Panasian Power PLC

Powering a Sustainable Future

ANNUAL REPORT

2022/23

CONTENTS

OVERVIEW

MANAGEMENT DISCUSSION AND ANALYSIS

STEWARDSHIP AND GOVERNANCE

FINANCIAL REPORTS

Powering a Sustainable Future

Traversing through unprecedented challenges, we moved forward with resolute focus and commitment to power a sustainable future. We are geared to support the nation's aspirations of creating a future built on sustainable energy sources by 2030. As a firm believer of the potential of growth and the opportunities in the renewable energy space, we have strengthened our resources and capabilities to move ahead with greater vigour. In our quest to power a sustainable future we have set in place the right foundation and the platform which will enable us to explore new horizons in the energy sphere whilst delivering greater value to our stakeholders.

ABOUT OUR ANNUAL REPORT 2022/23

"The future is green energy, sustainability, renewable energy."

-Arnold Schwarzenegger-

Our 2022/23 Annual Report reports on the progress we have made in achieving our strategic objectives during the period from 1 April 2022 to 31 March 2023. Through our fourth (04) integrated annual report themed "Powering a Sustainable Future" we prioritize comprehensive, transparent, and balanced reporting, adhering to regulations while driving sustainable practices. Our focus is on creating value for shareholders and stakeholders. This report provides an integrated view of the value generated by PAP, optimizing returns, and considering stakeholder perspectives.

Scope and Boundary

Panasian Power PLC's integrated report for the year 2022/23 provides a comprehensive overview of the company's activities encompassing both financial and non-financial performance and offers deeper insights into the qualitative aspects of the business.

While the overall scope and boundary remain consistent with the previous report for the FY 2021/22, this current report emphasizes the company's progress in non-financial aspects. All previous reports, including the recent FY 2021/22 report, are accessible for viewing and download on the corporate website (www.panasianpower.com, investors tab).

Materiality

The content presented in this report is organized based on the principle of Materiality, prioritizing matters that significantly impact the Company's ability to create and maintain value in the short, medium, and long term. A comprehensive process has been implemented to determine the Material aspects, which are further elaborated on page 31 of this report. By focusing on materiality, the company aims to drive performance, enhance its sustainability framework, and integrate its corporate governance philosophy across all levels. This approach ensures that the report focuses on the most relevant and impactful topics for stakeholders and underscores our commitment to transparency and strategic value creation.

Assurance

Assurance for the content presented in this Integrated Report is obtained through a combination of internal and external sources. The information included in this report has been approved by the respective business heads and has undergone review by the Corporate Management Team prior to submission to the Board of Directors for final approval.

To ensure the accuracy and reliability of PAP's Financial Statements as of 31 March 2023, an independent review was conducted by the company's external auditors, M/S Ernst and Young. The findings of their review are provided in detail on pages 118-119 of this report. This external validation strengthens the credibility and transparency of the financial information presented in the report.

Reporting Framework

1. INTEGRATED REPORTING

This integrated report follows the International Integrated Reporting Council's (IIRC) <IR> Framework, which encompasses the six capitals:

- Financial Capital
- Manufactured Capital
- Intellectual Capital
- Human Capital
- Natural Capital
- Social and Relationship Capital

By adopting this framework, the report aims to effectively communicate the Company's advancements in creating value for stakeholders across these diverse capital categories.

The <IR> Framework provides a comprehensive and holistic perspective on the Company's activities and their impact on various forms of capital, reflecting its commitment to transparent and integrated reporting practices.

2. FINANCIAL REPORTING

The Financial Statements for the year ended 31 March 2023, have been prepared in accordance with the following guidelines and regulations:

Sri Lanka Accounting Standards: The Financial Statements adhere to the Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka (ICASL).	These standards ensure compliance with the accounting principles and practices applicable in Sri Lanka
International Financial Reporting Standards (IFRS): The Financial Statements also comply with the International Financial Reporting Standards (IFRS) issued by the IFRS Foundation.	By adhering to IFRS, the Company maintains alignment with globally recognized accounting standards.
The Companies Act No. 7 of 2007: The preparation of the Financial Statements is in accordance with the requirements stipulated by The Companies Act No. 7 of 2007.	This Act outlines the legal obligations and reporting frameworks applicable to companies in Sri Lanka.

3. GOVERNANCE REPORTING

The Corporate Governance Report on page 76 adheres to the Code of Best Practice on Corporate Governance issued by the ICASL. It emphasizes transparency, accountability, and ethical conduct in the Company's governance framework. The report provides a comprehensive overview of the Company's corporate governance practices, demonstrating its commitment to upholding high governance standards and building trust with stakeholders.

4. SUSTAINABILITY REPORTING

The sustainability disclosure in this report is aligned with:

- Global Reporting Initiative (GRI) Standards "In Accordance Core"
- United Nations Sustainable Development Goals (SDGs).

This ensures transparency and consistency in reporting on the Company's economic, environmental, and social impacts, as well as its contribution to global sustainable development goals.

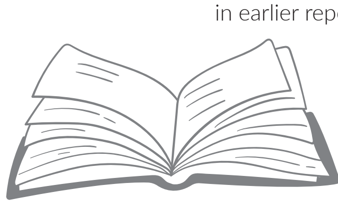
Forward Looking Statements

Forward-looking statements in this report may differ from actual results and performance due to various factors. Readers should exercise caution and avoid undue reliance on these statements.

PAP has no obligation to publicly update or revise any statements contained in this report beyond the date of its publication.

Board Responsibility

The Board of Directors at Panasian Power PLC recognizes their responsibility in ensuring the accuracy and comprehensiveness of this Integrated Report. Therefore, the Board collectively reviewed the content and has approved the report for release. Additionally, the Board confirms that there are no significant restatements of information provided in earlier reports.



FEEDBACK

PAP welcomes stakeholder feedback on this report and other matters at **info@panasianpower.com** as part of its ongoing commitment to enhancing reporting quality.

www.panasianpower.com

info@panasianpower.com

+94 11 4501 200
+94 11 4651 114
+94 11 4506 412

Level 4,BTL Shipping House,
No. 45/2, Braybrooke Street,
Colombo 02

www.panasianpower.com Facebook instagram

Available Forms

Panasian Power PLC
Annual Report 2022/23

Print
Available on request

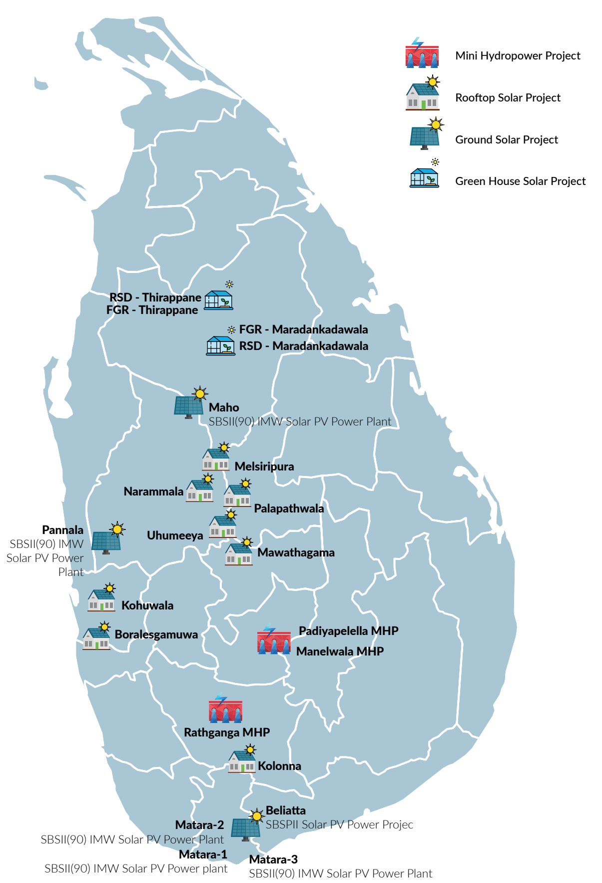
Online
Available as PDF

ABOUT US

Panasian Power PLC (PAP or the company) is Sri Lanka's pioneering supplier of clean and renewable energy. Having commenced operations with the support of the Sri Lankan Board of Investment in 2002, PAP worked its way to become a leader in the renewable energy industry through operational excellence in multiple mini hydro, ground and rooftop solar plants. Over the last two decades, PAP has consistently proven its commitment to operational excellence. Having established the leadership position in Sri Lanka's renewable energy sector the Company is set to achieve the milestone of 50 MW generation capacity level.

Moving beyond the scope of just a developer, PAP operates an integrated model through which it develops, builds, owns and operates renewable energy projects as an Independent Power Producer & project developer.

PAP is also the exclusive authorized channel partner of SUNGROW inverters in Sri Lanka bringing a wide range of inverters to satisfy the growing energy demands.



Vision

We only have one planet, and the widespread use of fossil fuels has caused irreparable damage to it. We want to protect the environment by becoming a leader in diversified sustainable renewable energy solutions in the Global South.

Mission

- PAP produces clean renewable energy from hydro, solar and other renewable sources in Asia and Africa
- We own and manage projects that are best in class from a technology, design and efficiency point of view and provide market leading returns through innovative financing solutions, and are the preferred partner for customers, suppliers, employees and investors
- We value fair compensation, room to grow, training, a healthy, creative work environment, and respect for diversity. We care for our communities and environment actively. We are an innovative dynamic energy solutions provider.

Core Values

Accountability
Responsibility to all our stakeholders

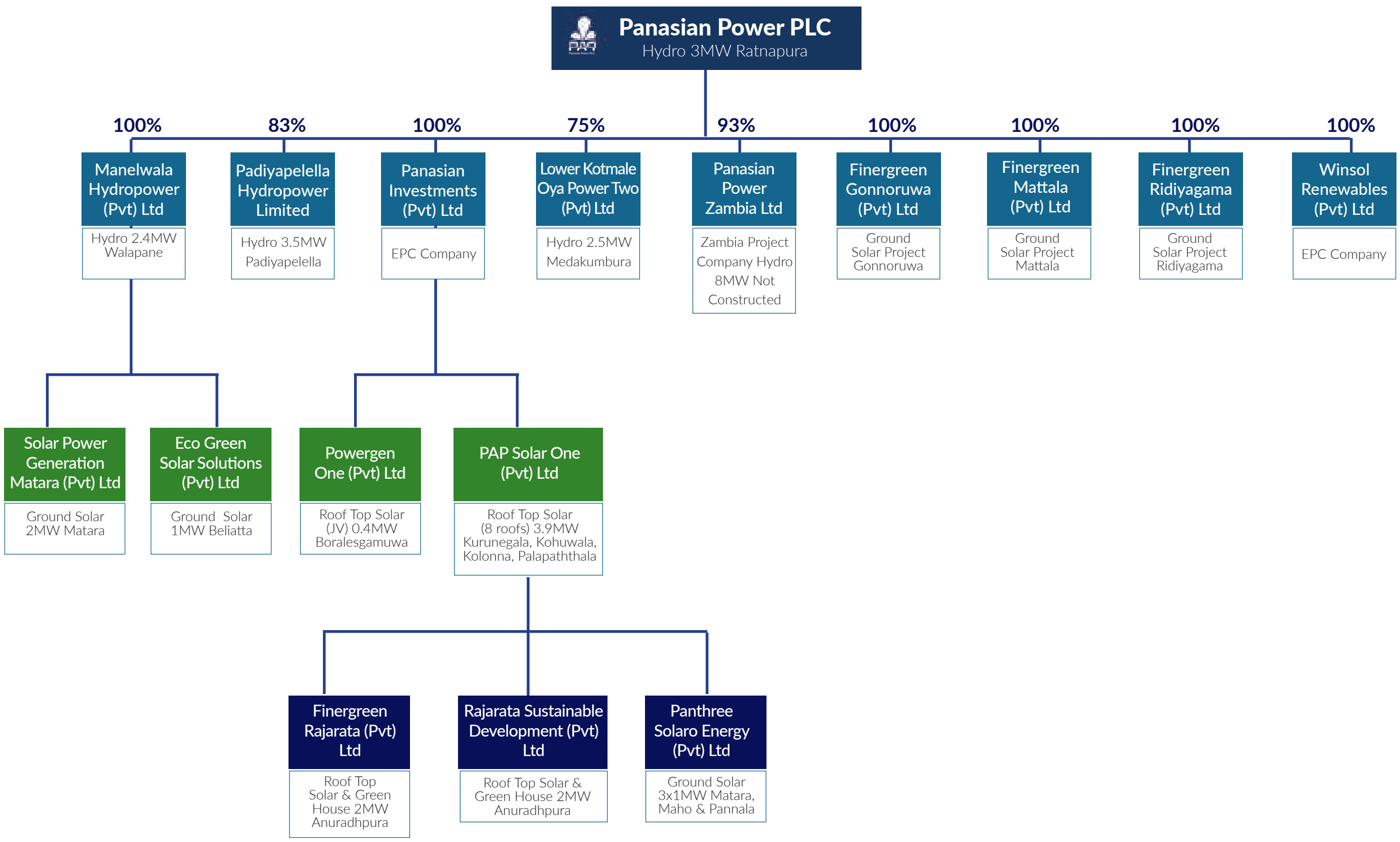
Bias for action
We are driven to get results, swiftly

Integrity
Treat others with respect and honesty and are true ourselves

Innovative
Develop outside the box solutions

Passion
Passion for renewable energy solutions

Quality
What we do, we do well



Our economic, environmental and social value added

57,080,982 MW
Clean energy generated

64
Number of Employees

Total
22.4 MW
Installed

Number of trees saved
3,135,754

42,265 MT CO2
Reduction

2.8Mn
Direct community investment

PROJECT PORTFOLIO

Hydro Projects

RATHGANGA MINI HYDRO POWER PROJECT

Year of Commission	2004	
Installed Capacity (MW)	3	
Annual Expected Energy (GWH)	11	
OPERATIONAL HIGHLIGHTS	**2023**	2022
Power Generation (kWh)	**12,505,807**	14,822,236
Reduction in CO2 (MT)	**9,259.3**	10,975.4
No. of Trees Saved	**681,000**	806,600

MANELWALA MINI HYDRO POWER PROJECT

Year of Commission	2008	
Installed Capacity (MW)	2.4	
Annual Expected Energy (GWH)	7.8	
OPERATIONAL HIGHLIGHTS	**2023**	2022
Power Generation (kWh)	**8,781,674**	8,335,947
Reduction in CO2 (MT)	**6,502**	6,172
No. of Trees Saved	**478,470**	465,900

