000	1,880,000,000	1,880,000,000
Fair Value Reserve of Financial Assets at FVOCI	15	-	-	838,804,252	1,369,658,365
Retained Earnings		829,095,541	800,099,103	315,812,683	97,926,071
Equity attributable to Equity Holders of the Parent		2,709,095,541	2,680,099,103	3,034,616,935	3,347,584,436
Non-Controlling Interests		-	-	-	-
Total Equity		2,709,095,541	2,680,099,103	3,034,616,935	3,347,584,436
Non-Current Liabilities					
Interest Bearing Loans and Borrowings	16	2,812,499,100	2,629,119,223	177,846,669	76,808,402
Employee Benefit Liability	17.2	6,053,149	3,735,286	6,053,149	3,735,286
Deferred Tax Liabilities	5.5	23,720,262	-	11,501,074	9,869,553
		2,842,222,511	2,632,854,509	125,839,352	90,413,241
Current Liabilities					
Trade and Other Payables	18	189,095,506	243,113,732	1,118,260,632	1,305,857,648
Interest Bearing Loans and Borrowings	16.1	426,708,632	502,123,764	71,087,252	52,374,001
Income Tax Payable		23,189,386	-	22,074,820	-
		638,993,524	745,237,496	1,280,984,239	1,358,231,649
Total Equity and Liabilities		6,190,311,576	6,058,191,108	4,441,440,531	4,796,229,326

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

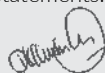


Shanaka Indradasa
Chief Finance Officer

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



W.K.H Wegapitiya
Director



U.K Thilak De Silva
Director

The accounting policies and notes on pages 41 to 85 form an integral part of these financial statements.

4th September 2020
Colombo

Statement of Changes in Equity

Year ended 31 March	Attributable to Equity Holders of the Parent				
	Stated Capital	Retained Earnings	Total	Non-Controlling Interests	Total
Group	Rs.	Rs.	Rs.	Rs.	Rs.
As at 01 April 2018	1,880,000,000	629,910,778	2,509,910,778	-	2,509,910,778
Profit For The Year	-	170,642,376	170,642,376	-	170,642,376
Other Comprehensive Income	-	(454,051)	(454,051)	-	(454,051)
Total Other Comprehensive Income	-	170,188,325	170,188,325	-	170,188,325
Dividend Paid	-	-	-	-	-
As at 31 March 2019	1,880,000,000	800,099,103	2,680,099,103	-	2,680,099,103
Profit For The Year	-	125,926,243	125,926,243	-	125,926,243
Other Comprehensive Income	-	(179,784)	(179,784)	-	(179,784)
Total Other Comprehensive Income	-	125,746,459	125,746,459	-	125,746,459
Dividend Paid		(96,750,022)	(96,750,022)		(96,750,022)
As at 31 March 2020	1,880,000,000	829,095,541	2,709,095,541	-	2,709,095,541

Year ended 31 March 2020	Stated Capital	Fair Value Reserve of Financial Assets at FVTOCI	Retained Earnings	Total Equity
Company	Rs.	Rs.	Rs.	Rs.
As at 01 April 2018	1,880,000,000	2,660,392,402	15,174,350	4,555,566,752
Loss For The Year	-	-	83,205,772	83,205,772
Other Comprehensive Income	-	(1,290,734,037)	(454,051)	(1,291,188,088)
Total Other Comprehensive Income	-	(1,290,734,037)	82,751,721	(1,207,982,316)
Dividend Paid	-	-	-	-
As at 31 March 2019	1,880,000,000	1,369,658,365	97,926,071	3,347,584,436
Profit For The Year	-	-	314,816,415	314,816,415
Other Comprehensive Income	-	(530,854,114)	(179,784)	(531,033,898)
Total Other Comprehensive Income	-	(530,854,114)	314,636,631	(216,217,483)
Dividend Paid			(96,750,022)	(96,750,022)
As at 31 March 2020	1,880,000,000	838,804,252	315,812,683	3,034,616,935

The accounting policies and notes on pages 41 to 85 form an integral part of these financial statements.

Statement of Cash Flows

Year ended 31 March	Note	Group		Company	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Cash Flows Generated from/(Used in) Operating Activities					
Cash Flows from Operating Activities					
Profit/(Loss) Before Tax		185,392,551	184,216,229	366,491,715	79,139,581
Non-Cash Adjustment to Reconcile Profit Before Tax to Net Cash Flows:					
Amortisation of Leasehold land and prepayment	11	-	585,692	-	-
Depreciation of Property, Plant and Equipment	7	230,047,101	233,814,759	18,019,001	14,516,143
Amortisation of Intangible Assets	10	67,594	36,104	67,594	36,104
Finance Costs	4.3	357,789,296	384,737,032	110,560,610	13,343,848
Finance Cost on Right of use asset		8,809,887	-	490,099	-
Finance Income	4.4	(2,937,253)	(11,726,703)	(1,239,739)	(979,212)
Amortisation on Right of use asset		6,813,551	-	2,665,444	-
Transfer of Employee Benefit Liability	17.2	(73,830)	256,661	(73,830)	256,661
Provision for Employee Benefit Liability	17.1	2,182,642	1,522,254	2,182,642	1,522,254
(Profit)/Loss on Disposal of Property, Plant and Equipment		(72,624)	-	(72,624)	-
Operating Profit before Working Capital Changes		788,018,915	793,442,028	499,090,911	107,835,379
Working Capital Adjustments:					
(Increase)/Decrease in Trade and Other Receivables and Prepayments		(57,781,710)	(12,826,307)	(112,347,073)	(41,300,932)
Increase/(Decrease) in Trade and Other Payables		(73,201,573)	(6,326,723)	(187,714,761)	16,402,908
Cash Flows Generated from/(Used in) Operating Activities		657,035,632	774,288,998	199,146,821	82,937,355
Finance Costs Paid	4.3	(274,555,286)	(384,737,032)	(110,560,610)	(13,343,848)
Income Tax Paid		(5,320,863)	(4,221,725)	(455,896)	(519,960)
Net Cash Flows Generated from (Used in) Operating Activities		377,159,483	385,330,241	88,130,316	69,073,547
Cash Flows from/(Used in) Investing Activities					
Acquisition of Property, Plant and Equipment	7	(367,265,146)	(158,765,143)	(126,890,209)	(80,603,783)
Acquisition of Intangible Assets	10	(54,740)	(247,568)	(54,740)	(247,568)
Proceeds from Disposal of Property, Plant & Equipment		5,959,930	-	5,959,930	-
Net Cash Flows Used in Investing Activities		(361,359,956)	(159,012,711)	(120,985,019)	(80,851,351)
Cash Flows from/(Used in) Financing Activities					
Proceeds from Interest Bearing Loans and Borrowings	16	562,686,253	132,299,704	312,900,296	132,299,704
Dividend Paid	22	(96,750,022)	-	(96,750,022)	-
Finance Income	4.4	2,937,253	11,726,703	1,239,739	979,212
Lease Rental Paid		(11,710,616)	-	(2,614,616)	-
Repayment of Interest Bearing Loans and Borrowings	16	(553,697,309)	(435,319,545)	(195,942,279)	(122,494,242)
Net Cash Flows from Financing Activities		(96,534,440)	(291,293,138)	18,833,119	10,784,674
Net Increase/(Decrease) in Cash and Cash Equivalent		(80,734,913)	(64,975,608)	(14,021,585)	(993,130)
Cash and Cash Equivalent at the Beginning of the Year	13	44,424,760	109,400,368	10,445,991	11,439,121
Cash and Cash Equivalent at the End of the Year	13	(36,310,153)	44,424,760	(3,575,593)	10,445,991

The accounting policies and notes on pages 41 to 85 form an integral part of these financial statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1 Reporting Entity

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

1.2 Consolidated Financial Statements

The consolidated financial statements of LAUGFS Power PLC, as at and for the year ended 31 March 2020 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 Ltd.	Generation of hydro power and solar power.
Iris Eco Power Lanka (Pvt) Ltd.	Generation of solar power.
Anorchi Lanka (Pvt) Ltd.	Generation of solar power.
Pams Power (Pvt) Ltd	Generation of Hydro Power. However, the company has not commenced commercial operations yet.
Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Ltd.	Generation of hydro power.

1.4 Parent Entity and Ultimate Parent Entity

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

1.5 Directors' Responsibility Statement

The Board of Directors is responsible for these financial statements.

1.6 Date of Authorisation for Issue

The financial statements of LAUGFS Power PLC and its Subsidiaries (collectively, the Group) for the year ended 31 March 2020 were authorised for issue in accordance with a resolution of the Board of Directors on 4th September 2020.

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 investment properties, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss that have been measured at fair value and defined benefit obligation which is measured at present value of the obligation.

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.

Subsequent to the outbreak of the Coronavirus Disease 2019 ("COVID-19 outbreak") in early 2020, being in an essential service which is renewable energy, the Company's business is less impacted operationally. However, in order to maintain operations as usual during the lockdown situation where movements were restricted, extra efforts had to be incurred.

Accordingly, as at the date of the financial statements, there is no significant variance of Revenue for the financial year ended 31 March 2020 and had not an

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adverse effect on the financial statements as well. However prevailing pandemic situation has indirectly affected the cash flow of the Company as payments from CEB has got delayed. Hence the Company has requested for the moratorium from the relevant banks as per the CBSL guidelines.

2.5 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its Subsidiaries as at 31 March 2020. 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.

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,

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based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

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

External valuer is involved in valuation of significant assets, such as investment in subsidiaries. Involvement of external valuers is decided upon annually by the Management after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Management decides, after discussions with the Group's external valuer, which valuation techniques and inputs to use for each case.

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

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

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

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

- Disclosures for valuation methods, significant estimates and assumptions (Notes 9 and 16)
- Quantitative disclosures of fair value measurement hierarchy (Note 9)
- Financial instruments (including those carried at amortised cost) (Note 13 and Note 16)

2.9 Revenue

2.9.1 Supply of Electricity

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

2.9.2 Dividend

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

2.9.3 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 recognised 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 recognised as the interest accrued unless collectability is in doubt.