PADIYAPELELLA MINI HYDRO POWER PROJECT

Year of Commission	2017	
Installed Capacity (MW)	3.5	
Annual Expected Energy (GWH)	11.9	
OPERATIONAL HIGHLIGHTS	**2023**	2022
Power Generation (kWh)	**17,348,802**	15,597,642
Reduction in CO2 (MT)	**12,845**	11,534.5
No. of Trees Saved	**945,300**	717,800

Ground-Mounted Solar Projects

Installed Capacity Mw (AC)	6
Annual Expected Energy GWh	10.5
OPERATIONAL HIGHLIGHTS	
Power Generation (kWh)	8750,689
Reduction in CO2 (MT)	6,475
No. of Trees Saved	489,100

MAHO 1MW

PANNALA 1MW

MATARA 3MW

BELIATTA 1MW

Project Portfolio

Roof Top Solar Projects

Installed Capacity MW (AC)	3.5
Annual Expected Energy GWH	4.06
OPERATIONAL HIGHLIGHTS	
Power Generation (kWh)	4,064,172
Reduction in CO2 (MT)	3,010
No. of Trees Saved	227,184


BORALESGAMUWA 300KW


KOLONNA 250KW


KOHUWALA 350KW


NARAMMALA 233KW


MELSIRIPURA 300KW


UHUMEEYA 550KW


PALAPATHWALA 600KW


MAWATHAGAMA ECO 583KW


MAWATHAGAMA FOUNDATION 400KW

Roof Top Solar - Green House Projects

Installed Capacity MW (AC)	4
Annual Expected Energy GWH	7
OPERATIONAL HIGHLIGHTS	
Power Generation (kWh)	5,629,838
Reduction in CO_2 (MT)	4,168
No. of Trees Saved	314,700

MARADANKADAWALA 2MW & THIRAPPANE 2MW

OUR JOURNEY

2002

Company incorporated

2008

Manelwala 2.4 MW Mini Hydro plant commissioned

2004

Rathganga 2 MW Mini Hydro Plant commissioned

2018

PAP commissioned it's 1 rooftop solar projects - Kolonna, Kohuwala, ODEL Borelasgamuwa

2019

PAP commissioned its 1 ground solar project - Beliatta

PAP receives investment from Emerald Fund, a JV between IFC, DEG, FMO and NDB

Feasibility work begins on 8MW Zambia mini-hydro project

06 Rooftop Solar projects commissioned

Uhumeeya, Palapathwala, Melsiripura, Narammala, Mawathagama

2020

Awarded contract to be Sungrow Inverters' exclusive channel partner in Sri Lanka

Maradankadawala – Commissioned 2 rooftop Green House solar projects (1MW each)

2014

Rathganga 1 MW expansion

2011

Panasian Power goes public and lists on the Colombo Stock Exchange

2017

Padiyapelella 3.5MW mini hydro plant commissioned

2021

Maho - Commissioned 1 MW Ground Solar Project

Thirappane - Commissioned 2 rooftop Green House solar projects (1MW each)

Matara - Commissioned 03 Ground solar projects (1MW each)

2022

Pannala - Commissioned 1 MW Ground Solar Project

Received provisional approval for largest scale solar PV projects.

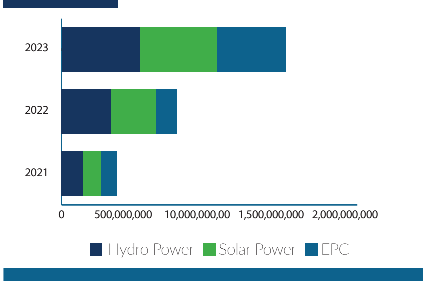
Signed PPA for new tariff for 3MW Padiyapelella Hydropower Limited Phase

PERFORMANCE HIGHLIGHTS

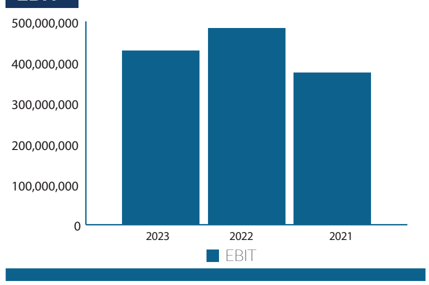
For the year ended 31 March		2022/2023	2021/2022	2020/2021
FINANCIAL PERFORMANCE OF THE YEAR				
Group revenue	Rs	**1,014,079,462**	935,512,639	729,074,023
Group profit before interest and tax (EBIT)	Rs	**427,637,782**	22,548,329	373,976,511
Group profit before tax	Rs	**9,323,902**	(109,811,344)	274,578,288
Group profit after tax	Rs	**(460,798,622)**	(184,050,583)	264,444,469
Group profit attributable to shareholders	Rs	**(479,458,516)**	(195,861,076)	239,684,682
Earnings per share	Rs	**(0.77)**	(0.31)	0.38
Interest cover	No of times	**1.51**	4.36	4.75
Return on shareholders' funds	%	**(22%)**	(7%)	12%
FINANCIAL POSITION AT THE YEAR END				
Total assets	Rs	**5,041,813,597**	5,143,758,913	3,781,901,012
Total debt	Rs	**1,966,186,008**	1,876,096,996	21,052,004,546
Number of share in issue	Rs	**625,000,000**	625,000,000	625,000,000
Total shareholder funds	Rs	**2,122,894,003**	2,734,273,132	2,313,660,906
Net asset per share	Rs	**3.11**	4.10	3.49
Net debt	Rs	**2,006,156,444**	1,785,402,930	1,899,890,227
Debts/equity	%	**93%**	69%	65%
Debt/total assets	%	**39%**	36%	33%
MARKET/SHAREHOLDER INFORMATION				
Market price as at 31 march	Rs	**3.40**	3.70	3.60
Price earning ratio	No of times	**(4.43)**	(11.81)	9.47
Dividend paid	Rs	**-**	212,500,000	137,500,000
Dividend per share	Rs	**-**	0.34	0.22
MANUFACTURED CAPITAL				
Total property plant and equipment		**3,819,252,402**	4,273,282,886	2,798,890,549
HUMAN CAPITAL				
Turnover per employee	Rs	**15,844,992**	14,617,385	11,046,576
Total employees	Number	**64**	64	66
Number of lost days	Number	**-**	-	-
Number of employees evaluated through a performance review	%	**100%**	100%	100%
SOCIAL AND RELATIONSHIP CAPITAL				
Proportion of business analysed for risk of corruption	%	**100%**	100%	100%
Significant fines for violation of laws	Rs	**Nil**	Nil	Nil
Significant fines for product/service issues	Rs	**Nil**	Nil	Nil

For the year ended 31 March	2022/2023	2021/2022	2020/2021
INTELLECTUAL CAPITAL			
Software development - work in progress	Nil	Nil	Nil
Intangible assets	Nil	Nil	Nil

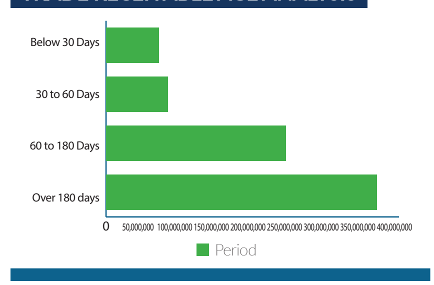
REVENUE



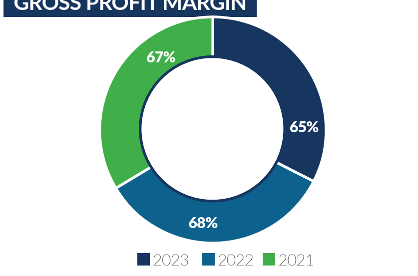
EBIT



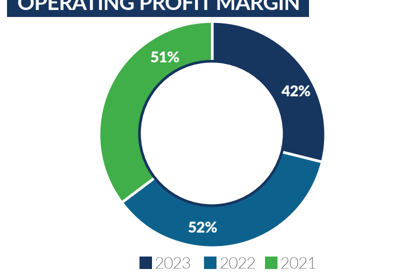
TRADE RECEIVABLE AGE ANALYSIS



GROSS PROFIT MARGIN

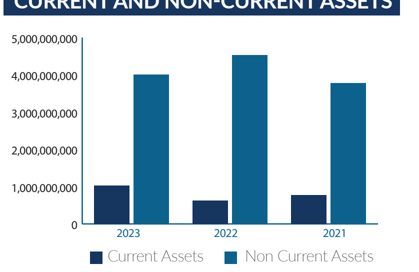


OPERATING PROFIT MARGIN

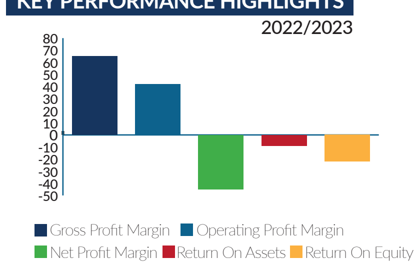


NET PROFIT MARGIN

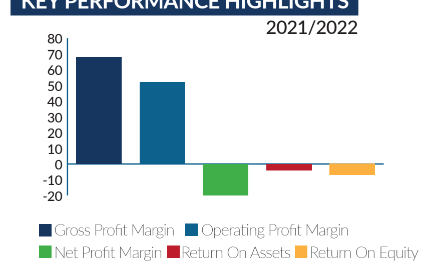
CURRENT AND NON-CURRENT ASSETS



KEY PERFORMANCE HIGHLIGHTS



KEY PERFORMANCE HIGHLIGHTS



CHAIRMAN'S STATEMENT

"Leadership is the capacity to translate vision into reality."

-Warren G Bennis-

Despite these obstacles, we have continued to focus on our business strategies and actively explore opportunities for growth and expansion while monitoring the operational costs of the company.

Dear Shareholders,

I am pleased to present Panasian Power PLC's Annual Report and Financial Statements for 2022/2023. Despite challenging economic conditions, our company has made a significant progress over the past year towards achieving our strategic goals and delivering value to our shareholders.

I would like to acknowledge the tremendous contribution made by the renewable energy sector to the country's energy supply, particularly in meeting the energy demand of the nation during the power interruptions and power cuts. However, the sector performance was impacted by the power outages, particularly in the solar sector, which could not feed the power generated by the respective projects resulting a negative impact in the financial performance of the company.

Similarly the hydro sector could not perform to the optimum level due to the adverse climatic conditions. Our subsidiary, PAP Investments, which imports solar equipment and materials, faced a shortage of equipment in hand due to the negative foreign currency situation that prevailed in the country. Most financial institutions did not support the company in opening Letters of Credits to import equipment resulting in a shortage of equipment and material required to set up new solar projects.

The delay in receiving payments from the Ceylon Electricity Board (CEB) has impacted the working capital situation of power supply companies. As of now, we are yet to receive at least 12 to 13 months of outstanding payments of Hydro and Ground Solar projects, which negatively affected our working capital and caused a considerable delay in settling our dues.

Furthermore, the increase in bank interest rates has affected our projects some of which are funded through banking facilities. We have been subject to increased interest payments which are at approximately 30% per annum resulting in a negative impact to our profitability. Additionally, this revisions to interest rates have increased overall liabilities to banks, although our contracts and agreements with CEB remains at the same rate which we agreed at the time of implementing the projects.

Despite these obstacles, we have continued to focus on our business strategies and actively explore opportunities for growth and expansion while monitoring the operational costs of the company.

INDUSTRY INSIGHT

Prior to 2021, the power industry in Sri Lanka had a positive outlook, with many investors expressing interest in setting up of new projects. However, due to the adverse economic conditions even on a global scale and due to the depreciation of the Sri Lankan Rupee against the US Dollar, the cost of setting up new projects has become prohibitively expensive. This has resulted in delays of implementing many private sector projects that were scheduled to commence in 2021 & 2022.

The tariffs agreed upon with the Ceylon Electricity Board (CEB) were based on the setup costs calculated at the time when the US dollar parity was lower to what it is now. Unfortunately, since the dollar parity has increased substantially, the cost of setting up a project has become three to four times more than the originally anticipated cost. Given the agreed-upon revenue with the CEB, it is currently not viable to undertake new projects also considering the prevailing high interest rates. Moreover, the power industry has been adversely affected by the delay in payments from the CEB, which has significant consequences for power suppliers. Consequently, the commencement of projects has been temporarily suspended, and investors are waiting for the situation to stabilize, and for the CEB or the government to devise a proper plan to mitigate the costs or increase revenue.

> We believe that the future of the power industry is bright with untapped potential and we are actively exploring opportunities that will create value for our shareholders.

RISKS AND OPPORTUNITIES

Looking to the future, we remain optimistic that the government and regulatory authorities will take significant strides towards implementing the proposals put forth by the power industry to address the ongoing power issue. The government has already set a target of increasing the percentage of renewable energy by 2030, which will reduce our reliance in generating power through expensive sources. We eagerly await the implementation of these solutions.

In the meantime, our primary focus remains in implementing the existing project portfolio & streamlining the operations of ongoing projects to ensure their continued success. We are also actively exploring new opportunities that have the potential to create value for our shareholders. As a firm believer of the potential growth in the renewable energy sector, we continue to invest in the development and operation of renewable energy projects throughout Sri Lanka. Our team is working diligently to execute these projects and ensure their timely completion.

VALUE FOR EMPLOYEES

Our commitment of creating value for our employees remains a top priority. We have implemented various initiatives aimed at supporting their wellbeing and career growth. We have also introduced flexible working arrangements, including work-from-home options, to provide greater flexibility, which has proven beneficial during times of fuel shortages and transportation disruptions. In addition, we have provided relief to our employees' to help address the increased cost of living.

Moreover, we have implemented a new health and safety policy approved by the Board that prioritizes the wellbeing of our employees. We encourage our staff to undertake specialized training related to their work and identify their training needs to support their professional development.

Despite our efforts to foster a positive work environment, we have faced challenges similar to those in the other sectors of high staff turnover and qualified employees seeking employment opportunities abroad. Some of our employees have relocated themselves in overseas countries, which has posed significant challenges. Nevertheless, we remain committed to supporting our employees in every possible way and ensuring that their needs are met.

CHANGING STRIDES

During the year we have prioritized regulatory changes and improvements to our corporate governance structure and processes. In terms of corporate governance, we have invited professionally qualified independent

Chairman's Statement

directors to join our board, established various board subcommittees, including an audit subcommittee headed by a qualified chartered accountant, and developed nomination, HR committees, and a strategy committee. We are confident that these changes will enhance our operational efficiencies, ensure greater transparency and comply with regulations. We believe that these improvements will help us achieve our goals effectively and continue to provide high-quality services to our customers and the community.

We have witnessed a positive shift in the tariff mechanism for power generation, with the introduction of a methodology that takes into account the US dollar to Sri Lankan Rupee rate. We view this change as a relief to the industry, and we are optimistic that it will benefit us in the future. Furthermore, unsolicited proposals are now being considered to fill gaps in the industry, a proactive measure that we believe will benefit the industry as a whole.