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

2.10 Expenses

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

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

2.11 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.

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

Notes to the Financial Statements

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 recognised net of the amount of sales tax, except:

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

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

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

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

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

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

The estimated useful lives for the current and comparative periods are disclosed in Note 7.5.

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

Prior to 01 April 2019

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under

operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

After 01 April 2019

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

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

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

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

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

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under

residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

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

2.14 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

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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

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.

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 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.

Notes to the Financial Statements

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 recognised amounts and there is an intention to settle on a net basis, to realise 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 16.4

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 recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for a property previously revalued with

the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

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

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

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

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

2.21 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.

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 16.3. 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

Notes to the Financial Statements

Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

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

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

This is not an externally funded defined benefit plan.

2.21.2 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 New and Amended Standards and Interpretations

2.24.1 SLFRS 16 - Leases

The Group adopted SLFRS 16 for the first time. The nature and effect of the changes as a result of the adoption of this new accounting standard is described below.

Several other amendments and interpretations apply for the first time in 2019/20, but do not have an impact on the financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

SLFRS 16 supersedes LKAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the Statement of Financial Position.

Lessor accounting under SLFRS 16 is substantially unchanged from under LKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in LKAS 17. Therefore, SLFRS 16 does not have an impact for leases where the Group is the lessor.

The Group adopted SLFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is or contains a lease at 1 April 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying LKAS 17 and IFRIC 4 at the date of initial application.

The effect of adoption SLFRS 16 as at 1 April 2019 is as follows:

Assets

Non Current Assets

Right of Use Assets	107,406,506
Lease rentals paid in advance	(29,032,307)
Total Assets	78,374,199

Liabilities

Non-Current Liabilities

Lease liabilities	78,374,199
Total Equity and Liabilities	78,374,199

a) Nature of the effect of adoption of SLFRS 16

Upon adoption of SLFRS 16, the Group applied a single recognition and measurement approach for all leases for which it is the lessee, except for short-term Leases and

Leases of low-value assets. The Group recognised lease liabilities to make lease payments and Right-of-Use Assets representing the right to use the underlying assets.

Company as a lessee

For leases previously classified as finance leases, the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The requirements of SLFRS 16 was applied to these leases from 1 April 2019.

Leases previously accounted for as operating leases

The Group recognised right of use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right of use assets and lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The lease liabilities as at 1 April 2019 can be reconciled to the operating lease commitments as of 31 March 2019 as follows:

Operating lease commitments as at 31 March 2019	214,020,771
Discounted operating lease commitments at 1 April 2019	78,374,199
Less:	
Commitments relating to short-term leases	-
Add:	
Commitments relating to leases previously classified as finance leases	-
Payments in optional extension periods not recognised as at 31 March 2019	-
Lease liabilities as at 1 April 2019	78,374,199

Estimating the incremental borrowing rate (IBR)

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic

environment. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating). The Groups IBR is estimated as 13%

2.24.2 IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of LKAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of LKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions where the taxation authorities may challenge those tax treatments. The Group determined, based on its tax compliance, that it is probable that its tax treatments will be accepted by the taxation authorities. The Interpretation did not have an impact on the financial statements of the Group.

2.25 Operating Segment Information

The Group's internal organisation and management is structured based on individual products and services which are similar in nature and process and where the risks and returns are similar. The operating segments represent this business structure.

For further details refer to Note 3.

Notes to the Financial Statements

2.26 Effect of Sri Lanka Accounting Standards Issued but Not Yet Effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the group's financial statements are disclosed below. The group intends to adopt these standards, if applicable, when they become effective.

Amendments to LKAS 1 and LKAS 8: Definition of Material

Amendments to LKAS 1 Presentation of Financial Statements and IAS 8 Accounting policies, Changes in accounting Estimates and Errors are made to align the definition of "material" across the standard and to clarify certain aspects of the definition. The new definition states that, "information is material if omitting or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments are applied prospectively for the annual periods beginning on or after 1 January 2020 with early application permitted.

Amendments to SLFRS 3: Definition of a Business

Amendments to the definition of a business in SLFRS 3 Business Combinations are made to help the entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definition of a business and of outputs, and introduce an optional fair value concentration test.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with early application permitted.

Amendments to references to the conceptual framework in SLFRS standards

Revisions to the Conceptual Framework were made because some important issues were not covered, and some guidance was unclear or out of date. The revised Conceptual Framework includes: a new chapter on measurement; guidance on reporting financial performance; improved definitions of an asset and a liability, and guidance supporting these definitions; and clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting

The amendments are effective for annual periods beginning on or after 1 January 2020, with early application is permitted.

3. SEGMENT INFORMATION

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

Hydro Power

Generation of hydro power.

Solar Power

Generation of solar power.

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

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

Operating Segments Year ended 31 March	Hydro Power		Solar Power		Eliminations/Adjustments			Group	
	2020	2019	2020	2019	2020	2019	2020	2019	2019
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Revenue									
External Customers	66,398,017	69,016,886	912,945,449	898,389,241	-	-	-	-	979,343,466
Total Revenue	66,398,017	69,016,886	912,945,449	898,389,241	-	-	-	-	979,343,466
Results									
Operating Profit	466,716,567	78,361,803	582,339,164	587,225,026	(500,001,250)	(108,360,271)	(108,360,271)	(108,360,271)	557,226,558
Finance Costs	(125,101,886)	(16,256,235)	(329,845,459)	(368,480,797)	88,348,162	-	-	-	(384,737,032)
Finance Income	1,266,941	1,000,827	90,018,475	10,725,876	(88,348,163)	-	-	-	11,726,703
Profit/(Loss) Before Tax	342,881,622	63,106,395	342,512,180	229,470,105	(500,001,251)	(108,360,271)	(108,360,271)	(108,360,271)	184,216,229
Income Tax Expense	(51,675,300)	4,066,191	(7,791,008)	-	-	(17,640,044)	(17,640,044)	(17,640,044)	(59,466,308)
Profit/(Loss) for the Year	291,206,322	67,172,586	334,721,172	229,470,105	(500,001,251)	(126,000,315)	(126,000,315)	(126,000,315)	170,642,376
Actuarial Gains/(Losses) on Defined Benefit Plans	(209,051)	(527,966)	-	-	-	-	-	-	(209,051)
Income Tax Effect	29,267	73,915	-	-	-	-	-	-	29,267
Total Comprehensive Income/(Loss) for the Year Net of Tax	291,026,538	66,718,535	334,721,172	229,470,105	(500,001,251)	(126,000,315)	(126,000,315)	(126,000,315)	170,188,325
Assets & Liabilities									
Total Non-Current Assets	5,229,800,289	3,814,133,956	3,731,238,615	3,899,635,888	(3,293,210,634)	(2,183,125,570)	(2,183,125,570)	(2,183,125,570)	5,530,644,274
Total Current Assets	117,616,511	457,725,225	1,426,793,751	1,535,747,208	(1,021,926,954)	(1,465,925,599)	(1,465,925,599)	(1,465,925,599)	527,546,833
Total Assets	5,347,416,800	4,271,859,181	5,158,032,366	5,435,383,096	(4,315,137,588)	(3,649,051,169)	(3,649,051,169)	(3,649,051,169)	6,058,191,108
Total Non-Current Liabilities	372,095,200	371,531,199	2,546,562,992	2,261,323,310	12,466,958	-	-	-	2,842,222,512
Total Current Liabilities	1,360,360,319	1,696,547,076	2,11,905,288	514,616,021	(1,022,174,719)	(1,465,925,599)	(1,465,925,599)	(1,465,925,599)	745,237,496
Total Liabilities	1,732,455,519	2,068,078,275	2,758,468,280	2,775,939,331	(1,009,707,760)	(1,465,925,599)	(1,465,925,599)	(1,465,925,599)	3,378,092,005
Other Disclosures									
Depreciation for the Year	26,194,781	22,574,179	203,852,321	211,240,580	-	-	-	-	230,047,101
Purchase of Property, Plant and Equipment	246,446,104	133,505,309	120,819,042	25,259,834	-	-	-	-	367,265,146
Provision for Employee Benefit Liability	2,182,642	1,522,254	-	-	-	-	-	-	2,182,642
Deferred Tax Assets	-	5,395,050	-	-	-	-	-	-	-
									5,395,050

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

Notes to the Financial Statements

4. REVENUE/OTHER INCOME AND EXPENSES

Year ended 31 March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
4.1 Revenue - from contracts with customers				
Supply of Electricity	979,343,466	967,406,126	76,438,763	58,142,765
	979,343,466	967,406,126	76,438,763	58,142,765
4.2 Other Operating Income				
Dividend Income	-	-	500,001,250	108,360,271
Gain/(Loss) on Disposal of PPE	72,624	-	72,624	-
	72,624	-	500,073,874	108,360,271
4.3 Finance Costs				
Interest Expense on Overdrafts	663,156	264,572	211,692	94,162
Interest Expense on Loans and Borrowings	355,921,360	382,906,621	20,412,126	12,349,216
Bank Guarantee Commission Charges	708,036	444,133	708,036	444,133
Corporate Guarantee Commission Expenses	106,250	1,121,706	-	456,337
Finance Charge on Right to Use Asset	8,809,887	-	490,099	-
Interest on Inter-company	390,494	-	88,738,657	-
	366,599,183	384,737,032	110,560,610	13,343,848
4.4 Finance Income				
Interest Income	2,937,253	11,726,703	1,239,739	979,212
	2,937,253	11,726,703	1,239,739	979,212

Year ended 31 March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
4.5 Profit/(Loss) Before Tax				
Stated after Charging/(Crediting)				
Included in Cost of Sales				
Depreciation of Property, Plant and Equipment	233,972,253	229,788,708	14,436,542	10,512,567
Amortisation of Right of Use Assets	266,042	-	138,958	-
Plant and Machine Maintenance	48,349,102	45,161,998	933,701	802,056
Employees Benefits including the following:				
Staff Expenses	10,569,049	8,859,698	5,906,991	5,529,120
Defined Contribution Plan Costs - EPF and ETF (Included in Employees Benefits)	881,535	776,520	469,560	447,120
	294,037,981	284,586,924	21,885,752	17,290,863
Included in Administration Expenses				
Employees Benefits including the following:				
Staff Expenses	35,552,588	40,562,278	35,552,588	40,562,278
Employee Benefit Plan Costs - Gratuity (Included in Employee Benefits)	2,182,642	1,522,254	2,182,642	1,522,254
Defined Contribution Plan Costs - EPF and ETF (Included in Employees Benefits) ⁹	4,257,702	2,064,654	4,257,702	2,064,654
Depreciation of Property, Plant and Equipment	3,732,011	4,062,154	3,700,203	4,039,679
Amortisation of Right of Use Assets	6,547,509	-	2,526,486	-
Amortisation of Intangible Assets	67,594	36,104	67,594	36,104
Amortisation of Leasehold Land	-	585,692	-	-
Auditors' Fees	962,641	640,000	492,641	275,000
Donations	550,997	250,959	543,497	250,959
Maintenance Expenses	133,812	147,451	133,812	147,451
4.6 Components of Other Comprehensive Income				
Employee Benefit Liability				
Actuarial Gains/(Losses) arising during the Year	(209,051)	(527,966)	(209,051)	(527,966)

Notes to the Financial Statements

5. INCOME TAX

The major components of income tax expense for the years ended 31 March 2020 and 31 March 2019 are:

Year ended 31 March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
5.1 Statement of Profit or Loss				
Current Income Tax:				
Current Income Tax Expense (Note 5.3)	30,321,729	-	22,530,721	-
Dividend Tax of Subsidiaries	-	17,640,044	-	-
Under/(Over) Provision in respect of Prior Year	-	47,208	-	47,208
	30,321,729	17,687,252	22,530,721	47,208
Deferred Income Tax:				
Deferred Taxation Charge/(Reversal) (Note 5.5)	29,144,579	(4,113,399)	29,144,579	(4,113,399)
	29,144,579	(4,113,399)	29,144,579	(4,113,399)
Income Tax Expense Reported in the Statement of Profit or Loss	59,466,308	13,573,853	51,675,300	(4,066,191)
5.2 Statement of Other Comprehensive Income				
Gain/(Loss) on financial assets at FVTOCI	-	-	(27,483,790)	(143,414,893)
Actuarial Gains/(Losses) on Retirement Benefit Plans	(29,267)	(73,915)	(29,267)	(73,915)
Income Tax Charged Directly to Other Comprehensive Income	(29,267)	(73,915)	(27,513,058)	(143,488,808)
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 2020 and 31 March 2019 are as follows:				
Year ended 31 March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Accounting Profit/(Loss) Before Tax	185,392,551	184,216,229	366,491,715	79,139,581
Adjustments in respect to Current Income Tax				
Aggregate Disallowed Items	830,191,749	348,734,109	24,341,451	16,489,460
Income Exempt from Income Tax	-	-	-	-
Aggregate Allowable Expenses	(73,302,794)	(163,986,361)	(50,741,186)	(129,839,756)
Income Exempt from Income Tax	(610,089,702)	(423,141,208)	-	-
Other Sources of Income	-	(11,708,965)	(501,240,989)	(961,474)
Business Income	332,191,804	(65,886,197)	(161,149,009)	(35,172,189)
Other Income	591,284,438	11,708,965	501,240,989	961,474
Less : Allowable Deductions	(397,888,185)	(11,708,965)	(340,307,271)	(961,474)
Total Taxable Income	193,396,253	-	160,933,718	-

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 2020 and 31 March 2019 are as follows:

Year ended 31 March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
At the Statutory Income Tax Rate				
Business Income	Exempt- 14%	Exempt- 14%	14%	14%
Other Income	14% - 24%	28%	14%	28%
Current Income Tax Expenses- Business Income	-	-	-	-
- Other Income	30,321,729	-	22,530,721	-
Income Tax Expense reported in the Statement of Profit or Loss	30,321,729	-	22,530,721	-

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

Group	Consolidated Statement of Financial Position		Consolidated Statement of Profit or Loss		Consolidated Statement of Other Comprehensive Income	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Deferred Tax Liabilities						
Capital Allowances for Tax Purposes	(24,567,703)	(20,408,796)	4,158,907	960,317	-	-
	(24,567,703)	(20,408,796)	4,158,907	960,317	-	-
Deferred Tax Assets						
Employee Benefit Liability	847,441	522,940	(295,234)	(249,048)	(29,267)	(73,915)
Losses Available for Offsetting Against Future Taxable Income	-	25,280,906	25,280,906	(4,824,668)	-	-
	847,441	25,803,846	24,985,672	(5,073,716)	(29,267)	(73,915)
Deferred Income Tax Expense	-	-	29,144,579	(4,113,399)	(29,267)	(73,915)
Net Deferred Tax Assets/Liabilities	(23,720,262)	5,395,050	-	-	-	-

Notes to the Financial Statements

5. INCOME TAX (CONTD.)

Company Year ended 31 March	Statement of Financial Position		Statement of Profit or Loss		Statement of Other Comprehensive Income	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Deferred Tax Liabilities						
Capital Allowances for Tax Purposes	(24,567,703)	(20,408,796)	4,158,907	960,317	-	-
Investments in Subsidiaries	-	(15,264,603)	-	-	(15,264,603)	(143,414,893)
	(24,567,703)	(35,673,399)	4,158,907	960,317	(15,264,603)	(143,414,893)
Deferred Tax Assets						
Employee Benefit Liability	847,441	522,940	(295,234)	(249,048)	(29,267)	(73,915)
Losses Available for Offsetting Against Future Taxable Income	-	25,280,906	25,280,906	(4,824,668)	-	-
Investments in Subsidiaries	12,219,188	-	-	-	(12,219,188)	-
	13,066,629	25,803,846	24,985,672	(5,073,716)	(12,248,455)	(73,915)
Deferred Income Tax Expense	-	-	29,144,579	(4,113,399)	(27,513,058)	(143,488,808)
Net Deferred Tax Assets/Liabilities	(11,501,074)	(9,869,553)	-	-	-	-

5.5 Reconciliation of Net Deferred Tax Assets/Liabilities

Year ended 31 March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
As at 01 April	5,395,050	1,207,736	(9,869,553)	(157,471,760)
Tax expense/(reversal) recognised in the Statement of Profit or Loss	(29,144,579)	4,113,399	(29,144,579)	4,113,399
Tax expense/(reversal) recognised in Other Comprehensive Income	29,267	73,915	27,513,058	143,488,808
As at 31 March	(23,720,262)	5,395,050	(11,501,074)	(9,869,553)

5.6 Current Taxes

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

5.6.2 Exemptions / Concessions Granted Under the Board of Investment Law

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

5.6.3 Exemptions/Concessions Granted Under the Inland Revenue Act

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

6. EARNINGS PER SHARE

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

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

Year ended 31 March	Company	
	2020 Rs.	2019 Rs.
Amount Used as the Numerator:		
Net Profit attributable to Ordinary Equity Holders of the Parent for Basic Earnings	125,926,243	170,642,376
Year ended 31 March	2020 Number	2019 Number
Number of Ordinary Shares Used as the Denominator:		
Weighted Average Number of Ordinary Shares for Basic/Diluted Earnings Per Share	387,000,086	387,000,086
Year ended 31 March	2020 Rs.	2019 Rs.
Basic/Diluted Earnings Per Share	0.33	0.44

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.

Notes to the Financial Statements

7. PROPERTY, PLANT AND EQUIPMENT

	Balance as at 01.04.2019 Rs.	Additions/ Incurred during the Year Rs.	Transfers In/(Out) Rs.	Disposals during the Year Rs.	Balance as at 31.03.2020 Rs.
7.1 Group					
7.1.1 Gross Carrying Amounts					
At Cost					
Freehold Land	27,556,625	-	-	-	27,556,625
Buildings on Freehold Land	201,619,988	-	-	-	201,619,988
Buildings on Leasehold Land	2,538,060	-	2,500,000	-	5,038,060
Plant, Machinery and Equipment	4,503,628,146	103,226,616	79,700,728	(5,959,931)	4,680,595,559
Office Equipment	1,131,481	320,000	-	-	1,451,481
Furniture and Fittings	541,520	23,322	-	-	564,842
Total Value of Depreciable Assets	4,737,015,820	103,569,938	82,200,728	(5,959,931)	4,916,826,555
7.1.2 In the Course of Construction					
Hydro/Solar Power Plant	651,678,161	263,695,208	(155,270,211)	-	760,103,158
	651,678,161	263,695,208	(155,270,211)	-	760,103,158
Total Gross Carrying Amount	5,388,693,981	367,265,146	(73,069,483)	(5,959,931)	5,676,929,713

	Balance as at 01.04.2019 Rs.	Additions/ Incurred during the Year Rs.	Transfers In/(Out) Rs.	Disposals during the Year Rs.	Balance as at 31.03.2020 Rs.
7.1.3 Depreciation					
At Cost					
Buildings on Freehold Land	36,539,238	10,147,821	-	-	46,687,059
Buildings on Leasehold Land	109,651	58,687	10,417	-	178,755
Plant, Machinery and Equipment	480,998,501	227,141,417	(7,549,836)	(72,624)	700,517,458
Office Equipment	665,308	239,267	-	-	904,575
Furniture and Fittings	480,260	117,073	(117,744)	-	479,589
Total Depreciation	518,792,958	237,704,265	(7,657,163)	(72,624)	748,767,436

Year ended 31 March	2020 Rs.	2019 Rs.
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7.1.4 Net Book Values		
At Cost		
Freehold Land	27,556,625	27,556,625
Buildings on Freehold Land	154,932,929	165,080,750
Buildings on Leasehold Land	4,859,305	2,428,409
Plant, Machinery and Equipment	3,980,078,101	4,022,629,645
Office Equipment	546,906	466,174
Furniture and Fittings	85,253	61,260
	4,168,059,119	4,218,222,862
In the Course of Construction		
Hydro/Solar Power Plant	760,103,158	651,678,161
	760,103,158	651,678,161
Total Carrying Amount of Property, Plant and Equipment	4,928,162,277	4,869,901,023