Despite these positive changes, high tax rates have impacted our profitability, which ultimately affects shareholder returns. We are hopeful that the authorities will review the situation and make positive changes to the tax regime. As a company that provides essential services to the society, we believe that tax changes will support our operations and benefit the community at large.

A STRONG HOLD ON SUSTAINABILITY

At Panasian Power PLC, sustainability is one of our top priorities, and we are proud to have made significant progress in this area over the past year. As an organization, we recognize the potential impact our operations can have on the environment, communities, and economies in which we operate. To ensure that we operate in a sustainable and responsible manner,

Aside from our domestic plans, we are also keen on establishing projects outside the country. Although the recent financial crisis and the scarcity of US dollar resources have been a concern, we are actively pursuing investors who are willing to join us on this journey.

we have implemented a range of key initiatives.

One of the most significant steps we have taken in this regards is hiring of a specialized social and environmental specialist with extensive experience in the industry. This has enabled us to have a dedicated team member focused solely on sustainability matters, ensuring that we meet our commitments in this area.

Our environmental team plays a crucial role in our sustainability initiatives, working to minimize the impact of our operations on the environment. As our industry is heavily regulated to determine the environmental impacts, we obtain environmental impact assessments before undertaking any new projects. Our team ensures that we adhere to these guidelines and regularly monitor our operations to ensure compliance.

We also engage ISO auditors to review our processes, ensuring that we operate in accordance with international best practices. This provides an independent assessment of our sustainability practices and allows us to identify areas for improvement. Additionally, we prioritize community, economic, and social sustainability. We believe that our operations should have a positive impact on the communities in which we operate, and we work closely with local stakeholders to ensure that we meet their needs. Furthermore, we prioritize the economic sustainability of our operations, ensuring that we operate in a financially sustainable manner.

A GLIMPSE IN TO THE FUTURE

Looking forward, I am optimistic about the prospects and aspirations of Panasian Power PLC. We are heartened by the improving financial situation in the country, and the support from financial sector for the industry in setting up new projects. We have secured approvals for more than 30MW of projects from the Ceylon Electricity Board, and we are keen to implement them at the earliest.

Nevertheless, in order to accomplish our objectives and provide satisfactory returns to our shareholders, we require interest rates on our borrowings to be a sustainable level. We are also exploring ways to decrease operational costs and anticipate that the renewable energy sector will receive preferential tax treatment during the year.

Aside from our domestic plans, we are also keen on establishing projects outside the country. Although the recent financial crisis and the scarcity of US dollar resources have been a concern, we are actively pursuing investors who are willing to join us on this journey. Our aim is to find investors who will financially support these projects and benefit not only Panasian Power PLC but also themselves.

I am confident in achieving our goals which in return will have a positive impact to the society & to the whole country. We are continuously searching for new opportunities to expand and create value for our shareholders and stakeholders.

APPRECIATION

I would like to express our sincere appreciation to all those who have contributed to the success of our organization. We extend our gratitude to the Ministry of Power and Energy, Ceylon Electricity Board, Public Utilities Commission of Sri Lanka, Sustainable Energy Authority, and other regulatory bodies, including local government authorities, for their unwavering support throughout our journey. Their understanding and support have been crucial to our achievements.

We also express our appreciation to the banks and financial institutions that have supported us during challenging times. Their assistance has been vital in enabling us to continue with our projects and accomplish our objectives.

We are grateful to our shareholders for their patience and support over the years. The confidence that they have placed, and steadfast support have been an enormous motivation for us to pursue our mission.

I would like to acknowledge the diligence and responsibility of my fellow Directors in directing the company's affairs. Their guidance and wisdom have been invaluable in keeping us focused on our goals.

Lastly, I extend my heartfelt gratitude to the CEO, senior management team, and all the employees of Panasian Power PLC. Despite the challenging circumstances, they have worked tirelessly towards our objectives. Their dedication and hard work have been the foundation of the success of Panasian Power PLC.

As we move ahead, we remain optimistic that the forthcoming year 2023/2024 will bring better results. We remain committed to our vision of driving growth and innovation in the renewable energy sector. We are confident that with the continued support of our stakeholders, shareholders, and employees, we will achieve our ultimate objectives.

Sincerely,

L.H.A.L Silva
Chairman

26 June 2023

CEO'S REVIEW

"‘Energy, like the biblical grain of mustard seed, will move mountains"

-Hosea Ballou -

We at Panasian Power PLC have outdone ourselves in our commitment to driving sustainable growth and contributing to Sri Lanka’s renewable energy goals despite being faced by an year characterized by a multitude of challenges. It therefore, gives me great pleasure to present the operational overview of Panasian Power PLC for the year 2022/2023

This year has been marked by numerous challenges and notable achievements as we navigated a complex and ever-evolving energy landscape. In the face of economic uncertainties, regulatory changes, and operational hurdles, we have remained steadfast in our commitment to driving sustainable growth and contributing to Sri Lanka’s renewable energy goals.

Panasian Power PLC achieved a significant milestone by surpassing the Rs. 1 billion turnover mark, demonstrating its unwavering commitment to continuous growth. Despite the challenges posed by the global pandemic, the company successfully commissioned all its ongoing projects with minimal disruptions. This accomplishment is a testament to Panasian Power PLC’s resilience and dedication to delivering on its commitments. Furthermore, the company has proactively taken steps to overcome the challenges presented by the pandemic and has diligently worked on building a robust pipeline of projects, positioning itself for the next phase of development and growth. The company’s ability to navigate through these difficulties and maintain its growth trajectory highlights its strong management and strategic approach to propel the company forward in the renewable energy sector. I am proud to share with you some of the key highlights from the past year.

MANAGING CASH POSITION AND LIQUIDITY

In response to the significant delays in payments from the Ceylon Electricity Board (CEB), we adopted a proactive approach to managing our cash position and ensuring sufficient liquidity. Recognizing the importance of maintaining a steady cash flow, we implemented various strategies and initiatives.

One of our primary actions was to establish close collaboration with CEB officials. By maintaining regular communication and fostering strong relationships, we aimed to address payment delays and find mutually beneficial solutions.

In addition to direct engagement with CEB, we leveraged the support of various industry associations and groups. We actively participated in the Hydro Power Association, Solar Power Association, and Federation of Renewable Energy Developers, among others. Through these alliances, we collectively advocated for timely payments and explored alternative options to alleviate the financial strain caused by the delays. By joining forces with other renewable energy developers and sharing our concerns, we increased our collective bargaining power and exerted pressure for improved payment practices.

To manage our liquidity more effectively, we pursued opportunities to restructure non-performing loans. We engaged with banks and governmental bodies to secure moratoriums, allowing us to temporarily adjust loan repayment schedules and reduce immediate financial burdens. This proactive approach aimed to ease the strain on our cash flow and provide breathing space during the period of delayed payments.

Our overarching objective was to ensure that we had sufficient cash reserves to cover essential expenses and maintain the smooth functioning of our operations. This included allocating funds for critical activities such as plant maintenance, equipment upkeep, and employee salaries. By prioritizing these expenditures, we aimed to uphold the operational integrity of our renewable energy plants and ensure the well-being of our workforce.

CHALLENGING ECONOMIC CONDITIONS AND FOREIGN INVESTMENTS

Navigating through challenging macroeconomic conditions, we recognized the importance of exploring opportunities for joint ventures and foreign investments to sustain and expand our renewable energy projects. Despite the economic uncertainties and exchange rate fluctuations prevalent in the country, we actively pursued avenues to attract potential partners and secure the necessary funding.

The economic situation, characterized by various factors such as inflation and currency devaluation, presented obstacles to our inverter business. However, the demand for inverters and solar power equipment remained strong, driven by frequent power cuts and the need for reliable alternative energy sources. Capitalizing on this demand, we focused on meeting market needs and expanding our customer base.

To ensure the continuity of our operations amidst the challenging economic climate, we proactively approached select banks to secure dollar facilities. By obtaining quotas from these banks, we were able to mitigate the impact of exchange rate fluctuations and maintain a stable financial position. These measures allowed us to acquire the necessary foreign currency for essential imports and sustain our production capabilities.

However, restrictions on overseas investments posed limitations on our expansion plans. Without a reliable source of dollar revenue to fund such ventures, we faced constraints in pursuing large-scale projects beyond our current capacity. Despite these challenges, we remained resilient and determined to explore potential joint venture opportunities with foreign investors. The sizeable project pipeline we possessed presented attractive prospects for collaboration, and we actively sought partners who could contribute both financial resources and expertise.

Identifying and attracting foreign investors became a focal point for us, as their involvement would not only provide the necessary capital but also bring in valuable international experience and networks. We engaged in outreach efforts, participating in industry conferences, and leveraging our existing networks to establish connections with potential partners. By highlighting the vast potential and scale of our projects, we aimed to generate interest and forge strategic alliances with foreign investors who shared our vision for sustainable energy development.

Identifying and attracting foreign investors became a focal point for us, as their involvement would not only provide the necessary capital but also bring in valuable international experience and networks.

FINANCIAL PERFORMANCE AND LOAN RESTRUCTURING

The year proved to be challenging for our financial performance, as we experienced losses primarily attributed to increasing operational costs and high finance expenses. The prevailing economic conditions, including a significant rise in interest rates, further compounded the financial difficulties we faced.

To address these financial challenges and improve our financial viability, we embarked on a comprehensive loan restructuring strategy. We initiated negotiations with our partner banks to explore options for lowering the interest rates on our existing loans. Recognizing the unique circumstances surrounding our renewable energy projects and the financial constraints they encountered, we emphasized the need for revised loan terms that would be more sustainable and aligned with the specific requirements of these projects.

Discussions with the banks are ongoing, as we work diligently to reach mutually beneficial agreements. The objective of these negotiations is to secure more favourable interest rates that would

CEO's Review

alleviate the burden of high finance costs. We are engaging in constructive dialogue with the banks, providing them with a comprehensive understanding of the financial challenges faced by our projects and seeking their cooperation in finding feasible solutions.

It is important to note that the revision of consumer tariffs by the CEB aimed to prioritize renewable energy sources. While this adjustment was a positive step toward promoting renewable energy, the impact on our repayment capabilities remains uncertain. The tariff increases, coupled with rising operational costs, led to a drop-in demand for electricity, which further strained our financial position. As a result, accurately forecasting the impact of these changes on our repayment capacity has become a complex task, requiring careful evaluation and ongoing monitoring.

EMPLOYEE WELFARE AND COST MANAGEMENT

In the face of economic challenges, we prioritized the welfare of our employees and implemented several strategies to mitigate the impact on their financial well-being. Understanding the effects of hyperinflation, we introduced special allowances specifically designed to alleviate the financial burden faced by our plant-level employees. These allowances were aimed at helping them cope with rising living costs and ensure their overall financial stability.

To safeguard the take-home salary of our key management personnel, we absorbed the incremental tax impact resulting from economic conditions. This decision was made to ensure that their earnings were not adversely affected, allowing them to maintain their standard of living and financial security. By absorbing the additional tax burden, we aimed to provide stability and reassurance to our key management personnel during these challenging times.

In the face of economic challenges, we prioritized the welfare of our employees and implemented several strategies to mitigate the impact on their financial well-being.

Additionally, we recognized the need to adjust various allowances to account for cost inflation. Meal and travel allowances, among others, were proportionately increased to align with the rising cost of living. This adjustment was made to ensure that employees were not disproportionately affected by inflation and could continue to meet their daily expenses without significant financial strain.

In response to the evolving circumstances brought about by the economic challenges, we implemented remote work arrangements for our head office staff. This arrangement aimed to ensure the safety and well-being of our employees while also adapting to the changing work landscape. However, it's important to note that our plant staff continued their on-site duties to ensure the uninterrupted operation of our facilities. To acknowledge their commitment and additional efforts during these demanding times, attendance allowances were provided to compensate for their on-site presence.

Furthermore, as part of our cost management efforts, we explored measures to reduce expenses and improve overall plant performance. This involved evaluating operational costs and identifying areas where efficiencies could be achieved without compromising the quality of our operations. Additionally, we carefully considered downsizing options, seeking ways to optimize resources while minimizing the impact on our workforce.

By implementing these strategies, we aimed to prioritize the welfare of our employees while simultaneously managing costs and maintaining operational effectiveness. It was our goal to strike a balance between addressing the economic challenges and ensuring the well-being of our workforce, recognizing their invaluable contributions to our organization.

INDUSTRY DEVELOPMENTS AND REGULATIONS

The recent amendment to the electricity act has brought about significant positive changes to the industry sector, opening up new opportunities for project development. One of the key benefits of this amendment was the ability to issue letters of intent and power purchase agreements (PPAs) for hydropower projects that had been on hold since 2013. This breakthrough allowed us to rework and obtain approval for our major projects that were previously stalled. With the issuance of the necessary permits and agreements, we can now move forward with their development and contribute to the country's renewable energy goals.

In addition to the resumption of previously stalled projects, the introduction of new feed-in tariffs and the reopening of schemes for projects over 10 megawatts have further facilitated our project development plans. The new feed-in tariffs provide favourable rates for renewable energy producers, incentivizing investment in the sector. This development enables us to secure more economically viable projects and attract potential investors interested in renewable energy ventures.

Moreover, the reopening of schemes for projects over 10 megawatts offers us additional opportunities to expand our project portfolio. This provides a platform for us to propose and develop larger-scale projects that can make a significant contribution to the country's renewable energy capacity.

It is noteworthy that these industry developments align with the government's renewable energy development roadmap, which aims to achieve 70% renewable energy generation by 2030. This alignment not only demonstrates the government's commitment to promoting renewable energy but also provides us with a clear path forward for our projects. By aligning our efforts with the government's renewable energy targets, we can leverage the supportive regulatory environment and tap into available incentives and support mechanisms.

FUTURE PLANS

In the coming year, our company's primary focus is to develop the projects in our pipeline and secure a foreign investment partner. With a significantly larger size of project pipeline, totaling around 5,060 megawatts, including 35 megawatts under a tendering scheme and approximately 130 megawatts unsolicited, we recognize the need for investment partners to bring these projects to fruition.

Our first objective is to source low-cost grain financing for these projects. We aim to secure favourable financing options that will enable us to proceed with the development and implementation of our renewable energy initiatives. Additionally, we are actively seeking a joint venture partner, such as an international bank, fund, or individual equity partner, to collaborate with us in advancing these projects.

Furthermore, we are actively seeking an investment partner to rework or MBIA project. Given the current circumstances, we believe that obtaining support from an international player is crucial, as the situation in Sri Lanka may not recover soon enough for us to rely solely on local investments. Our efforts will be focused on attracting the interest and involvement of international entities that can provide the necessary resources and expertise to make this project a success.