	Balance as at 01.04.2019 Rs.	Additions/ Incurred during the Year Rs.	Transfers In/(Out) Rs.	Disposals during the Year Rs.	Balance as at 31.03.2020 Rs.
7.2 Company					
7.2.1 Gross Carrying Amounts					
At Cost					
Freehold Land	311,000	-	-	-	311,000
Buildings on Freehold Land	120,641,170	-	1,250,000	-	121,891,170
Plant, Machinery and Equipment	183,474,160	103,226,616	33,521,169	(5,959,931)	314,262,014
Office Equipment	799,765	-	-	-	799,765
Furniture and Fittings	515,276	23,322	-	-	538,598
Total Value of Depreciable Assets	305,741,371	103,249,938	34,771,169	(5,959,931)	437,802,547
In the Course of Construction					
Hydro/Solar Power Plant	34,771,169	23,640,271	(34,771,169)	-	23,640,271
	34,771,169	23,640,271	(34,771,169)	-	23,640,271
Total Gross Carrying Amount	340,512,539	126,890,209	-	(5,959,931)	461,442,818
	Balance as at 01.04.2019 Rs.	Additions/ Incurred during the Year Rs.	Transfers In/(Out) Rs.	Disposals during the Year Rs.	Balance as at 31.03.2020 Rs.
7.2.2 Depreciation					
At Cost					
Buildings on Freehold Land	25,054,407	6,058,101	-	-	31,112,508
Plant, Machinery and Equipment	30,133,353	11,821,128	-	(72,624)	41,881,857
Office Equipment	460,970	147,004	-	-	607,974
Furniture and Fittings	461,836	110,512	(117,744)	-	454,604
Total Depreciation	56,110,566	18,136,745	(117,744)	(72,624)	74,056,943
Year ended 31 March				2020	2019
				Rs.	Rs.
7.2.3 Net Book Values					
At Cost					
Freehold Land				311,000	311,000
Buildings on Freehold Land				90,778,662	95,586,763
Plant, Machinery and Equipment				272,380,157	153,340,807
Office Equipment				191,791	338,795
Furniture and Fittings				83,994	53,440
				363,745,604	249,630,805
In the Course of Construction					
Hydro/Solar Power Plant				23,640,271	34,771,169
				23,640,271	34,771,169
Total Carrying Amount of Property, Plant and Equipment				387,385,875	284,401,974

Notes to the Financial Statements

7 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

7.3 During the financial year, the Group and Company acquired property, plant & equipment to the aggregate value of Rs. 367,265,146/- and Rs. 133,560,209/- respectively (2019 -Rs. 158,765,143/- and Rs. 80,603,783/-) for cash.

7.4 The amount of borrowing costs capitalised to property, plant and equipment during the year ended 31 March 2020 was Rs.34,318,507 /- (2019 - Rs.39,384,272/-). (Interest rate AWPLR+1)

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

Year ended 31 March	2020	2019
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 to use Assets recognised and movements during the year.

Year ended 31 March	2020 Rs.	2019 Rs.
8.1.1 Cost		
Balance as at 01 April	-	-
Effect of Adoption of SLFRS 16 as at 01st April	107,406,506	-
Addition and Improvement	-	-
Balance as at 31 March	107,406,506	-
Accumulated Amortisation		
Balance as at 01 April	-	-
Charge for the year	6,813,551	-
Balance as at 31 March	6,813,551	-
Net Book Value As at 31st March	100,592,955	-

Year ended 31 March		2020	2019
		Rs.	Rs.
8.1.2	Right of use - Lease Liability		
	Balance as at 01st April	-	-
	Effect of Adoption of SLFRS 16 as at 01st April	78,374,199	-
	Accretion of Interest	8,809,887	-
	Payments	(18,862,616)	-
	Balance As at 31st March	68,321,470	-
8.1.3	Maturity Analysis of Lease Liability		
	Less Than 1 year	3,557,806	-
	1- 5 years	6,518,899	-
	More than 5 years	58,244,765	-
		68,321,470	-
8.2	Company		
	Set out below are the carrying amount of Right to use Assets recognised and movements during the year.		
Year ended 31 March		2020	2019
		Rs.	Rs.
8.2.1	Cost		
	Balance as at 01 April	-	-
	Effect of Adoption of SLFRS 16 as at 01st April	11,722,972	-
	Addition and Improvement	-	-
	Balance as at 31 March	11,722,972	-
	Accumulated Amortisation		
	Balance as at 01 April 2019	-	-
	Charge for the year	2,665,444	-
	Balance as at 31 March 2020	2,665,444	-
	Net Book Value as at 31st March	9,057,528	-
8.2.2	Right of use -Lease Liability		
	Balance As at 01st April 2019	-	-
	Effect of Adoption of SLFRS 16 as at 01st April	5,052,972	-
	Accretion of Interest	490,099	-
	Payments	(2,614,616)	-
	Balance as at 31st March	2,928,455	-
8.2.3	Maturity Analysis of Lease Liability		
	Less Than 1 year	2,928,455	-
	1- 5 years	-	-
	More than 5 years	-	-
		2,928,455	-

Notes to the Financial Statements

9. INVESTMENTS IN SUBSIDIARIES

Year ended 31 March	2020 Rs.	2019 Rs.
Company		
As at 01 April	4,206,922,968	5,641,071,898
Acquisition of Investments	283,500,000	-
Fair Value Gain/(Loss)	(558,337,904)	(1,434,148,930)
As at 31 March	3,932,085,064	4,206,922,968

9.1 Investments in Subsidiaries

Company	Country of Incorporation	% of Holding 2020	Fair Value 2020 Rs.	Cost 2020 Rs.	Fair Value 2019 Rs.	Cost 2019 Rs.
Financial Assets at FVOCI - Non-Quoted						
Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Ltd	Sri Lanka	100%	57,989,723	37,000,000	119,415,519	37,000,000
Anorchi Lanka (Pvt) Ltd	Sri Lanka	100%	1,773,404,720	1,292,500,000	1,921,925,925	1,292,500,000
Iris Eco Power Lanka (Pvt) Ltd	Sri Lanka	100%	2,001,046,371	1,292,500,000	2,003,493,615	1,292,500,000
Pams Power (Pvt) Ltd	Sri Lanka	100%	99,644,250	200,000,000	162,087,909	200,000,000
Total Non-Quoted Investments in Subsidiaries			3,932,085,064	2,822,000,000	4,206,922,968	2,822,000,000

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.

9.2.2 Valuation Techniques and Significant Inputs

Company	Valuation Technique-2020	Significant Inputs	2020	2019
Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Ltd	Discounted Cash Flow Methodology	Cost of Equity	15.3%	-
		Plant Load Factor/Performance Ratio	30%	45%
		Weighted Average Cost of Capital	-	12.1%
Anorchi Lanka (Pvt) Ltd	Discounted Cash Flow Methodology	Cost of Equity	15.7%	-
		Plant Load Factor/Performance Ratio	82.4%	25%
		Weighted Average Cost of Capital	-	13.3%
Iris Eco Power Lanka (Pvt) Ltd	Discounted Cash Flow Methodology	Cost of Equity	15.7%	-
		Plant Load Factor/Performance Ratio	82.4%	25%
		Weighted Average Cost of Capital	-	13.3%
Pams Power (Pvt) Ltd	Discounted Cash Flow Methodology	Cost of Equity	15.7%	-
		Plant Load Factor/Performance Ratio	40%	40%
		Weighted Average Cost of Capital	-	12.1%

9.2.3 Sensitivity of Assumptions Employed in Fair Valuation

Company	Increase/ (Decrease)		Effect on Other Comprehensive Income	2020	
	Cost of Equity	Plant Load Factor/ Performance Ratio		Effect on Statement of Financial Position	Fair Value of Financial Assets at FVOCI
	Rs.	Rs.		Rs.	Rs.
Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Ltd	+1		3,707,723	(3,707,723)	54,282,000
	-1		(4,053,277)	4,053,277	62,043,000
		+1	(5,449,721)	5,449,721	63,439,444
		-1	5,449,721	(5,449,721)	52,540,002
Anorchi Lanka (Pvt) Ltd	+1		83,437,052	(83,437,052)	1,689,967,668
	-1		(91,796,767)	91,796,767	1,865,201,487
		+1	(30,355,570)	30,355,570	1,803,760,290
		-1	30,355,570	(30,355,570)	1,743,049,150
Iris Eco Power Lanka (Pvt) Ltd	+1		(94,061,270)	94,061,270	1,915,547,941
	-1		85,498,430	(85,498,430)	2,095,107,641
		+1	32,345,929	(32,345,929)	2,033,392,300
		-1	(32,345,929)	32,345,929	1,968,700,442
Pams Power (Pvt) Ltd	+1		14,185,469	(14,185,469)	85,458,781
	-1		(15,881,587)	15,881,587	115,525,837
		+1	(10,630,665)	10,630,665	110,274,915
		-1	10,630,666	(10,630,666)	89,013,584

10. INTANGIBLE ASSETS

Year ended 31 March	Goodwill		Computer Software	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Group				
Cost				
As at 01 April	638,874,430	638,874,430	247,568	-
Additions	-	-	54,740	247,568
As at 31 March	638,874,430	638,874,430	302,308	247,568
Amortisation and Impairment				
As at 01 April	-	-	36,104	-
Amortisation	-	-	67,594	36,104
As at 31 March	-	-	103,698	36,104
Net Book Values				
As at 31 March	638,874,430	638,874,430	198,610	211,465

Notes to the Financial Statements

10. INTANGIBLE ASSETS

Year ended 31 March	Computer Software	
	2020 Rs.	2019 Rs.
Company		
Cost		
As at 01 April	247,568	-
Additions	54,740	247,568
As at 31 March	302,308	247,568
Amortisation and Impairment		
As at 01 April	36,104	-
Amortisation	67,594	36,104
As at 31 March	103,698	36,104
Net Book Values		
As at 31 March	211,465	-
As at 31 March	198,610	211,465

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

10.2 Impairment Testing of Goodwill

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

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

Carrying amount of Goodwill allocated to each of the Cash Generating Unit:	Computer Software	
	2020 Rs.	2019 Rs.
Anorchi Lanka (Pvt) Ltd	319,869,879	319,869,879
Iris Eco Power Lanka (Pvt) Ltd	319,004,551	319,004,551
	638,874,430	638,874,430

The Group performed its annual impairment test as at 31 March of each financial year. The Group considers the fair value of each cash generating unit when reviewing the impairment of goodwill allocated to each of the cash generating unit. As at 31 March 2020, no impairment is recognised against the carrying value of the goodwill allocated to each cash generating unit.