Managing our outstanding debts is another critical aspect of our future plans. Currently, we face the challenge of approximately 15 months of outstanding payments from CEB. To address this issue, we are actively engaged in lobbying efforts from every possible angle. We are working diligently to secure loans through private banks and facilitate their disbursement to CEB, with the sole purpose of settling the outstanding payments owed to renewable energy companies. This approach involves close coordination with industry associations and leading banks to ensure that CEB fulfills its financial obligations to the renewable energy sector.

APPRECIATION

I would like to take this opportunity to express my heartfelt appreciation to all our employees and stakeholders who have played a pivotal role in our remarkable achievements amidst these challenging economic conditions.

To our dedicated employees, I extend my sincere gratitude for your unwavering commitment and hard work. Your relentless efforts and dedication have been instrumental in our ability to navigate through these difficult times while remaining competitive and aggressive in our development and growth. Your professionalism and resilience have been truly commendable, and I am grateful for your contribution to our success.

I would also like to express my deep appreciation to our stakeholders, particularly the banks, for their unwavering support. Your trust and financial expertise have been crucial in overcoming financial challenges and restructuring our loans. Your commitment to arranging funding for new tenders and supporting us during this challenging period have been invaluable. I am sincerely grateful for your belief in our vision and your commitment to our success.

Additionally, I extend my thanks to our valued customers, partners, and suppliers for their trust, loyalty, and collaboration. Your support has empowered us to provide innovative solutions and maintain our competitive edge. The strong relationships we have built with you have been the foundation of our growth, and I am thankful for the opportunities to serve you better.

Together, we have overcome challenges and achieved remarkable progress. As we move forward, I remain committed to driving innovation, sustainability, and delivering exceptional value to all our stakeholders. Thank you once again for your remarkable contributions and continued support. I look forward to our future endeavours and the shared success that lies ahead.

P.K. Pathmanatha

Chief Executive Officer / Executive Director

26 June 2023

MANAGEMENT DISCUSSION AND ANALYSIS

OUR BUSINESS MODEL

OUR INPUTS

FINANCIAL CAPITAL

Funds available to us

Equity Capital- 1,030,000,000
Debt Capital-1,966,186,008
Retained Profits- 912,102,508

(Page 35 for more information)

MANUFACTURED CAPITAL

Infrastructure, equipment and tools

19 Solar Plants with a total installed capacity of 13.5 MW

3 Hydropower Plants with a total installed capacity of 8.9 MW

CAPEX investment 3.8 Bn

(Page 40 for more information)

HUMAN CAPITAL

The skills and know-how of our employees

64 diverse and skilled employees

35 hours of training

(Page 44 for more information)

SOCIAL & RELATIONSHIP CAPITAL

Our relationships with our stakeholders

Customer Relationship Management Framework

35 suppliers

Procurement Best Practices

Community Investment Strategy

(Page 50 for more information)

INTELLECTUAL CAPITAL

Organizational, knowledge-based intangibles

License to operate
Brand reputation
Knowledge Base
Certifications and Accreditations
Strategic Partnerships

(Page 56 for more information)

NATURAL CAPITAL

The natural resources we need to operate

Land occupied- 65 A 0 R 33 P
Electricity consumed -125,996
Fuel consumed- 16,800L
Drinking 475.23 cu.m (m3)
Cleaning 140 cu.m (m3)

(Page 60 for more information)

PROCESS

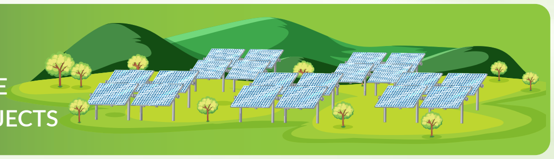
VISION

MISSION

STRATEGY

CORE FUNCTIONS

BUILD OWN AND OPERATE RENEWABLE ENERGY PROJECTS



SUPPORTED BY

RESEARCH

DEVELOP

GENERATE AND SUPPLY ELECTRICITY

ENABLERS

Corporate governance

Environmental and social responsibility

Risk management processes

Capital management

Internal controls

INTERNAL ENVIRONMENTAL FACTORS

MACRO ENVIRONMENTAL FACTORS

OPERATING ENVIRONMENT

OUTPUTS

35 FINANCIAL CAPITAL
Long-term shareholder value creation
Profit after tax | Return on Equity
Earning per Share | Dividend Paid

40 MANUFACTURED CAPITAL
Efficient and sustainable services | Production of electricity units

56 INTELLECTUAL CAPITAL
Expertise in renewable energy solutions
Improved brand strength

44 HUMAN CAPITAL
Salaries and benefits
Skilled employees in a safe working environment
Attrition | Lost work days

50 SOCIAL & RELATIONSHIP CAPITAL
Meaningful stakeholder engagement
Taxes paid | CSR investments
Payments to local suppliers
Employment opportunities for locals

60 NATURAL CAPITAL
Renewable energy generated
Reduction in CO_2 emission
Investment in environmental sustainability

OUTCOMES

HIGHER MARKET SHARE
FINANCIAL GROWTH AND STABILITY

ENSURING CLEAN, GREEN AND SUSTAINABLE ENERGY GENERATION

EFFICIENCY OF PLANT OPERATIONS RESULTING IN LOWER COSTS

IMPROVING KNOWLEDGE THROUGH INNOVATION

LEADERSHIP IN RENEWABLE ENERGY TECHNOLOGY THROUGH PARTNERSHIPS

GREATER CAREER OPPORTUNITIES THROUGH TRAINING

FLEXIBLE WORKING CONDITIONS FOR OUR EMPLOYEES

AN ENGAGED AND MOTIVATED WORKFORCE

IMPROVED STAKEHOLDER RELATIONSHIPS

SUPPORTING THE COMMUNITIES IN WHICH WE OPERATE

EFFICIENCY OF PLANT OPERATIONS RESULTING IN LOWER COSTS

STRONG STANDING IN THE COMMUNITY

MINIMIZING RESOURCE DEPLETION AND PROTECTING THE ENVIRONMENT

HELPING MITIGATE CLIMATE CHANGE

OUR COMMITMENT TO SUSTAINABILITY

"Sustainability takes forever, and that's the point"

- William McDougall -

Panasian Power PLC is committed to sustainability and achieving economic, social, and environmental performance in today's dynamic business landscape requires a sustainability strategy that is executed with discipline. While we are cognisant of the fact that our stakeholders expect us to do business in a manner that ensures our sustenance, and thereby continue to create value for them well in to the long-term, sustainability for us, is a far more crucial consideration in our business philosophy.

Environmental, Social and Governance practices and metrics are firmly entrenched in our business model. In this context, the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs) set up in 2015 by the United Nations General Assembly, forms the perfect blueprint in guiding, enhancing and strengthening our efforts towards achieving sustainable development.

As a renewable energy producer, our operations have a long-term positive impact on the environment and community. We have identified the SDGs most relevant to our business and those that have the greatest impact. By linking SDGs to our own strategy, we are able to make a significant contribution to the UN international development agenda. The following section highlights the progress we have made during FY 2022/23.

Our projects are registered under GCC (Global Carbon Council)& IREC (International Renewable Energy Congress) certification systems. GCC & IREC issues Carbon Credits (CC) based on our generated renewable energy. Those issued carbon credits are tradable. The companies who create carbon footprints purchase the carbon credits to offset the footprint they generate. PAP generate income through selling CCs.

Environment

Reducing carbon emissions

As a renewable energy producer our core operations have little or no impact on the environment and we contribute towards the reduction of CO_2 emissions which would be generated via conventional power generation.

	2022/23	2021/22
Reduction in CO_2 (MT)	42,265Mt	48,218Mt

Page 63 - Natural Capital

Climate positive actions

- A dedicated Environment and Social Compliance Officer reviews and monitors PAP's compliance status with all applicable regulatory requirements
- Adoption of ISO 140001 Environmental Management System
- Monitoring of water quality and noise levels from construction and throughout operational period
- Implementing soil conservation practices to mitigate soil erosion
- Minimizing anthropogenic disturbances
- Raising awareness among employees, employees' children, surrounding neighbors about how renewable energy mitigates climate impact
- Adhering to responsible waste disposal practices for the disposal of generated waste from construction throughout the operational period

Page 60 - Natural Capital

Environmental conservation projects

- To maximize sustainable utilization of our beaches, it is imperative that we take measures to keep them clean and free of hazards allowing for free public movement and recreation. The solid waste which is found on our shores is often not only of local origin but also washed up from overseas. Plastic, glass, aluminum, and rubber-based material, if collected and directed appropriately, can be turned into valuable resources through upcycling and recycling. Mismanagement of plastic waste can result in leaching and the generation of microplastics, which via the food chain can re-accumulate, threatening the safety and wellbeing of coastal and marine fauna. It is also an imminent health hazard. PAP led by the Marine Environment Protection Authority (MEPA) conducted beach clean-up program to clean and maintain selected beach stretch in Dehiwala.

Page 60- Natural Capital

Social

Diversity and inclusion

	2022/23	2021/22
Female representation	11%	13%

Page 44 - Human Capital

Training and development

	2022/23	2021/22
No. of training program conducted	07	03
Total number of employees trained	38	30

Page 44 - Human Capital

Community upliftment

	2022/23	2021/22
CSR spend (LKR Mn)	2.8Mn	3 Mn
Employment opportunities created for locals	64	64

Page 50 Socail Capital

Governance

Responsible business practices

The Company has in place a well-structured governance framework, focused on upholding transparency and accountability. We believe that sound governance should be ingrained within the entire business and our corporate culture embraces good governance practices in the daily operations of the Company.

Page 76 Corporate Governance

Risk management and compliance

The risk strategy of the Company is to establish formal mechanisms to ensure that best efforts are taken to appropriately identify the risks, maximize any potential opportunities arising from such risks events and mitigate and minimize the adverse effects stemming from those identified risks. We also ensure compliance with all applicable laws, regulations, directions and standards.

Page 103 - Risk Management

STAKEHOLDER ENGAGEMENT

Meaningful stakeholder engagement is integral to the operations of PAP. Effective capital management is a key aspect of our overall stakeholder management approach and by actively engaging with our stakeholders, we not only ensure their involvement in decision-making processes but also gain valuable insights and perspectives for our capital allocation strategies. This collaborative approach enables us to make informed investment decisions, prioritize sustainable initiatives, and allocate resources in a manner that creates shared value for our stakeholders and maximizes the long-term financial, social, and environmental outcomes for PAP.

MANAGEMENT APPROACH

PAP's stakeholder engagement approach is built upon a globally accepted 5-step process. This structured framework enables us to effectively identify, analyze, prioritize, engage, and monitor our stakeholders throughout our operations.

Stakeholder engagement at PAP is governed by the highest authority, the PAP Board. The Board is dedicated to upholding stakeholder rights and establishes platforms for meaningful and interactive communication between stakeholders and the Company. While maintaining overall supervisory control, the Board has entrusted the execution of stakeholder engagement to the Corporate Management team, led by PAP's CEO.

Through regular reporting, the Corporate Management team keeps the Board informed about the progress of stakeholder engagements, enabling the prompt and proactive resolution of any significant issues that may arise.

Our approach to engaging with stakeholders is illustrated below:

1. Shareholders

As a listed entity PAP had 6967 shareholders as at 31st March 2023.

Objective: Engage with shareholders to optimize wealth generation and achieve sustainable growth.

Engagement Methods	Frequency of Engagement	Discussion Topics
Annual General Meeting	Annual	• Financial Performance
Annual Report	Annual	• Market share
Extraordinary General Meetings	As required	• Global Expansion
Interim Financial Statements	Quarterly	• Long term strategy
CSE Announcements	As required	• Gearing
Press Conferences / Press Releases	As required	• Working Capital Management
Corporate Website	Regularly	• Regulatory Compliance
Social Media Platforms	Regularly	

2. Customers

PAP's primary customer is the Ceylon Electricity Board, while the remaining customers primarily consist of EPC and Independent Power Producers companies registered in SEA who purchase Sungrow inverters and PV modules.

Objective: Fulfill the specific demands and ensure high levels of customer satisfaction.

Engagement Methods	Frequency of Engagement	Discussion Topics
One-on-one meetings	As required	• Operational Excellence
Press Conferences / Press Releases	As required	• Technology and Innovation
Corporate Website	Regularly	• Service and Support
Social Media Platforms	Regularly	

3. Employees

PAP's workforce consists of 64 employees.

Objective: Create a work environment that promotes the personal and professional well-being of our employees.

Engagement Methods	Frequency of Engagement	Discussion Topics
Staff Meetings	As required	• Talent Retention
Performance Appraisal	Annual	• Training and Knowledge Development
Internal Communications	Regularly	• Employee Safety and Wellbeing
Training Activities	Regularly	• Human Rights
Staff events	Occasionally	• Labour best practices

4. Regulators

PAP, as a renewable energy producer, operates under the oversight of key regulatory bodies including the Sri Lanka Sustainable Energy Authority and Public Utilities Commission of Sri Lanka. Additionally, other important governing bodies that directly impact the Company's operations include the Central Environmental Authority and Public Utilities Commission of Sri Lanka., Board of Investment, Colombo Stock Exchange, Securities and Exchange Commission, Inland Revenue Department, Sri Lanka Accounting and Auditing Standards Monitoring Board.

Stakeholder Engagement

Objective: Diligently adhere to regulatory and legislative requirements.

Engagement Methods	Frequency of Engagement	Discussion Topics
One-on-one meetings	As required	• Employee Safety and Wellbeing • Human Rights • Labour best practices • Regulatory Compliance • Environmental Stewardship
Directives and circulars	Regularly	
Interim Financials	Quarterly	
Annual Report	Annual	
Regulatory submissions / filings	As mandated	
Other meetings	As required	

5. Investors

We remain committed to maintaining good communications with investors to maintain their trust and keep them engaged in the organization's growth.

Objective: Optimise the return on investments.

Engagement Methods	Frequency of Engagement	Discussion Topics
Investor Forums / Road Shows	Quarterly & as required	• Project pipeline • Financial performance • Global Expansion • Strategic Partnerships • Gearing • Working Capital Management • Operational Excellence • Technology and Innovation • Talent Retention • Employee Safety and Wellbeing • Human Rights • Labour best practices • Regulatory Compliance • Environmental Stewardship
Annual General Meeting	Annual	
Annual Report	Annual	
Interim Financial Statements	Quarterly	
CSE Announcements	As required	
Press Conferences / Press Releases	As required	
Corporate Website	Regularly	
Social Media Platforms	Regularly	

6. Community

PAP actively engages with community stakeholders residing in close proximity to its plant sites and projects.

Objective: To promote community well-being and foster a sustainable environment

Engagement Methods	Frequency of Engagement	Discussion Topics
Press Conferences / Press Releases	As required	• Human Rights • Regulatory Compliance • Environmental Stewardship • Job opportunities
Corporate Website	Regularly	
Social Media Platforms	Regularly	
Annual Report	Annual	
Community Initiatives/grievance meetings/town halls	As required	
Hiring of employees from indigenous communities		

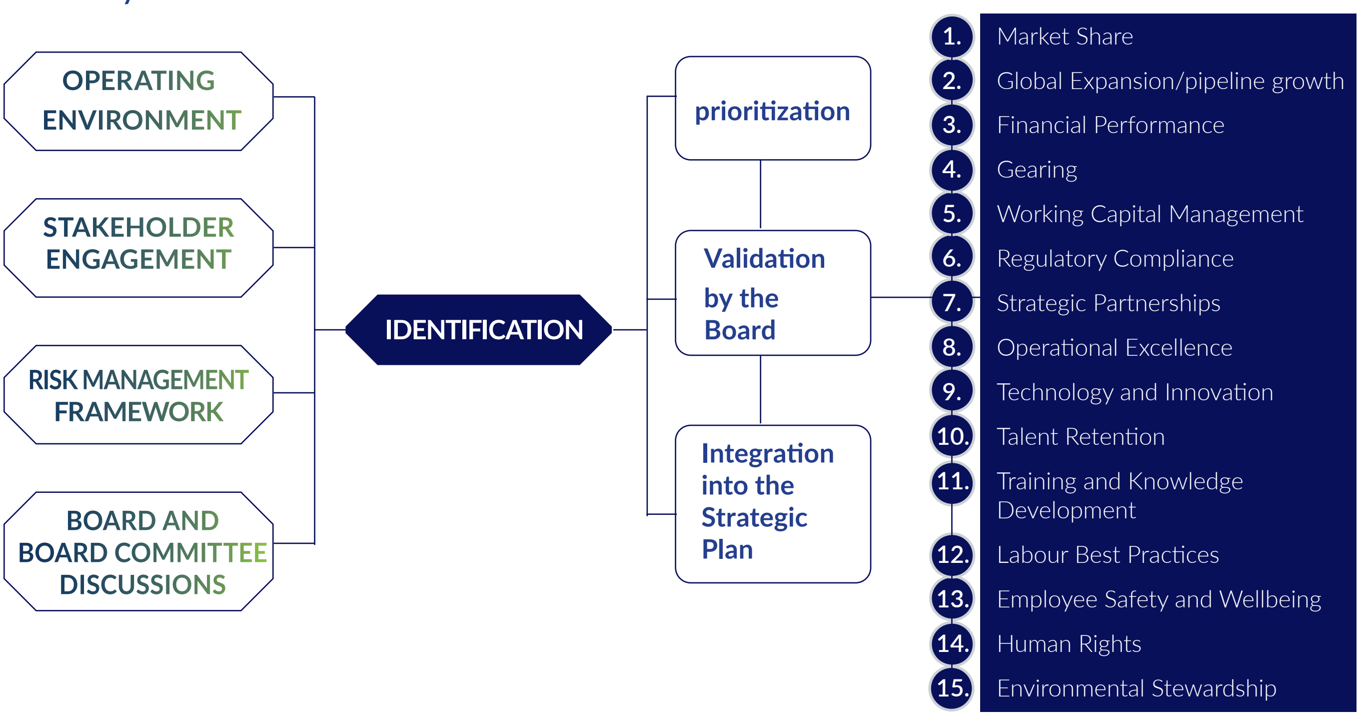
MATERIALITY DETERMINATION

Panasian Power PLC is committed to transparency and accountability in its business practices, particularly in terms of addressing the environmental, social, and governance (ESG) aspects of the operations. As part of our integrated reporting, we undertake a comprehensive materiality analysis to identify and prioritize the key issues that have the potential to significantly impact our stakeholders and business performance. By identifying and prioritizing these material issues, PAP ensures that the reporting focuses on the topics that are of utmost importance to stakeholders and are directly linked to its long-term value creation.

The determination of material topics for Panasian Power PLC is a rigorous process that incorporates inputs from various sources. After careful analysis, a total of 15 material topics has been identified as significant for both PAP and its stakeholders. These material topics represent the key areas of focus that have the potential to significantly impact the company's operations and its stakeholders' interests.

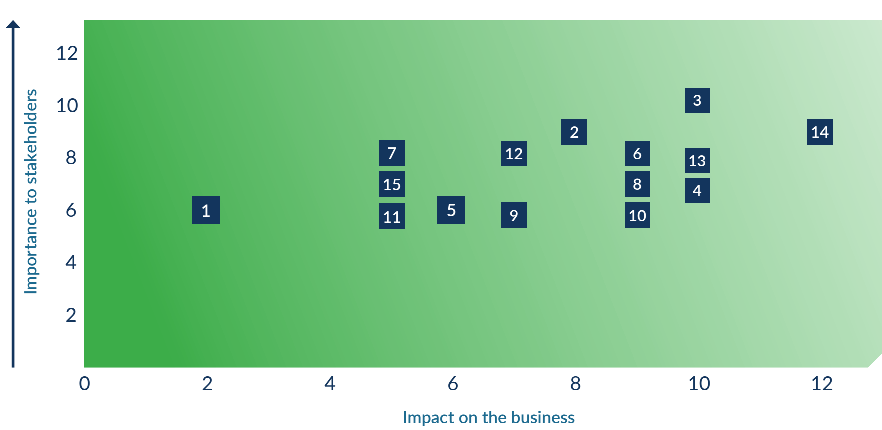
Through the identification and prioritization of these material topics, Panasian Power PLC ensures that its sustainability efforts are targeted towards addressing the most critical issues and driving positive change in the renewable energy sector.

Materiality Determination Process



PRIORITIZATION MATERIAL MATTERS

Prioritization material matters empowers PAP to proactively respond to risks and opportunities aligned with our strategic intent. Through a robust materiality analysis, we identify and address key issues that matter to PAP and our stakeholders. This focused approach strengthens our commitment to sustainability, maximizes value creation, and aligns with stakeholder expectations in the renewable energy sector.



Materiality Determination

Material Topic	Reason for Materiality	Topic Boundary	GRI Indicator	SDG	Management Approach	Reference
1. **Market Share**	Safeguards revenue generation capacity	Relates to PAP's renewable energy infrastructure	N/A	8 DECENT WORK AND ECONOMIC GROWTH; 11 SUSTAINABLE CITIES AND COMMUNITIES	Ongoing development of the project pipeline	Manufactured Capital - page 40 Operating environment - page 33 Chairman's Statement - page 14
2. **Global Expansion/ pipeline growth**						
3. **Financial Performance**	Ensures business continuity	Relates to the financial results of the Company	GRI 201 - Economic Performance		Strategic expansion of revenue streams coupled with product cost management	Financial Capital – page 35
4. **Gearing**	Determines the sustainability of the Company's financial position	Refers to PAP's debt servicing commitments	N/A		Prudent liquidity management	Risk Management Report - page 103
5. **Working Capital Management**	Facilitates the effective implementation of the project pipeline	Relates to the availability of adequate liquid resources	N/A			
6. **Regulatory Compliance**	Safeguards PAP's position in the industry	Relates to all applicable regulatory frameworks	GRI 307-Environmental compliance GRI 419: Socio economic compliance		Board oversight for compliance	Corporate Governance Report - page 76
7. **Strategic Partnerships**	Supports business growth	Refers to key supply chain relationships	GRI 204 - Procurement Practices GRI 308 - Supplier Environmental Assessment GRI 414 -Supplier Social Assessment		Pursue value adding partnerships to facilitate business expansion / diversification	Intellectual Capital - page 56 Social and Relationship Capital - page 50
8. **Operational Excellence**	Reduces costs and improves profitability	Covers the management of day to day operations	GRI 416 - Customer Health and Safety	8 DECENT WORK AND ECONOMIC GROWTH; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Promoting continuous and ongoing improvement	Manufactured Capital - page 40 Intellectual Capital - page 56
9. **Technology and Innovation**	Builds customer trust	Refers to PAP's commitment to invest in industry leading solutions	N/A	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Develop innovative first to market solutions	
10. **Talent retention**	Safeguards PAP's knowledge base	Relates to PAP's Human Capital	GRI 201 - Economic Performance GRI 202 - Market Presence GRI 402 - Labour Management and Relations GRI 403-Occupational Health and safety GRI 404 - Training and Education GRI 405 - Diversity and Equal Opportunity GRI 406- Non-Discrimination GRI 408 - Child Labour GRI 409 - Forced or Compulsory Labour	8 DECENT WORK AND ECONOMIC GROWTH; 11 SUSTAINABLE CITIES AND COMMUNITIES; 8 DECENT WORK AND ECONOMIC GROWTH	Create a conducive workplace based on equal opportunities at every stage of the employment lifecycle, from recruitment and selection, remuneration and benefits and performance evaluation to training and promotions.	Human Capital - page 44
11. **Training and knowledge development**						
12. **Labour Best practices**	Improves employee motivation and job satisfaction					
13. **Employee safety and well being**						
14. **Human Rights**						
15. **Environmental Stewardship**	Augments brand reputation	Refers to environmental considerations relating to the business		11 SUSTAINABLE CITIES AND COMMUNITIES; 13 CLIMATE ACTION; 15 LIFE ON LAND	Implement environmental best practices at all operational plants	Natural Capital – page 60

OPERATING ENVIRONMENT

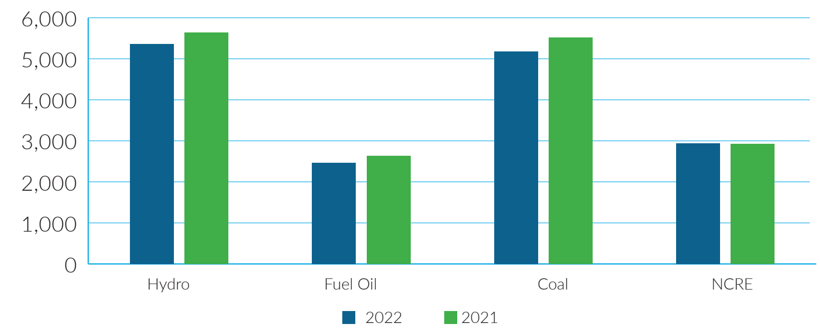
The Global Renewable Energy Industry: An Overview

The global renewable energy industry has undergone a significant transition towards sustainable energy solutions in recent years. The sector has played a vital role in meeting the energy demands of nations worldwide, including Sri Lanka. Renewable energy sources have proven to be reliable and sustainable alternatives, particularly during power cuts. Technological advancements have been instrumental in driving the growth of the renewable energy sector, improving the efficiency and effectiveness of renewable energy systems. Panasian Power PLC recognizes the importance of embracing these advancements to explore new opportunities for growth and expansion.

Diversification of Energy Mix in Sri Lanka

The contribution of the renewable energy sector in meeting Sri Lanka's energy demands highlights the importance of diversifying the country's energy mix. By reducing reliance on traditional power generation sources, Sri Lanka can achieve a more sustainable and reliable energy sector. The government's target of increasing the percentage of renewable energy indicates a clear focus on transitioning towards a more sustainable energy sector. However, the solar and hydro sectors have faced challenges, such as outages and unfavourable climatic conditions, which underscore the need for effective grid integration and resilient infrastructure.

UNITS GENERATED (GWH)



Source: CBSL AR 2022

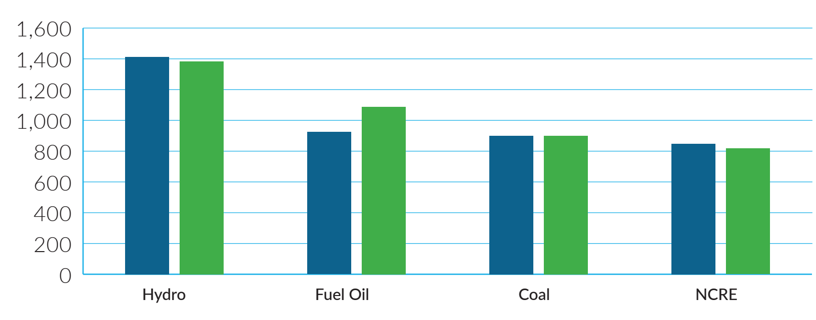
Government Support for Renewable Energy Development

Increasing vulnerabilities in the power and energy sector due to continuous delays in implementing necessary reforms resulted in considerable socio-economic costs in 2022, thereby underscoring the need for expeditious implementation of reforms to ensure energy security of the country. The Sri Lankan government took several initiatives to support renewable energy development and transform the sector to being economically viable. Regulatory bodies such as the Ministry of Power and Energy, Ceylon Electricity Board, Public Utilities Commission of Sri Lanka and Sustainable Energy Authority have provided crucial support to Panasian Power PLC, enabling the company to continue its projects and achieve its objectives. The government's commitment to renewable energy development creates a positive environment for the growth of the sector. However, challenges related to high costs and delays in payments need to be addressed for a more robust energy sector.

Challenges Faced by the Solar and Hydro Sectors

The solar sector faced challenges in feeding into the main grids due to outages, negatively impacting revenue targets and financial performance. The hydro sector also underperformed due to unfavourable climatic conditions. These challenges highlight the importance of effective grid integration and resilient infrastructure to ensure the smooth operation of renewable energy sources, especially during adverse conditions.

INSTALLED CAPACITY (MW)



Shortage of Solar Equipment and Materials

Panasian Power PLC experienced a shortage of solar equipment and materials due to a scarcity of foreign currency in the country. Financial institutions were reluctant to open letters of credit for importing necessary equipment from overseas. This shortage has affected the company's ability to set up new solar projects. Addressing these challenges, including ensuring a stable supply chain and adequate financial support, is crucial

Operating Environment

to meet the increasing demand for renewable energy.

Government's Renewable Energy Targets and Reduction of Reliance on Generated Power

The government's target of increasing the percentage of renewable energy in Sri Lanka indicates a positive outlook for the renewable energy sector. This target aligns with the country's aim to reduce reliance on generated power and transition towards sustainable and clean energy solutions. It presents significant opportunities for Panasian Power PLC and the renewable energy industry as a whole.

Review of Company Operations

Panasian Power PLC places significant emphasis on employee wellbeing and career growth. Various initiatives, such as flexible working arrangements, relief to employees' salaries, and a new health and safety policy, have been implemented to support employee welfare. The company acknowledges the challenges faced by employees, including high turnover rates and opportunities abroad, and remains dedicated to supporting them.

The company has implemented changes to improve corporate governance processes and structure. These changes include the appointment of professionally qualified independent directors, the establishment of board subcommittees and compliance with regulations. These improvements aim to enhance operations, ensure transparency and meet regulatory requirements, ultimately providing high-quality services to customers and the community.