The key assumptions used to determine the recoverability amount for different CGUs, are as follows;

Discount Rate

The discount rate used is the cost of equity under discounted Cash Flow Methodology amounting to 15.7%

Period covered & Tariff

Subsidiary	Remaining years	Tariff per KWh (Rs.)
Anorchi Lanka (Pvt) Ltd	17 Years	23.10
Iris Eco Power Lanka (Pvt) Ltd	17 Years	23.10

Inflation rate

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

Gross margins

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

Long-Term Growth Rate

Long Term Growth rate for Cash Flows for Subsequent Years Based on historical growth rate and business plan. (8%- 11%)

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

11. LEASEHOLD LAND PREPAYMENTS

Year ended 31 March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Cost				
As at 01 April	19,440,000	19,440,000	-	-
Acquired/Incurred During the Year	-	-	-	-
Transfers During the Year	(19,440,000)	-	-	-
As at 31st March	-	19,440,000	-	-
Amortisation				
As at 01 April	3,557,146	2,592,000	-	-
Amortisation During the Year	-	585,692	-	-
Transfers During the Year	(3,557,146)	-	-	-
As at 31st March	-	3,177,692	-	-
Net Book Values	-	16,262,308	-	-

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

Notes to the Financial Statements

12. TRADE AND OTHER RECEIVABLES

Year ended 31 March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Trade Receivables - Others	439,960,409	279,748,514	42,811,285	10,038,115
Other Receivables - Related Parties (Note 12.1)	5,308,975	-	15,020,625	205,876,507
- Others	279,839	620,280	279,839	620,280
	445,549,222	280,368,794	58,111,749	216,534,902
Advances - Others	54,540,769	159,275,659	54,500,762	73,649,616
	500,089,992	439,644,453	112,612,511	290,184,518

12.1 Other Dues from Related Parties

Year ended 31 March	Relationship	Group		Company	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
IRIS Eco Power Lanka (Pvt) Ltd	Subsidiary	-	-	2,727,868	-
Anorchi Lanka (Pvt) Ltd	Subsidiary	-	-	3,047,553	-
Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Ltd	Subsidiary	-	-	3,725,490	66,043,991
PAMS Power (Pvt) Ltd	Subsidiary	-	-	210,739	139,832,516
LAUGFS Property Developers (Pvt) Ltd.	Fellow Subsidiary	4,709,825	-	4,709,825	-
LAUGFS Leisure Ltd.	Fellow Subsidiary	599,150	-	599,150	-
		5,308,975	-	15,020,625	205,876,507

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

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

Group	Total	Neither Past Due nor Impaired	Past Due and Impaired			
			< 30 Days	31-60 Days	61-90 Days	> 90 Days
			Rs.	Rs.	Rs.	Rs.
2020	439,960,409	-	96,953,553	180,912,877	-	162,093,979
2019	279,748,514	-	87,513,687	159,230,401	33,004,425	-

Company	Total	Neither Past Due nor Impaired	Past Due and Impaired			
			< 30 Days	31-60 Days	61-90 Days	> 90 Days
			Rs.	Rs.	Rs.	Rs.
2020	42,811,285	-	4,507,756	12,618,197	-	25,685,331
2019	10,038,115	-	3,198,899	6,839,216	-	-

13. CASH AND SHORT-TERM DEPOSITS

Year ended 31 March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
13.1 Favourable Cash & Cash Equivalent Balances				
Cash in Hand and at Bank	10,104,556	60,235,136	100,943	14,257,480
	10,104,556	60,235,136	100,943	14,257,480
13.2 Unfavourable Cash & Cash Equivalent Balances				
Bank Overdrafts (Note 16)	(46,414,709)	(15,810,376)	(3,676,536)	(3,811,489)
Cash and Cash Equivalent for the Purpose of Cash Flow Statement	(36,310,153)	44,424,760	(3,575,593)	10,445,991

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

Year ended 31 March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 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.

Notes to the Financial Statements

15. FAIR VALUE RESERVE OF FINANCIAL ASSETS AT FVTOCI

Year ended 31 March	2020 Rs.	2019 Rs.
Company		
Financial Assets at FVTOCI Reserve (Note 15.1)	838,804,252	1,369,658,365
	838,804,252	1,369,658,365

15.1 Financial Assets at FVTOCI Reserve

As at 1 April	1,369,658,365	2,660,392,402
Gains/(Losses) arising during the Year	(558,337,904)	(1,434,148,930)
Deferred Taxation Reversal/(Charge)	27,483,791	143,414,893
As at 31 March	838,804,252	1,369,658,365

16. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Interest Bearing Loans and Borrowings

Year ended 31 March	2020 Amount Repayable Within 1 Year Rs.	2020 Amount Repayable After 1 Year Rs.	2020 Total Rs.	2019 Amount Repayable Within 1 Year Rs.	2019 Amount Repayable After 1 Year Rs.	2019 Total Rs.
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16.1 Group

Term Loans (Note 16.1.1)	326,736,117	2,747,685,437	3,074,421,555	461,313,387	2,629,119,223	3,090,432,610
Short Term Loans (Note 16.1.2)	50,000,000	-	50,000,000	25,000,000	-	25,000,000
Bank Overdrafts (Note 13.2)	46,414,709	-	46,414,709	15,810,376	-	15,810,376
Lease Liability	3,557,806	64,763,663	68,321,467	-	-	-
	426,708,632	2,812,449,100	3,239,157,734	502,123,764	2,629,119,223	3,131,242,986

Year ended 31 March	As at 01.04.2019 Rs.	Loan Obtained Rs.	Repayments Rs.	As at 31.03.2020 Rs.
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16.1.1 Term Loans

Commercial Bank of Ceylon PLC - Loan 1	26,167,000	-	(8,217,000)	17,950,000
Commercial Bank of Ceylon PLC - Loan 2	43,392,000	-	(8,839,600)	34,552,400
Commercial Bank of Ceylon PLC - Loan 3	51,015,111	-	(9,257,878)	41,757,233
DFCC Bank PLC - Loan 1	1,360,296,586	-	(144,587,152)	1,215,709,434
DFCC Bank PLC - Loan 2	25,292,336	4,419,874	(3,171,538)	26,540,672
DFCC Bank PLC - Loan 3	5,519,578	12,480,422	(714,141)	17,285,859
DFCC Bank PLC - Loan 4	-	96,000,000	-	96,000,000
Sampath Bank PLC - Loan 1	1,278,750,000	-	(162,250,000)	1,116,500,000
Sampath Bank PLC - Loan 2	-	95,073,316	-	95,073,316
Sampath Bank PLC - Loan 3	-	154,712,641	-	154,712,641
Hatton National Bank PLC	300,000,000	-	(41,660,000)	258,340,000
	3,090,432,611	362,686,253	(378,697,309)	3,074,421,555

Year ended 31 March		As at 01.04.2019 Rs.	Loan Obtained Rs.	Repayments Rs.	As at 31.03.2020 Rs.		
16.1.2	Short Term Loans						
	Hatton National Bank PLC	25,000,000	200,000,000	(175,000,000)	50,000,000		
		25,000,000	200,000,000	(175,000,000)	50,000,000		
Year ended 31 March 2020	2020 Amount Repayable Within 1 Year Rs.	2020 Amount Repayable After 1 Year Rs.	2020 Total Rs.	2019 Amount Repayable Within 1 Year Rs.	2019 Amount Repayable After 1 Year Rs.	2019 Total Rs.	
16.2	Company						
	Term Loans (Note 16.2.1)	14,482,262	177,846,669	192,328,931	23,562,511	76,808,402	100,370,914
	Short Term Loans (Note 16.2.2)	50,000,000	-	50,000,000	25,000,000	-	25,000,000
	Bank Overdrafts (Note 13.2)	3,676,536	-	3,676,536	3,811,489	-	3,811,489
	Lease Liability	2,928,454	-	2,928,454	-	-	-
		71,087,252	177,846,669	248,933,921	52,374,001	76,808,402	129,182,403
Year ended 31 March	As at 01.04.2019 Rs.	Loan Obtained Rs.	Repayments Rs.	As at 31.03.2020 Rs.			
16.2.1	Term Loans						
	Commercial Bank of Ceylon PLC - Loan 1	26,167,000	-	(8,217,000)	17,950,000		
	Commercial Bank of Ceylon PLC - Loan 2	43,392,000	-	(8,839,600)	34,552,400		
	DFCC Bank -Loan 1	25,292,336	4,419,874	(3,171,538)	26,540,672		
	DFCC Bank -Loan 2	5,519,578	12,480,422	(714,141)	17,285,859		
	DFCC Bank -Loan 3	-	96,000,000	-	96,000,000		
		100,370,914	112,900,296	(20,942,279)	192,328,931		
16.2.2	Short Term Loans						
	Hatton National Bank PLC	25,000,000	200,000,000	(175,000,000)	50,000,000		
		25,000,000	200,000,000	(175,000,000)	50,000,000		

Notes to the Financial Statements

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

	Interest Rate	Repayment Terms
Commercial Bank of Ceylon PLC		
Loan 1 (Part 01)	8% per annum (EIB Part)	Repayable in 23 equal monthly installments of Rs.724,508/- and a final installment of Rs.745,846/-
Loan 1 (Part 02)	AWPLR+2% Per annum	Repayable in 23 equal monthly installments of Rs. 22,492/- plus a final installment of Rs. 23,154/-
Loan 2	8% per annum	In 42 equal monthly installments of Rs. 803,600/- and a final installment of Rs.801,200/-
Loan 3 (Part 01)	8% per annum	In 49 equal monthly installments of Rs.777,707/- and a final installment of Rs.778,450/-
Loan 3 (Part 02)	AWPLR + 2% per annum	In 48 equal monthly installments of Rs. 58,593/- and a final installment of Rs. 58,650/-
DFCC Bank PLC		
Loan 1	AWPLR + 1.5% per annum	In 77 equal monthly installments of Rs.15,635,594/- and a final installment of Rs.11,768,696/-
Loan 2	AWPLR + 2% per annum	In 75equal monthly installments of Rs.353,875/-
Loan 3	AWPLR + 2% per annum	In 75equal monthly installments of Rs.230,478/-
Loan 4	AWPLR + 1.5% per annum	Repayable by 108 monthly instalment
Sampath Bank PLC		
Loan 1	AWPLR + 1.5% per annum	Repayable by 101 monthly instalment of Rs. 14,750,000/- and the final instalment of Rs. 10,250,000/-.
Loan 2	AWPLR + 1.5% per annum	Repayable by 138 monthly instalment of Rs. 600,000/-
Loan 3	AWPLR + 1.5% per annum	Repayable by 96 equal monthly instalment of Rs.2,500,000/-
Hatton National Bank PLC		
Loan 1	AWPLR + 1% for first five years thereafter AWPLR 0.5% for balance 3 years	Repayable in 61 Equal monthly instalment of Rs. 4,166,000/- and the final instalment of Rs. 4,124,000/-

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.

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 2020, the Company held the following financial instruments carried at fair value on the statement of financial position.

Year ended 31 March	2020 Rs.	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.
Company				
Assets Measured at Fair Value				
Financial Assets at FVTOCI (Investment in Subsidiaries)	3,932,085,064	-	-	3,932,085,064
	3,932,085,064	-	-	3,932,085,064

During the reporting period ending 31 March 2020, there were no transfers between Level 1 and Level 2 fair value measurements.

17. EMPLOYEE BENEFIT LIABILITY

Group/Company

Year ended 31 March	2020 Rs.	2019 Rs.
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17.1 Net Benefit Expense

Current Service Cost	1,771,760	1,379,414
Interest Cost on Benefit Obligation	410,882	142,841
Total Expenses	2,182,642	1,522,254

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

As at 01 April	3,735,286	1,428,405
Adjustment due to Transfer of Employees into Company	(73,830)	256,661
Current Service Cost	1,771,760	1,379,414
Interest Cost on Benefit Obligation	410,882	142,841
Remeasurement Gains/(Losses) in Other Comprehensive Income	209,051	527,966
Benefits Paid	-	-
As at 31 March	6,053,149	3,735,286

Notes to the Financial Statements

- 17.3** Messrs. Smiles Global (Pvt) Ltd, Actuaries, carried out an actuarial valuation of the defined benefit plan - gratuity on 31 March 2020. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used as at 31.03.2020 are as follows:

Year ended 31 March	2020	2019
Method of Actuarial Valuation:	Projected Unit Credit method	Projected Unit Credit method
Discount Rate:	10%	11%
Salary Increment Rate:	12%	12%
Retirement Age:	55 years	55 years
Staff Turnover Ratio:	5%	5%
Mortality Table:	A67/70 Mortality Table	A67/70 Mortality Table

17.4 Sensitivity of Assumptions Employed in Actuarial Valuation

The following table demonstrates the sensitivity to a reasonable possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measurement, in respect of the year 2020.

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)		2020		
In Discount Rate	In Rate of Salary Increment	Effect on Statement 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.
+1%	-	597,501	(597,501)	5,455,648
-1%	-	(693,149)	693,149	6,746,298
-	+1%	(698,332)	698,332	6,751,481
-	-1%	612,922	(612,922)	5,440,227

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

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

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

2019	Amounts Charged to Profit or Loss				Remeasurement Gains/(Losses) in Other Comprehensive Income				31 March 2019			
	01 April 2018	Service Cost	Interest Cost	Sub Total included in Profit or Loss	Benefits Paid	Adjustment due to transfer of employees into Demographic Company Assumptions	Actuarial Changes arising from Changes in Financial Assumptions	Actuarial Changes arising from Experience Adjustments		Subtotal Contributions Included in OCI by the Employer		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.			
Employee Benefit Liability	1,428,405	1,379,414	142,841	1,522,254	-	256,661	250,182	744,433	(466,649)	527,966	-	3,735,286
	1,428,405	1,379,414	142,841	1,522,254	-	256,661	250,182	744,433	(466,649)	527,966	-	3,735,286

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

Year ended 31 March	2020		2019	
	Rs.		Rs.	
Between 0 and 2 Years	80,848	61,836	-	-
Between 2 and 5 Years	16,010	-	1,468,891	-
Between 5 and 10 Years	2,022,195	1,468,891	2,204,560	-
Beyond 10 Years	3,934,096	2,204,560	-	-
Total Expected Payments	6,053,149	3,735,287	-	-

The average duration of the defined benefit plan obligating at the end of the reporting period is 11.77 years. (2019 : 11.94 years)

Notes to the Financial Statements

18. TRADE AND OTHER PAYABLES

Year ended 31 March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Trade Payables - Related Parties (Note 18.1)	2,495,532	-	1,274,398	-
- Others	62,000	-	-	-
Other Payables - Related Parties (Note 18.2)	78,520,504	114,535,247	1,099,040,458	1,303,686,126
- Others	25,577,372	55,211,358	13,661,321	573,171
	106,655,408	169,746,605	1,113,976,177	1,304,259,297
Sundry Creditors including Accrued Expenses	82,440,098	73,367,128	4,284,455	1,598,351
	189,095,506	243,113,732	1,118,260,632	1,305,857,648

18.1 Trade Payable to Related Parties

LAUGFS Petroleum (Pvt) Ltd	298,917	-	298,917	-
LAUGFS Business Solution (Pvt) Ltd	1,482,134	-	261,000	-
Anantaya Passikudah (Pvt) Ltd	39,825	-	39,825	-
LAUGFS Property Developers (Pvt) Ltd	674,656	-	674,656	-
	2,495,532	-	1,274,398	-

Year ended 31 March	Relationship	Group		Company	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
LAUGFS Holdings Ltd	Ultimate Parent	63,449,667	702,960	63,119,710	389,343
LAUGFS Petroleum (Pvt) Ltd	Fellow Subsidiary	-	109,177	-	109,177
LAUGFS Gas PLC	Fellow Subsidiary	-	111,128,999	-	111,128,999
LAUGFS Salt and Chemicals Ltd	Fellow Subsidiary	-	500,000	-	500,000
Anorchi Lanka (Pvt) Ltd	Subsidiary	-	-	457,470,799	636,256,459
Iris Eco Power Lanka (Pvt) Ltd	Subsidiary	-	-	559,672,373	553,635,400
Pams Power (Pvt) Ltd	Subsidiary	-	-	168,323	-
Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Ltd	Subsidiary	-	-	3,538,416	-
LAUGFS Business Solution (Pvt) Ltd	Fellow Subsidiary	-	519,261	-	153,138
LAUGFS Property Developers (Pvt) Ltd	Fellow Subsidiary	180,343	633,509	180,343	633,509
LAUGFS Supermarket (Pvt) Ltd	Fellow Subsidiary	-	880,100	-	880,100
LAUGFS Lubricants (Pvt) Ltd	Fellow Subsidiary	-	61,240	-	-
LAUGFS Eco Sri Limited	Fellow Subsidiary	14,890,494	-	14,890,494	-
		78,520,504	114,535,247	1,099,040,458	1,303,686,126

19. COMMITMENTS AND CONTINGENCIES

19.1 Capital Expenditure Commitments

The Group and Company have commitments for acquisition of property, plant and equipment incidental to the ordinary course of business as at 31 March 2020 are as follows:

Year ended 31 March	2020	2019
Group	Rs.	Rs.
Contracted but not Provided for		
Hydro Power Plant	-	60,000,000
Solar Power Plant	51,437,590	210,000,000
	51,437,590	270,000,000

19.2 Contingencies

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

20. ASSETS PLEDGED

The following assets have been pledged as security for liabilities.

Nature of Assets	Nature of the Liability	Carrying Amount		Included Under
		2020	2019	
		Rs.	Rs.	
Group				
Equity Shares	Primary Mortgage over Equity Shares	1,880,000,000	1,880,000,000	Equity
Project Assets	Primary Mortgage Over Project Assets	387,385,875	284,401,974	Property, Plant and Equipment
Project Assets	Negative Pledge Over Project	1,888,759,763	1,911,516,717	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	1,759,237,474	1,892,701,026	Property, Plant and Equipment
Project Assets	Primary Mortgage over Equity Shares	1,000,004,000	1,000,004,000	Equity
Company				
Equity Shares	Primary Mortgage over Equity Shares	1,880,000,000	1,880,000,000	Equity
Project Assets	Primary Mortgage Over Project Assets	387,385,875	284,401,974	Property, Plant and Equipment

Notes to the Financial Statements

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 2020 and 31 March 2019, refer to Notes 12 and 18).