Panasian Power PLC recognizes the potential impact of its operations on the environment, communities, and economies. Initiatives such as hiring specialized social and environmental specialists, engaging independent auditors, and prioritizing environmental impact assessments and compliance with guidelines underscore the company's commitment to sustainability and environmental responsibility. The company aims to have a positive impact on the communities in which it operates.

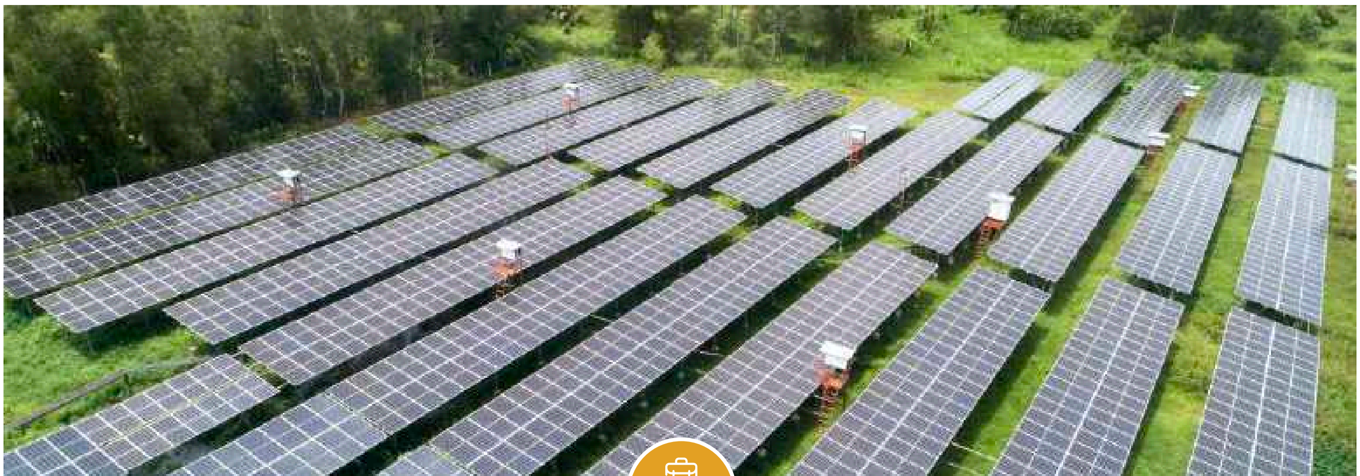
The company expresses confidence in achieving its goals and positively impacting Sri Lanka's economic situation. Panasian Power PLC is optimistic about the improving financial situation and the support from banks for new projects. With approvals secured for over 30 megawatts of projects, the company is eager to implement them. It believes that continued stakeholder support will drive growth and innovation in the renewable energy sector, benefiting both the company and the community.

Panasian Power PLC is focused on strengthening its existing project portfolio to ensure continued operational success. The company aims to improve cost management while actively exploring new opportunities that can create value for its shareholders. By embracing innovation and pursuing growth opportunities, Panasian Power PLC demonstrates its commitment to expanding its presence in the renewable energy sector. Stable and sustainable financing options are crucial for successful implementation, and the company actively seeks investors to support international projects.

FINANCIAL CAPITAL

"Capital is that part wealth which is devoted to obtaining further wealth"

-Alfred Marshall-



Financial Capital is the key enabler that allows Panasian Power PLC to carry out its core business of generating renewable energy. In the midst of a challenging economic and business environment, we have been able to minimize impact on the Company's bottom line for the year 2022-23 and maintained best practices in financial capital management to achieved our long term and short term strategic objectives.

VALUE DELIVERED

Revenue	Gross Profit	Profit After Tax	Net Asset Value	Earnings Per Share
1Bn	655Mn	(460Mn)	1.9 Bn	(0.77)

FINANCIAL INITIATIVES

- MAINTAINING HEALTHY STATEMENT OF FINANCIAL POSITION
- EXECUTE SOUND WORKING CAPITAL MANAGEMENT STRATEGIES
- MAXIMIZE OPERATIONAL EFFICIENCY AND COST MANAGEMENT
- CAPITALIZATION OF OPPORTUNITIES TO OBTAIN DECENT RETURNS ON INVESTMENT

		2023	2022	
Value Generated	Revenue	1,014,079,462	935,512,639	⇧
	Other Income	10,713,266	4,490,643	⇧
	Finance Income	6,920,888	10,505,296	⇩
	Total	1,031,713,616	950,508,578	⇧
Value Distributed	Operational cost	209,933,584	753,231,580	⇩
	Salary and Wages	95,946,554	80,205,181	⇧
	Payment Made to Fund Providers	422,082,558	145,536,560	⇧
	EPF& ETF	7,413,040	6,247,960	⇧
	Corporate Taxes	49,207,036	64,656,773	⇩
	Expenses on CSR	2,824,178	3,004,967	⇩
Value Retained	Depreciation and Amortization	209,019,993	150,863,520	⇧
	Profit After Tax	(460,798,622)	(184,050,583)	⇧

Financial Capital

Performance at a Glance

Description	2022/2023	2021/2022	Change
	Rs.	Rs.	%
Revenue	**1,014,079,462**	935,512,639	8%
Gross profit	**655,031,522**	639,256,257	2%
EBIT	**427,637,782**	22,548,329	1797%
Income tax	**(470,122,524)**	(74,239,239)	533%
Net loss	**(460,798,622)**	(184,050,583)	150%

Financial Position as at Reporting Date

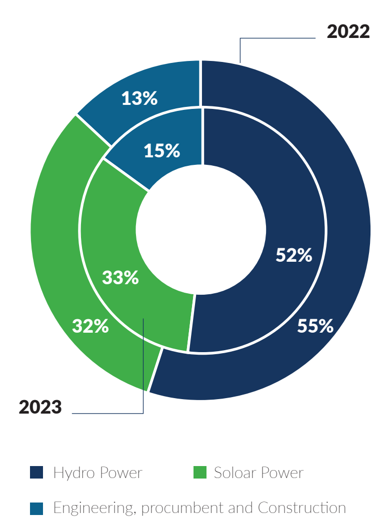
Description	2022/2023	2021/2022	Change
	Rs.	Rs.	%
Total asset	**5,041,813,597**	5,143,758,913	-2%
Total liabilities	**2,918,919,594**	2,409,485,781	21%
Shareholders fund	**1,942,102,508**	2,561,858,032	-24%
Non controlling interest	**180,791,495**	172,415,100	5%
Total equity	**2,122,894,003**	2,734,273,132	-22%
Net current assets	**(31,814,570)**	(85,175,314)	63%

FINANCIAL PERFORMANCE

The Group's financial performance for the year under review indicated a positive trend, with consolidated revenue increasing by 8% to reach Rs. 1 billion, compared to the previous financial year's Rs. 935 million. This growth can be attributed to the 2% increase in revenue of Hydro Power Companies, 12% increase in revenue of Solar power companies and 27% impressive revenue hike from the EPC Company.

The favourable weather conditions that prevailed positively affected the hydro power sector revenue which increased by 2% compared to the previous year. Even though there were continuous power interruption, during the latter part of the year the solar segment managed to record 12% growth compared to the last year.

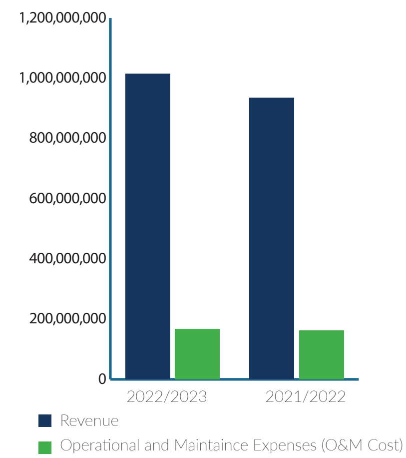
GROUP REVENUE MIX



OPERATIONAL AND MAINTAINANCE COST

The Group's Operational and Maintenance cost has increased by 2% from Rs.161Mn to Rs.166 Mn in the year 2022/2023. mainly due to travelling and fuel expenses.

O & M COST Vs. REVENUE



Description	2022/2023	2021/2022
Revenue	1,014,079,462	935,512,639
Operational and Maintenance Expenses (O&M Cost)	166,442,590	161,451,606
% of O&M cost on revenue	16%	17%

FINANCE EXPENSES

Finance expenses for the financial year under review amounted to Rs. 422 Mn, recording an increase of 190% against Rs. 145 million reported in the preceding year. This increase was prompted by the three fold growth in market interest rate. Further, the Group had to heavily depend on short term working capital loan facilities to manage the working capital requirement of the Group due to prolonged non-settlement of dues from the Ceylon Electricity Board. The impact of the abnormal market interest rate created adverse impact on overall Group performance as well.

The finance cost was further aggravated by exchange losses caused in the first two quarters of the year due to the relaxation of exchange rates by CBSL.

Description	2022/2023	2021/2022	Variance	%
Interest on loans and borrowings	414,417,950	137,743,547	276,674,403	201%
Foreign exchange loss	3,299,932	2,355,044	944,889	40%
Amortization loan processing fees	524,849	969,189	(444,340)	-46%
Interest on finance lease obligations	3,839,827	4,468,780	(628,953)	-14%
	422,082,558	145,536,560	276,545,998	190%

TAXATION

Income Tax Expenses

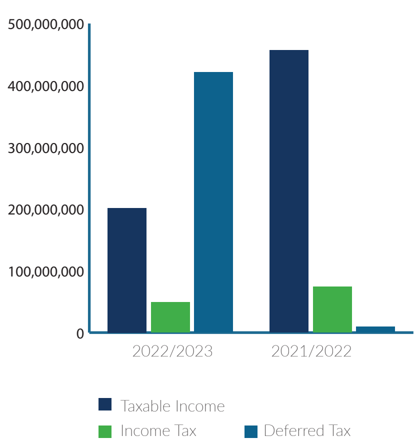
Taxable income of the Group reduced significantly in the financial year under review when compared with the preceding year taxable income due to the absence of Dividend income from subsidiaries. However, reduction of income tax expenses is not in line with taxable income reduction due to an increase in corporate income tax rates on both business income and other income. The Panasian Power Group was liable for a lower tax rate until 30 September 2022 and with effect from 01st October 2022 the applicable tax rate is 30% on all taxable income.

Deferred Tax Expenses

As at 31 March 2023, deferred tax assets and liabilities have been remeasured at the new corporate income tax rate. Hence, deferred tax expense recognised through profit or loss is Rs.420 Mn and recognised through other comprehensive income is Rs.63.9Mn.

Description	2022/2023	2021/2022	Variance	%
Taxable Income	201,544,026	456,539,711	(254,995,685)	-56%
Income Tax	49,007,509	67,500,070	(18,492,561)	-27%
Deferred Tax	420,915,488	9,582,466	411,333,022	4293%

TAXATION

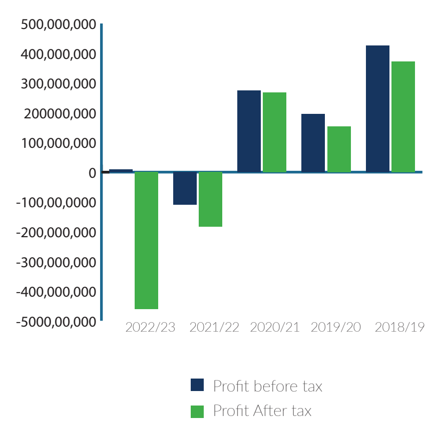


The Group recorded
Rs.9.3Mn
profit before tax

PROFITABILITY

The Group recorded Rs.9.3Mn profit before tax compared to previous year's 109Mn loss. The current year profit before tax includes a Rs.56 Mn revaluation loss incurred from solar plant revaluation. Further profitability of the Group reduced drastically mainly due to higher cost of finance and corporate taxes.

PROFIT BEFORE TAX AND PROFIT AFTER TAX MOVEMENT



Profit before tax and Profit after tax

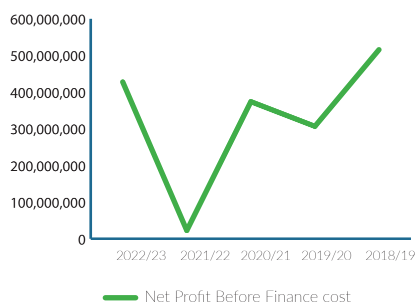
	2022/2023	2021/2022	Variance	%
Profit before tax	9,323,902	(109,811,344)	119,135,246	108%
Profit after tax	(460,798,622)	(184,050,583)	(276,748,039)	150%

NET PROFIT BEFORE FINANCE COST

In 2022/23 the net profit before finance cost shows an impressive growth compared with the previous financial year. The previous financial year's Group net profit before finance cost comprised of Rs.461Mn impairment loss on goodwill.

Financial Capital

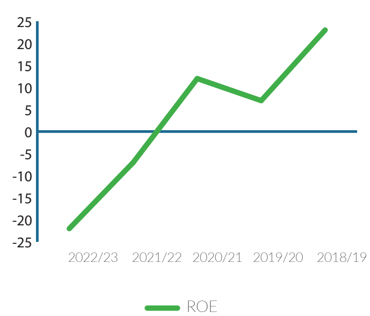
NET PROFIT BEFORE FINANCE COST



Return On Equity

Group Return on Equity reduced drastically due to the adverse impact arising from higher cost of finance and increase in the corporate tax rate.

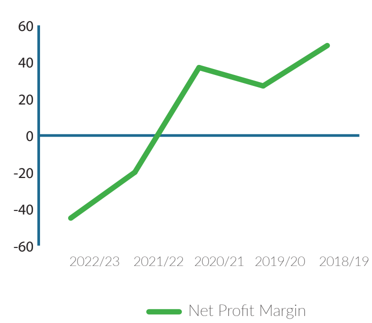
RETURN ON EQUITY



Net Profit Margin

Net Profit margin of the Group has reduced drastically in year 2022/2023 due to higher cost of finance and tax expenses.

NET PROFIT MARGIN

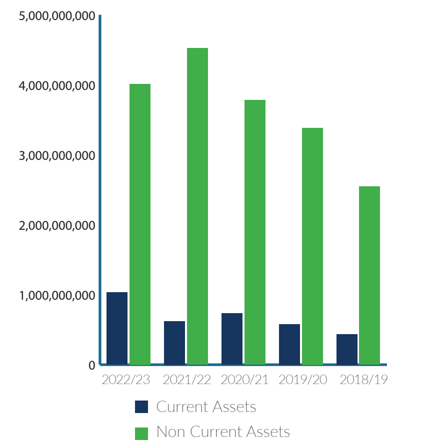


FINANCIAL POSITION

Group Assets Base

The Group adopted a cautious approach in maintaining its investments in current and non current assets, as the quality of assets held directly affects the Group's revenue generation. As at 31 March 2023, the Group asset base composition stood as follows;

GROUP TOTAL ASSET BASE



Capital Structure

In the renewable energy sector it is common to have a higher level of gearing during the initial stage of projects and the PAP capital structure as at 31 March 2023 stood as follows.