21.1 Group

Year ended 31 March	Ultimate Parent		Other Group Companies		Total	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
As at 01 April	(702,960)	73,830	(113,832,287)	(112,529,509)	(114,535,247)	(112,455,679)
Commission for Corporate Guarantee	-	(769,954)	-	-	-	(769,954)
Expenses incurred on behalf of the Company	(187,164)	(674,237)	(2,468,775)	(1,164,686)	(2,655,939)	(1,838,923)
Settlement made during the year	-	449,276	8,963,665	12,345,310	8,963,665	12,794,587
Purchase of Goods	-	-	(1,490,806)	(2,065,530)	(1,490,806)	(2,065,530)
Fund Transfers to	-	-	97,238,242	-	97,238,242	-
Fund Transfers from	-	-	-	-	-	-
Interest on Inter Company Borrowings	-	-	(390,494)	-	(390,494)	-
Receiving of Services	-	-	(8,646,189)	(10,417,871)	(8,646,189)	(10,417,871)
Expenses Incurred on behalf of Subsidiaries	-	-	2,405,929	31,855	2,405,929	31,855
Receipts for Inter Company Outstanding	-	(38,536)	-	(31,855)	-	(70,391)
Others	-	256,661	5,963,321	-	5,963,321	256,661
As at 31 March	(890,124)	(702,960)	(12,257,394)	(113,832,287)	(13,147,518)	(114,535,247)

21. TRANSACTIONS WITH THE PARENT AND RELATED ENTITIES (CONTD.)

21.2 Company

Year ended 31 March	Ultimate Parent		Subsidiaries		Other Group Companies		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
As at 01 April	(389,343)	73,830	(984,015,352)	(1,076,027,865)	(113,404,924)	(51,537,672)	(1,097,809,619)	(1,127,491,708)
Purchase of goods	-	-	-	-	(1,490,806)	(2,004,290)	(1,490,806)	(2,004,290)
Receiving of Services	-	-	-	-	(5,269,960)	(6,059,905)	(5,269,960)	(6,059,905)
Commission for Corporate Guarantee	-	(456,337)	-	16,308	-	-	-	(440,029)
Expenses incurred on behalf of the Company	(170,824)	(674,237)	-	-	-	(1,164,686)	(170,824)	(1,838,923)
Settlement made during the year	-	410,740	-	-	8,963,665	7,878,960	8,963,665	8,289,700
Expenses Incurred on behalf of Subsidiaries	-	-	7,822,573	5,938,914	(2,445,305)	31,855	5,377,268	5,970,769
Fund Transfer From	(62,559,543)	-	(155,319,796)	(184,150,000)	-	-	(217,879,339)	(184,150,000)
Fund Transfer To	-	-	99,655,461	119,495,000	97,038,242	-	196,693,703	119,495,000
Interest on Inter company Borrowings	-	-	(88,348,163)	-	(390,494)	-	(88,738,657)	-
Dividend	-	-	500,001,250	108,360,271	-	-	500,001,250	108,360,271
Other	-	256,661	(107,434,233)	42,352,021	5,963,321	(60,549,185)	(164,030,455)	(17,940,503)
Investment in Subsidiary	-	-	(283,500,000)	-	-	-	(283,500,000)	-
As at 31 March	(63,119,711)	(389,343)	(1,011,138,260)	(984,015,352)	(11,036,261)	(113,404,924)	1,147,853,774	(1,097,809,619)

21.3 Subsidiaries include the following Companies;

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

21.4 Other Group Companies include the following Companies;

LAUGFS Property Developers (Pvt) Ltd
LAUGFS Business Solutions (Pvt) Ltd
LAUGFS Gas PLC
LAUGFS Petroleum (Pvt) Ltd
LAUGFS Supermarkets (Pvt) Ltd
LAUGFS Salt and Chemical Ltd
LAUGFS Lubricants Ltd

Notes to the Financial Statements

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.

Year ended 31 March	2020 Rs.	2019 Rs.
Compensation of Key Management Personnel		
Group		
Short term employment benefit (Cash Benefits)	25,650,000	48,000,000
Total Compensation paid to Key Management Personnel	25,650,000	48,000,000
Company		
Short term employment benefit (Cash Benefits)	1,650,000	16,000,000
Total Compensation paid to Key Management Personnel	1,650,000	16,000,000

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

22. DIVIDENDS PAID AND PROPOSED

Year ended 31 March	2020 Rs.	2019 Rs.
Declared and Paid during the Year:		
Dividends on Ordinary Shares:		
Final Dividend - 0.25 Rupees per Share-2019	96,750,022	-

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

23.1 Introduction

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

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

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

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

23.2 Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under financial instruments 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.

Group As at 31 March In LKR	2020					
	Cash in Hand and at Bank	Tax Recoverable	Trade and Other Receivable	Amount Due From Related Parties	Total	% Of Allocation
Trade Receivable	-	-	439,960,409	-	439,960,409	85%
Advance for other	-	-	54,540,769	-	54,540,769	11%
Due From Related Parties	-	-	-	5,308,975	5,308,975	1%
Loan to executives	-	-	279,839	-	279,839	0%
Income Tax Recoverable	-	6,301,795	-	-	6,301,795	1%
Cash at bank	10,104,556	-	-	-	10,104,556	2%
Total credit risk exposure	10,104,556	6,301,795	494,781,017	5,308,975	516,496,343	100%

Group As at 31 March In LKR	2019					
	Cash in Hand and at Bank	Tax Recoverable	Trade and Other Receivable	Total	% Of Allocation	
Trade Receivable	-	-	279,748,514	279,748,514	55%	
Advance for other	-	-	159,275,659	159,275,659	31%	
Loan to executives	-	-	620,280	620,280	0%	
Income Tax Recoverable	-	9,364,915	-	9,364,915	2%	
Cash at bank	60,235,136	-	-	60,235,136	12%	
Total credit risk exposure	60,235,136	9,364,915	439,644,453	509,244,504	100%	

Company As at 31 March In LKR	2020					
	Cash in Hand and at Bank	Trade and Other Receivable	Amount Due From Related Parties	Total	% Of Allocation	
Trade Receivable	-	42,811,285	-	42,811,285	38%	
Advance for other	-	54,500,762	-	54,500,762	48%	
Due From Related Parties	-	-	15,020,625	15,020,625	13%	
Loan to executives	-	279,839	-	279,839	0%	
Cash at bank	100,943	-	-	100,943	0%	
Total credit risk exposure	100,943	97,591,886	15,020,625	112,713,454	-	

Company As at 31 March In LKR	2019					
	Cash in Hand and at Bank	Tax Recoverable	Trade and Other Receivable	Amount Due From Related Parties	Total	% Of Allocation
Trade Receivable	-	-	10,038,115	-	10,038,115	3%
Advance for other	-	-	73,649,616	-	73,649,616	24%
Due From Related Parties	-	-	-	205,876,507	205,876,507	68%
Loan To executives	-	-	620,280	-	620,280	0%
Income Tax Recoverable	-	250,921	-	-	250,921	0%
Cash at bank	14,257,480	-	-	-	14,257,480	5%
Total credit risk exposure	14,257,480	250,921	84,308,011	205,876,507	304,692,919	100%

Notes to the Financial Statements

23.2.1 Trade receivables

The state owned transmission licensee Ceylon Electricity Board (CEB) is the sole purchaser of our service. The credit risk towards the Group is minimal, since CEB being the sole customer. However, increase in debtor days are seen in the recent past, which also have effect to the working capital cycle of the Company.

23.2.2 Short Term deposits

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

Short term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirement of the Company and earn interest at the respective short-term deposit rates/one day-repurchases.

23.3 Liquidity Risk

The Group approach to managing liquidity is to ensure, that they will have reasonable adequate liquid assets to meet its liabilities as an when it is due, without incurring unacceptable losses or risking the Group reputation.

Cash flow forecasting is performed by finance divisions of each subsidiary company of the Group and rigorously monitors the entity's liquidity requirements to ensure it has sufficient funds to meet the operational cash flows.

Total liquid assets over total liabilities show a considerable increase of 101%, mainly due to the expansion in business operations during the period.

23.4 Interest Rate Risk

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

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

Increase/(Decrease) in Interest Rate Year ended 31 March	PAT Effect on Income Statement	
	2020 Rs.	2019 Rs.
+1%	3,662,087	3,847,370
-1%	(3,662,087)	(3,847,370)

23.5 Maturity Analysis

The table below summarises the maturity profile of the Group financial liabilities as at 31 March 2020 based on contractual undiscounted payments. Delay in counter-party settlement from CEB has resulted in increase in short-term borrowings.

Group

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

Group

As at 31st March 2019 (LKR)	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
Non-Current Financial Liabilities	-	125,151,119	336,161,368	2,165,145,971	463,974,152	3,090,432,610
Bank overdrafts	15,810,376	-	-	-	-	15,810,376
Total	15,810,376	125,151,119	336,161,368	2,165,145,971	463,974,152	3,106,242,986

Company

As at 31st March 2020 (LKR)	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
Non-Current Financial Liabilities	-	-	14,482,262	120,704,440	57,142,228	192,328,930
Bank overdrafts	3,676,536	-	-	-	-	3,676,536
Total	3,676,536	-	14,482,262	120,704,440	57,142,228	196,005,466

Company

As at 31st March 2019 (LKR)	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
Non-Current Financial Liabilities	-	4,651,800	18,910,711	59,291,181	17,517,222	95,719,114
Bank overdrafts	3,811,489	-	-	-	-	3,811,489
Total	3,811,489	4,651,800	18,910,711	59,291,181	17,517,222	99,530,603

23.6 Capital Management

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

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

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

	Group		Company	
	2020	2019	2020	2019
Debt/(Equity+Debt)	54.5%	53.8%	7.6%	3.8%

24. EVENTS OCCURRING AFTER THE REPORTING DATE

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

Subsequent to the outbreak of the Corona virus Disease 2019 ("COVID-19 outbreak") in early 2020, being in an essential service which is renewable energy, the Company's business is less impacted operationally. However, in order to maintain operations as usual during the lock-down situation where movements were restricted, extra efforts had to be incurred.

Accordingly, as at the date of the financial statements, there is no significant variance of Revenue for the financial year ended 31 March 2020 and had not an adverse effect on the financial statements as well. However prevailing pandemic situation has indirectly affected the cash flow of the Company as payments from CEB has got delayed. Hence the Company has requested for the moratorium from the relevant banks as per the CBSL guidelines.