	2022/2023	2021/2022
Long Term Borrowings	1,190,842,114	1,355,231,569
Short Term Borrowings	733,108,261	476,030,621
Other Liabilities	994,969,219	578,223,591
Equity Attributable To Equity Holders of the Company	1,942,102,508	2,561,858,032
Non Controlling Interest	180,791,495	172,415,100

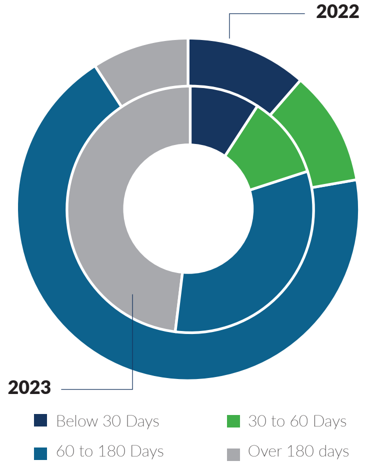
WORKING CAPITAL/LIQUIDITY POSITION

Trade Receivables

Trade receivables represents the outstanding payments from CEB on the sale of electricity. As at 31 March 2023, the outstanding payments from CEB exceeded 12 months against the standard credit period of 30 days.

Period	2022/2023	2021/2022
Below 30 Days	71,879,810	48,635,554
30 to 60 Days	84,134,518	46,557,496
60 to 180 Days	245,121,578	292,380,684
Over 180 days	369,390,169	38,128,635
Total	770,526,075	425,702,369

TRADE RECEIVABLE AGE ANALYSIS

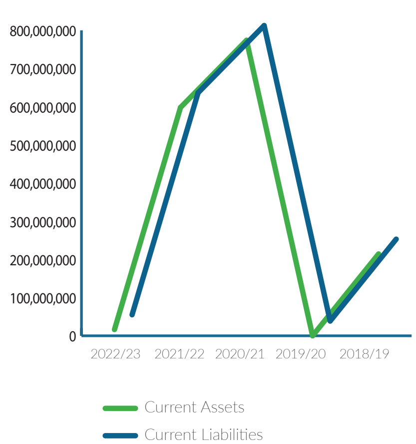


NET CURRENT ASSETS POSITION

The Group net current asset position reduced in year 2023 compared to the previous financial year. During the year under review, the Group had to heavily rely on short term loans and borrowings to manage its working capital requirements as the industry experienced severe delays in terms of Ceylon Electricity Board remittances.

The current ratio of the Group stood at 0.97 times as at the end of the year (2021/2022 -0.88 times)

CURRENT ASSETS VS. CURRENT LIABILITIES



CASH AND CASH EQUIVALENTS

PAP's cash and cash equivalents deteriorated heavily in 2022/2023 due to delays in CEB remittance, worsening the liquidity position of the company. To address short term working capital requirements, the company arranged short term working capital loans from its corporate bankers at favourable interest rates.

However, with the purpose of regularizing CEB payments, the company maintains continuous follow-ups with the regulatory authorities including the Ministry of Finance, sustainable energy authority etc.

Description	2022/23	2021/22
Cash at bank	122,871,625	118,451,569
Cash in hand	755,003	661,790
Bank overdraft	(163,597,064)	(28,419,293)
Total	(39,970,436)	90,694,066

KEY PERFORMANCE INDICATORS

Profitability Ratio

Description	2022/23	2021/22
Gross profit margin	65%	68%
Operating profit margin	42%	52%
Net profit margin	-45%	-20%
Return on assets	-9%	-4%
Return on equity	-22%	-7%

Liquidity Ratio

Description	2022/23	2021/22
Current ratio	0.97	0.88
Quick assets ratio	0.89	0.82

Equity Ratio

Description	2022/23	2021/22
Net assets value per share	3.11	4.10
Earnings per share	(0.77)	(0.31)
Market price per share	3.4	3.7

Debt Ratio

Description	2022/23	2021/22
Debt to equity ratio	93%	69%
Interest cover	1.51	4.36

MANUFACTURED CAPITAL

"The great differentiator in business is when an organization steps out and creates value from something never tried before."

- Kerry Baskins -

PAP is a leading renewable energy company in Sri Lanka committed to providing sustainable energy solutions. Investing in manufactured capital, such as physical infrastructure, equipment, machinery, and technology, is indeed crucial for achieving operational efficiency, cost-effectiveness, and sustainable growth in the renewable energy sector.

By acquiring and maintaining high-quality manufactured capital, PAP can enhance its production processes and support its business operations effectively. Physical infrastructure, such as power plants and distribution networks, ensures reliable energy generation and transmission. Up-to-date equipment and machinery enable efficient operation and maintenance of renewable energy systems, maximizing their output and lifespan.

Investing in technology, including advanced monitoring systems, automation, and data analytics, can further optimize energy production, identify potential issues, and facilitate informed decision-making. Such technological advancements also contribute to reducing operational costs and improving overall performance.

PAP's focus on manufactured capital demonstrates a long-term commitment to sustainability and ensures the company's ability to meet the growing energy demands of Sri Lanka. By continuously upgrading and expanding its manufactured capital, PAP can stay at the forefront of the renewable energy industry, drive innovation, and contribute to a greener and more sustainable future for the country.

VALUE DELIVERED		
22.4 MW of installed capacity	**19 solar** and **03 hydropower** plants	**Rs. 3.8 BN** investment in PPE during 2022/23

MANAGEMENT APPROACH

PAP recognizes the critical role of manufactured capital in our business strategy, especially in expanding power generation capacity and delivering clean and reliable energy to our customers. Our approach of continuous investment in cutting-edge renewable energy infrastructure demonstrates a forward-thinking mindset and commitment to staying at the forefront of the industry.

By prioritizing the optimization of existing plant operations, including regular maintenance and upgrades, adoption of advanced technologies, and implementation of best practices in plant management and operations, PAP is ensuring maximum efficiency and performance from its assets. This approach not only enhances operational effectiveness but also contributes to cost-effectiveness and sustainability.

Furthermore, our commitment to long-term strategic objectives, value delivery to stakeholders, and sustainable development of communities and environments showcases PAP's responsible corporate citizenship. By focusing on manufactured capital, we are not only enabling business growth but also promoting environmental stewardship and social well-being.

Through our efforts, PAP is poised to continue making a significant impact in the renewable energy sector in Sri Lanka. By providing clean and reliable energy, we are contributing to the country's sustainable development goals and helping to reduce carbon emissions. Our emphasis on innovation and best practices ensures that PAP remains a leader in the industry, driving positive change and inspiring others to adopt renewable energy solutions.

Overall, our commitment to manufactured capital aligns with our mission as a leading renewable energy company, and it positions PAP as a key player in the sustainable energy landscape of Sri Lanka.

PLANT INFRASTRUCTURE

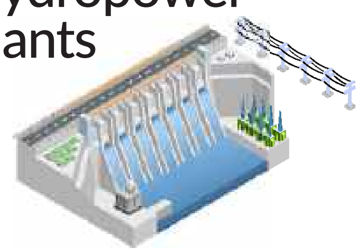
Panasian Power's multifaceted approach to developing manufactured capital is commendable. our focus on the progressive expansion of renewable energy infrastructure has enabled us to establish a strong asset base, consisting of 19 solar and 03 hydropower plants, totaling 22.4 MW of installed capacity. This demonstrates our commitment to increasing clean energy generation and addressing the growing energy demands in Sri Lanka.

Investing in the maintenance of existing plants and machinery is crucial for ensuring optimal performance and longevity. By proactively ordering spare parts and maintaining stocks for regular maintenance and repairs, we minimize downtime and ensure that our plants continue to operate at peak efficiency.

The fact that we have several projects in the pipeline and are actively working towards obtaining necessary approvals showcases our dedication to further expanding our renewable energy portfolio. This commitment to growth and innovation is essential for keeping pace with the evolving energy landscape and meeting future energy demands.

19
solar

03
Hydropower plants



TOTALLING
22.4 MW
of installed capacity

Furthermore, our strategic decision to diversify our renewable energy footprint by investing in overseas plants demonstrates a forward-thinking approach. This expansion beyond national boundaries allows us to explore new opportunities, contribute to renewable energy development globally, and potentially leverage experiences gained from international projects to enhance our operations.

Our long-term Power Purchase Agreement with the Ceylon Electricity Board is a significant achievement, as it ensures the electricity generated from our plants is supplied to the national grid. By reliably contributing clean energy to the grid, we are actively supporting the sustainable development of the power sector in Sri Lanka and reducing carbon emissions.

Overall, Panasian Power's comprehensive approach to developing manufactured capital, encompassing expansion, maintenance, diversification, and strategic partnerships, positions us as a leading player in the renewable energy sector. Our commitment to sustainable growth and contributing to the national power sector aligns with the country's goals of achieving energy security and environmental sustainability.

Manufactured Capital

ENGINEERING-PROCUREMENT-CONSTRUCTION PROCESS

Panasian Power's emphasis on the Engineering-Procurement-Construction (EPC) process for new plant setups is crucial in ensuring high-quality, safe, and effective renewable energy infrastructure. By leveraging our in-house engineering and technical teams' skills and expertise, we can effectively manage the entire EPC process, from design and planning to procurement.

Managing the EPC process in-house allows us to have greater control and oversight over the project, ensuring that PAP's exacting standards are met at every stage. Our engineering and technical teams play a vital role in coordinating and supervising the various aspects of the project, including design, procurement of materials and equipment, and overall project management.

While engaging an experienced contractor for civil works during the construction phase, our teams maintain strict supervision to ensure that all construction activities align with our high standards. This hands-on approach allows us to actively monitor the progress, quality, and safety of the construction, ensuring that the project is executed according to plan.

By maintaining such strict control and supervision throughout the EPC process, PAP can mitigate risks, avoid delays, and ensure that the new plant setup meets the desired quality, safety, and efficacy standards. This approach not only reflects our commitment to excellence but also contributes to the long-term reliability and performance of our renewable energy infrastructure.

Overall, our in-house engineering and technical teams' involvement in the EPC process demonstrates PAP's dedication to delivering top-notch renewable energy projects. Through their skills, expertise, and stringent oversight, we maintain the high standards that define our operations and contribute to the overall success of our new plant setups.

PLANT MAINTENANCE AND BREAKDOWN MANAGEMENT

Effective plant maintenance is indeed crucial for ensuring optimal performance of operational plants. It's great to hear that PAP places emphasis on minimizing controllable downtime and continuously improving and innovating upon the plant maintenance program.

The Senior Manager Technical at each site plays a vital role in overseeing day-to-day operations and driving continuous improvement through innovation and due diligence. Their involvement ensures that maintenance activities are carried out efficiently and that any issues or opportunities for improvement are addressed promptly.

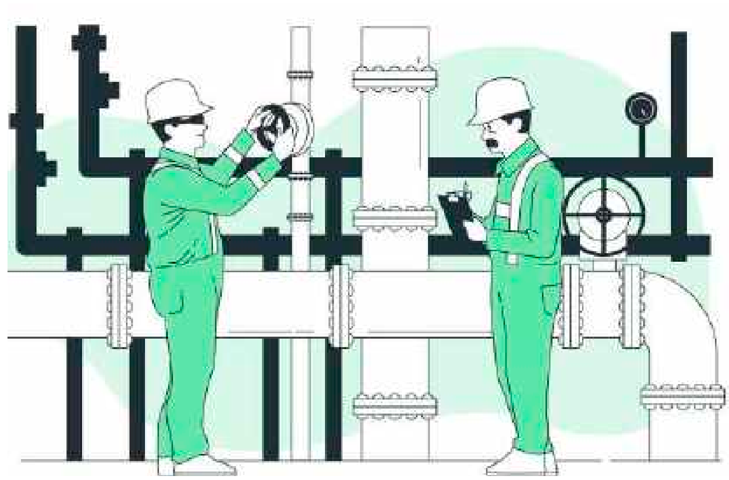
Regular site visits conducted by a team of senior engineers further contribute to assessing operational performance and ensuring that systems are meeting controllable downtime objectives. This proactive approach enables early detection of any potential issues and allows for timely interventions to maintain optimal plant performance.

While we cannot control Ceylon Electricity Board (CEB) breakouts, our focus on minimizing such outages caused by inclement weather is commendable. Offering our staff and machinery facilities to support CEB during these situations showcases our commitment to collaboration and providing assistance to help resolve any issues that may arise.

Effectively managing outages is of paramount importance, and it's positive to see that PAP has a clear classification of outages into CEB-related outages and machinery outages. By categorizing them, we allocate resources and prioritize mitigation efforts accordingly.

The proactive approach we adopt through regular preventative maintenance activities is crucial in minimizing the occurrence of outages and reducing the impact on operations. Adhering to preventive maintenance schedules recommended by manufacturers and relevant standards for electrical installations demonstrates our commitment to maintaining the reliability and performance of our hydro and solar plants.

Overall, our focus on effective plant maintenance and outage management highlights PAP's commitment to ensuring continuous energy generation and reliability. By prioritizing these aspects, we maximize energy production and minimize disruptions, ultimately contributing to the efficient operation of our renewable energy plants.



CHALLENGES

PAP has faced challenges due to the devaluation of the Sri Lankan rupee and a shortage of foreign currency, which has impacted our ability to carry out essential processes for our operations. Such circumstances can indeed pose difficulties, particularly when we require foreign currency for import material needed for regular and adhoc repairs at the plant. We recognized the gravity of the situation and took proactive measures to mitigate the impact of currency devaluation and the shortage of foreign currency, thereby demonstrating our resilience and a commitment to finding solutions.

Monitoring the situation closely is crucial in order to identify any potential risks and ensure the smooth running of our operations. This vigilance allows us to make informed decisions and adapt to changing circumstances effectively.

While currency fluctuations and shortages can present challenges, it is important to remain focused on long-term goals and seek ways to navigate through such situations. This may involve exploring alternative financing options, hedging strategies, or seeking assistance from financial institutions with expertise in managing currency risks.

Adapting to the prevailing economic conditions and implementing measures to mitigate risks will help PAP to maintain stability and continue delivering on its commitment to providing sustainable energy solutions in Sri Lanka.

Overall, our recognition of the challenges posed by currency devaluation and foreign currency shortages, as well as our vigilance and ongoing monitoring of the situation, reflect PAP's commitment to overcoming obstacles and ensuring the smooth functioning of its operations.