Share Information

NUMBER OF SHARES IN ISSUE

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

STOCK SYMBOL

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

Listed in the Diri Savi Board of the Colombo Stock Exchange

SHARE PRICES FOR THE YEAR

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

	2019/2020
Number of Transactions during the year	3,653
Number of Shares traded during the year	7,769,383
Value of shares traded during the year (Rs.)	43,076,431.80

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

LPL X	2019/2020
Number of Transactions during the year	2,690
Number of Shares traded during the year	5,880,049
Value of shares traded during the year (Rs.)	25,249,083.80

Public Holding

1. The Public Holding Percentage as at 31st March 2020 being 25.23%
2. Total number of shareholders who hold the public Holdings as at 31st March 2020 was 9,230
3. The Float adjusted market capitalisation as at 31st March 2020 - Rs. 202,822,327.20

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

Share Distribution as at 31st March 2020

LPL N

From	To	No. of Holders	No. of Shares	%
	1 - 1,000	7,452	2,704,301	0.81
	1,001 - 10,000	1,491	4,856,805	1.45
	10,001 - 100,000	263	8,181,515	2.44
	100,001 - 1,000,000	23	4,871,575	1.45
	Over 1,000,000	8	314,385,890	93.85
		9,237	335,000,086	100.00

LPL X

From	To	No. of Holders	No. of Shares	%
	1 - 1,000	5,635	1,949,321	3.75
	1,001 - 10,000	1,279	3,937,419	7.57
	10,001 - 100,000	230	6,947,015	13.36
	100,001 - 1,000,000	32	8,514,360	16.37
	Over 1,000,000	7	30,651,885	58.95
		7,183	52,000,000	100.00

Analysis of Shareholders as at 31st March 2020

LPL N

From	No. of Holders	No. of Shares	%
Local Individuals	8,976	18,355,255	5.48
Local Institutions	217	315,678,463	94.23
Foreign Individuals	41	811,662	0.24
Foreign Institutions	3	154,706	0.05
	9,237	335,000,086	100.00

LPL X

From	No. of Holders	No. of Shares	%
Local Individuals	6,998	15,356,602	29.53
Local Institutions	145	31,600,286	60.77
Foreign Individuals	36	718,166	1.38
Foreign Institutions	4	4,324,946	8.32
	7,183	52,000,000	100.00

Share Information

Residency

LPL N

Category	No. of shareholders	No. shares	%
Resident	9,193	334,033,718	99.71
Non Resident	44	966,368	0.29
Total	9,237	335,000,086	100

LPL X

Category	No. of shareholders	No. shares	%
Resident	7,143	46,956,888	90.30
Non Resident	40	5,043,112	9.7
Total	7,183	52,000,000	100

Director's Shareholding as at 31st March 2020

LPL N

	No. of shares	%
Mr W K H Wegapitiya	1,411,536	0.421
Mr U K T N De Silva	1,077,897	0.322
Mr H A Ariyaratne	3,900	0.001
Mr. N M Prakash	17,000	0.005
Mr. P M B Fernando	100	0.000

LPL X

	No. of shares	%
Mr W K H Wegapitiya	Nil	Nil
Mr U K T N De Silva	Nil	Nil
Mr H A Ariyaratne	3,400	0.007
Mr. N M Prakash	Nil	Nil
Mr. P M B Fernando	Nil	Nil

TWENTY MAJOR SHAREHOLDERS AS AT 31ST MARCH 2020 - VOTING

	NAME	SHARES	%
1	LAUGFS HOLDINGS LIMITED	247,980,050	74.02%
2	EMPLOYEES PROVIDENT FUND	57,897,800	17.28%
3	HATTON NATIONAL BANK PLC/CARLINE HOLDINGS (PVT) LTD	1,953,696	0.58%
4	AMANA BANK PLC/ALMAS ORGANISATION (PVT) LTD	1,547,795	0.46%
5	MR W.K.H. WEGAPITIYA	1,411,536	0.42%
6	DEUTSCHE BANK AG-NATIONAL EQUITY FUND	1,318,182	0.39%
7	DEUTSCHE BANK AG-NAMAL GROWTH FUND	1,198,934	0.36%
8	MR U.K.T.N. DE SILVA	1,077,897	0.32%
9	MR G.Y.N. MAHINKANDA	794,572	0.24%
10	MR H.D.M.P. SIRIWARDENA	749,000	0.22%
11	MR M.K. DE VOS	436,000	0.13%
12	CITIZENS DEVELOPMENT BUSINESS FINANCE PLC/T.K.FERNANDO	227,657	0.07%
13	EMPLOYEES TRUST FUND BOARD	205,304	0.06%
14	MR C.S. KARIYAWASAN	200,000	0.06%
15	MR H.A. VAN STARREX	197,098	0.06%
16	CEYLON BISCUITS LIMITED	170,000	0.05%
17	MRS C.N.G. NARAYANA	162,300	0.05%
18	UNIMO ENTERPRISES LTD	143,049	0.04%
19	MR L.W.P. INDRAJITH	141,582	0.04%
20	SEA CONSORTIUM LANKA (PRIVATE) LIMITED	139,400	0.04%
		317,951,852	94.91%
	OTHERS	17,048,234	5.09%
	TOTAL	335,000,086	100.00%

Share Information

TWENTY MAJOR SHAREHOLDERS AS AT 31ST MARCH 2020 - NON-VOTING

	NAME	SHARES	%
1	EMPLOYEES PROVIDENT FUND	18,041,300	34.69%
2	STATE STREET LUXEMBOURG C/O SSBT-ALLIANCEBERNSTEIN NEXT 50 EMERGING MARKETS (MASTER) FUND SICAV-SIF S.C.SP.	3,846,247	7.40%
3	DEUTSCHE BANK AG AS TRUSTEE FOR JB VANTAGE VALUE EQUITY FUND	2,505,696	4.82%
4	SEYLAN BANK PLC/CARLINES HOLDINGS (PRIVATE) LIMITED	2,213,417	4.26%
5	BANK OF CEYLON NO. 1 ACCOUNT	1,547,831	2.98%
6	AMANA BANK PLC/ALMAS ORGANISATION (PVT) LTD	1,249,845	2.40%
7	J.B. COCOSHELL (PVT) LTD	1,247,549	2.40%
8	MR A.M. WEERASINGHE	813,471	1.56%
9	COMMERCIAL BANK OF CEYLON PLC/DUNAMIS CAPITAL PLC	793,906	1.53%
10	SEYLAN BANK PLC/S.R. FERNANDO	704,992	1.36%
11	DEUTSCHE BANK AG-NATIONAL EQUITY FUND	663,000	1.28%
12	MR S. SIVASHANTH	404,447	0.78%
13	GOLD INVESTMENT LIMITED.	390,000	0.75%
14	MERCHANT BANK OF SRI LANKA & FINANCE PLC/S GOBINATH	390,000	0.75%
15	MRS C.N.G. NARAYANA	378,800	0.73%
16	MRS S.D. AMARASINGHE	372,400	0.72%
17	NARATHA VENTURES PRIVATE LIMITED	308,000	0.59%
18	MR M.A. VALABHJI	280,000	0.54%
19	MR R.R.H. PERERA	248,901	0.48%
20	MR.P.PARANAVAN	207,545	0.40%
		36,607,347	70.40%
	OTHERS	15,392,653	29.60%
	TOTAL	52,000,000	100.00%

Notice of Meeting

Taking into consideration the current regulations/restrictions prevailing in the country due to the COVID-19 pandemic, the Board of Directors of LAUGFS Power PLC has decided to hold the 3rd Annual General Meeting (AGM) as a Virtual Meeting on 29th October 2020 at 4.00 pm, in line with the guidelines issued by the Colombo Stock Exchange (CSE) for hosting of virtual AGMs.

Hence, Notice is hereby given that the 3rd Annual General Meeting of the Company will be held by way of electronic means on 29th October 2020 at 4.00 pm, centered at the LAUGFS Head Office building located at No. 101, Maya Avenue, Colombo 06, Sri Lanka, for the following business:

- To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and its subsidiaries and the Statement of Accounts for the year ended 31st March 2020 and the Report of the Auditors thereon.
- To re-elect Mr. H A Ariyaratne, who retires by rotation in terms of Article 25(6) of the Articles of Association, as a Director of the Company;
- To elect Mr. P Kudabalage who retires in terms of Article 25(2) of the Articles of Associations, as a Director of the Company.
- To re-appoint Messrs Ernst & Young, Chartered Accountants, the retiring Auditors and to authorise the Directors to determine their remuneration.
- To authorise the Directors to determine and make donations for the year ending 31st March 2021 and upto the date of the next Annual General Meeting.

By Order of the Board
LAUGFS POWER PLC



P W Corporate Secretarial (Pvt) Ltd
Secretaries

At Colombo
5th October 2020

Notes:

- Below mentioned documents can now be downloaded via the corporate website https://www.laugfs.lk/agm/lp/lp_notice_of_meeting.pdf and the "announcements" tab on the CSE website at <https://www.cse.lk/pages/company-profile/company-profile.component.html?symbol=LPL.X0000>
 - Notice of Meeting
 - Circular to shareholders
 - Form of Proxy
 - Guideline and Registration Process to join the AGM virtually
 - Registration Form for the AGM
 - Request Form for the printed copy of the Annual Report
- A shareholder entitled to participate and vote at the above virtual meeting is entitled to appoint a proxy to participate and vote in his/her place by completing the Form of Proxy which can be downloaded as above
- Shareholders who are unable to participate in the above virtual meeting are also encouraged to submit a duly completed Form of Proxy appointing the Chairman or any other Member of the Board to participate and vote on their behalf.
- A proxy need not be a shareholder of the Company.
- For more information on how to participate by virtual means in the above virtual meeting, please refer Registration Process which can be downloaded as above.

Form of Proxy Voting

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

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

as *my/our proxy to represent me/us to speak and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 29th October 2020 at 4.00 pm and any adjournment thereof and at every poll which may be taken in consequence thereof.

		For	Against
1.	To re-elect Mr. H. A. Ariyaratne, who retires by rotation in terms of Article 25(6) of the Articles of Association, as a Director of the Company.		
2.	To elect Mr. P Kudabalage, who retires by in terms Article 25(2) 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 authorise the Directors to determine their remuneration.		
4.	To authorise the Directors to determine and make donations for the year ending 31st March 2021 and upto the date of the next Annual General Meeting.		

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

.....
 Signature

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

Instructions as to Completion

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

Form of Proxy Non-Voting

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

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

as *my/our proxy to represent me/us to speak for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 29th October 2020 at 4.00 pm and any adjournment thereof.

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

.....
 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. To be valid, the completed Form of Proxy must be deposited with the Company Secretaries, P W Corporate Secretarial (Pvt) Ltd at No. 3/17, Kynsey Road, Colombo 08, Sri Lanka or must be emailed to laugfsgroup.pwcs@gmail.com, 48 hours before the AGM.

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