FUTURE OUTLOOK

- In this challenging context, our focus is to invest wisely and strengthen our manufactured capital base, elevating our capabilities to the next level. We hope to drive production efficiencies by investing in new and sustainable technology that will help us remain resilient through the challenging times.

HUMAN CAPITAL

"You don't build a business. You build people and then people build the business."

- Zig Ziglar -

As with any company, Panasian Power's human capital plays a crucial role in the success of its operations. The skills, knowledge, and expertise of our employees directly contribute to the company's ability to design, construct, and operate renewable energy projects efficiently and effectively.

OUR KEY HR GOALS

01 Ensuring equality and diversity throughout the entire employment process

02 Offering competitive compensation and benefits that align with industry standards

03 Assessing the performance of all employees to identify their potential

04 Recognising and fostering leadership qualities in employees to inspire them to achieve greater heights in their professional careers

05 Supporting work-life balance by providing flexible working hours, work-from-home policies, and determine any training needs

VALUE DELIVERED

Rs. 96 million payments to employees	**81%** Retention Rate	**Rs. 0.9 million** investments in training and development	**11%** female representation

Panasian Power's success relies on the effective management of human capital, which includes attracting and retaining top talent, fostering a positive work culture, and investing in employee training and development. By prioritizing employee health, safety, and well-being, the company improves job satisfaction and morale, leading to increased productivity and overall company performance.

MANAGEMENT APPROACH

At PAP, we firmly believe that our employees are crucial to our success, and our approach to Human Capital development reflects this belief. We are passionate about creating a conducive workplace that offers equal opportunities at every stage of the employment life cycle, from recruitment and selection to training and promotions, while complying with all local labour laws.

Moreover, we are committed to adopting internationally recognized best practices and good governance mechanisms for the fair and equitable management of labour, including strict policies against child labour and forced and compulsory labour. We strive to create a diverse and inclusive workplace where all employees are treated with respect and dignity, and we do not discriminate against any employee based on their ideological views, colour, religion, gender, age, disability, or any other status protected by law.

HR POLICIES

Effective HR governance is critical for managing PAP's workforce and ensuring that its human resources policies and practices are aligned with its business strategy and objectives. The company's HR governance framework is designed to attract and retain top talent, promote employee engagement, and foster a positive work culture. Additionally, the framework complies with all relevant labour laws and regulations to avoid legal and reputational risks.

The Assistant Manager - HR & Admin under the guidance of the CEO leads PAP's HR department which oversees all HR-related matters and works on building a strong HR governance framework to help PAP effectively manage its human capital and maximize the potential of its workforce.

PAP has an existing HR manual that serves as a key resource for the company's HR policies and procedures. To further strengthen its human resources management practices, the company is currently undertaking an initiative to upgrade the HR manual. This effort involves reviewing and updating the existing policies to ensure alignment with best practices in the field and compliance with applicable laws and regulations. The upgraded HR manual will serve as a comprehensive guide for the company's HR-related activities.

Existing HR policies are as follows:

- Employment Policy
- Attendance, Holiday and Leave Policy
- Performance Management Policy
- Training and Development Policy
- Promotions, Transfers, Demotions Policy
- Remuneration Policy
- Grievance Policy
- Disciplinary Procedure Policy
- Termination of Employment Policy
- Record Maintenance Policy
- Occupational Health and Safety policy
- Human Resources Budget Policy
- Welfare and Benefits Policy

RECRUITMENT AND RETENTION

Panasian Power recognizes the importance of adapting to the profound transformations in the energy sector and the need for major cultural and organizational changes to achieve its objectives. In this regard, the company places a strong emphasis on the management of human capital, which is a priority for the organization.

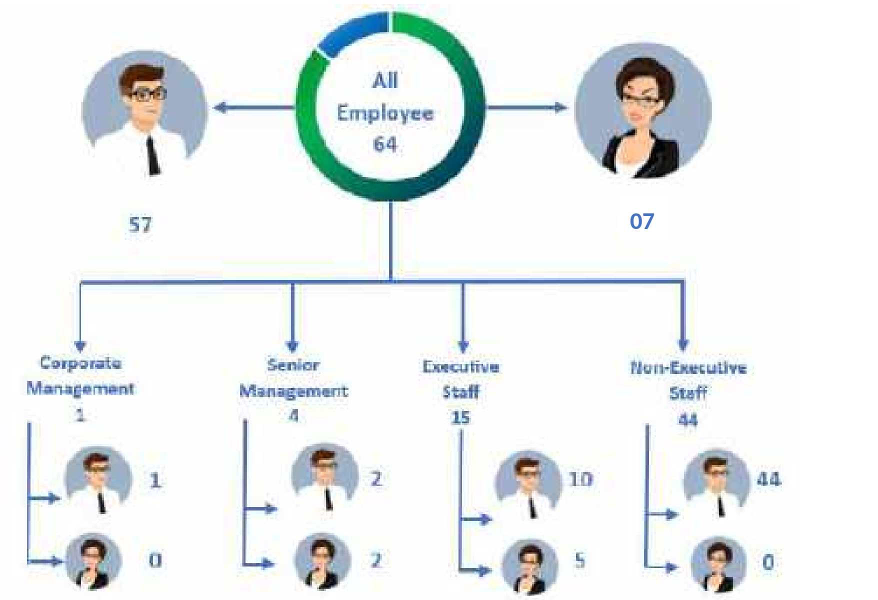
To support the energy transition and achieve its goals, Panasian Power has established specific objectives, including the development of digital capabilities and skills, as well as the promotion of reskilling and upskilling programs for employees. The company also engages employees effectively to ensure the achievement of better results and greater job satisfaction.

In addition to the challenges posed by the profound transformations in the energy sector, talent migration in Sri Lanka has also affected Panasian Power's recruitment efforts to find the right candidates. The emigration of skilled workers to other countries has created a talent gap in the domestic market, making it increasingly difficult for companies like PAP to attract and retain qualified candidates. As a result, the company has had to adopt strategies to address this challenge, such as investing in training and development programs to up skill and re-skill existing employees, as well as other benefits to attract and retain talent.

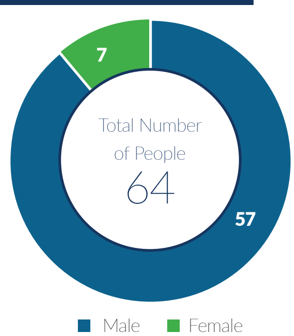
Additionally, PAP is committed to promoting diversity and inclusion policies, creating an inclusive organizational culture based on the principles of non-discrimination and equal opportunity, and attracting and retaining talent.

Human Capital

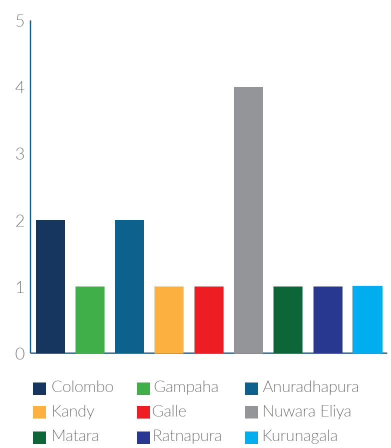
NO OF EMPLOYEES JOB CATEGORY WISE



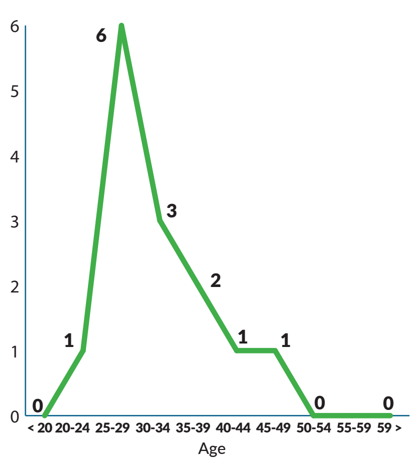
HEAD COUNT GENDER WISE



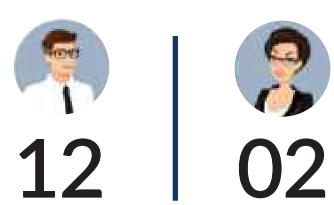
NEW RECRUITS-REGION WISE



NEW RECRUITS-AGE WISE



NEW RECRUITS-GENDER WISE



TRAINING AND PROFESSIONAL DEVELOPMENT

Panasian Power recognizes the importance of training and professional development in building the skills and capabilities of its employees. Despite the challenges faced during 2022, the company continued to prioritize internal and external training activities. These activities were carried out based on the needs of the company as well as individual developmental needs identified through the annual performance review process.

Panasian Power used a combination of in-house and external resources to provide timely and relevant technical training to equip its employees with the skills to perform their job roles and adapt to changes in the business and regulatory environment in the renewable energy sector.

Below are the details regarding the training programs conducted during the year.

Training Interventions - FY 2022/23				
Program Scope	Duration (hours)	Facilitation	Target Audience	Participants
Webinar Participation CA Sri Lanka, 43rd National Conference 2022 CA Participation, Conference Sungrow India	25	External	Finance/Sales & Marketing	4
ISO Awareness on 14001 & 45001	1	Internal	Site Staff	4
Introduction to ISO 14001 & 45001	1	Internal	Site Staff	6
Operational & Maintenance Procedure	3	Internal	Site staff and workers - RG/Manelwala/ Padiyapelella/Maho/Pannala	24
Electrical Safety	3	Internal	Site staff and workers - RG/Manelwala/ Padiyapelella/Maho/Pannala	24

PERFORMANCE MANAGEMENT SYSTEMS

At PAP, all permanent employees, both executive and non-executive, undergo an annual performance review. The process is well-structured, beginning with the establishment of corporate objectives for the year and cascading down to segment-wise targets and individual employee level KPIs. Employees are informed of their KPIs at the start of the financial year and are expected to engage in ongoing conversations with their supervisors throughout the year regarding job performance.

Site in-charges and supervisors carry out formal performance reviews of employees against assigned targets at the end of the year, with the CEO evaluating the performance of managers and executives. This process informs decisions on bonuses, increments, and training requirements for employees.

Contract labor is evaluated annually by the site manager, and suitable candidates are offered a new contract for an additional one-year period or confirmed as permanent employees.

No significant modifications were implemented in the performance management system during the preceding year. In the same period, all 54 permanent employees, consisting of 87% male and 13% female, received the advantages of the annual performance appraisal. Furthermore, the performance contracts of the 10 male contract employees were reviewed in FY 2022/23.

HEALTH AND SAFETY POLICIES

PAP has a separate health and safety policy in place, which integrates environmental and health and safety management systems. These standards are aligned with an integrated management policy and the company holds the ISO 14001 Environment Management System (EMS) & ISO 45001 Occupational Health & Safety Management System (OHSMS).

The organization prioritizes educating employees on health and safety procedures, including the use of Personal Protective Equipment (PPE) when necessary. PAP ensures adequate PPE is provided to employees requiring them and has taken measures to make safety instructions, precautions boards, and signs highly visible throughout its project sites.

External contractors and other third-party entities involved in maintenance works and similar activities receive an induction session on PAP's health and safety policies and procedures, including the use of PPE and areas requiring caution. A PAP employee is always present as a supervisor for health and safety purposes when external parties are involved. The organization signs an agreement with external contractors to ensure compliance with all requirements.

PAP maintains a record of work-related accidents, near misses, injuries, and any other incidents impacting the environment, as required by ISO and factory ordinances. During the previous year, only a few near misses were recorded, and there were no major accidents. In the event of an accident, a comprehensive investigation accompanied by a root cause analysis is carried out by our internal audit team. Monthly, site-specific accident records are presented to the Internal Audit team, where the respective Site Supervisor/Operation In-charge is required to provide explanations and detail the corrective measures taken to prevent recurrence of such incidents.

The cultivation of a safety-aware culture is paramount to the success of our safety management plan, particularly in accident prevention. We urge site teams to remain vigilant and report on safety hazards. Monthly meetings between the site supervisor and the Internal Audit team aim

Human Capital

to encourage active participation in safety matters. In addition to this, bi-annual audits conducted by PAP's internal audit team, along with the annual ISO external audit, are instrumental in identifying safety gaps and provide additional assurance regarding the overall efficacy of the safety management system in meeting safety objectives. To reinforce the safety culture, we provide regular training on specific safety topics.

Type of accident	2022/23
Major & minor injuries	Zero
Near misses	Two
Environmental incidents	One

STAFF WELFARE

PAP PROVIDES ALLOWANCES TO SUPPORT EMPLOYEES AMID RISING INFLATION

Panasian Power's employees, both in the corporate office and plants, faced financial difficulties due to the rising inflation in the country. In response to these challenges, the company implemented several measures to support its employees. Specifically, PAP provided attendance allowances as a form of compensation to alleviate the financial pressure on its employees. This initiative aimed to demonstrate the company's commitment to its employees' well-being and to reinforce a positive work culture that values employee satisfaction and retention. The provision of such compensation reflected the organization's recognition of the financial challenges faced by its employees and demonstrated its efforts to support them during difficult times.

"Our work is our life and the opportunities we have are priceless"

PAP IMPLEMENTS MEASURES TO SUPPORT EMPLOYEES DURING FUEL CRISIS

Furthermore, PAP's employees faced commuting challenges during the fuel crisis, which made it difficult to travel to and from work. In response to this situation, the company implemented several measures to support its employees and ensure business continuity. Specifically, PAP offered flexible in and out times, arranged shift schedules, and provided work-from-home opportunities to some extent. These measures aimed to mitigate the impact of the fuel crisis on the company's operations and support its employees' well-being.

These measures also ensured a healthy work-life balance for employees by reducing the stress and inconvenience caused by the crisis in the country and enabling them to balance their personal and professional responsibilities effectively.

EMPLOYEE BENEFITS AT PAP

The company has established an interest-free loan program, which offers short-term loans to support employees during the New Year festival, as well as long-term loans to facilitate housing, medical aid, and education. Additionally, Panasian Power places a strong emphasis on providing comprehensive medical benefits to its employees, including health insurance coverage for outpatient care, workman compensation, and personal accident insurance. These initiatives reflect the company's commitment to supporting the well-being and financial security of its workforce.

GRIEVANCE HANDLING MECHANISMS

Panasian Power has implemented various procedures and mechanisms to handle employee grievances effectively. The company has trained its site supervisors to manage feedback and complaints from employees. In addition, the company has established a procedure that is easily accessible, culturally appropriate, and understandable to address complaints and grievances from affected communities.

The procedure concerning wages includes a demand for individual adjustment, complaints about incentives, and mistakes in calculating wages. The company also has a procedure concerning supervision, which addresses complaints against inadequate job performance instructions and other management procedures such as wage rates, overtime and incentive payments, promotion, transfer and seniority issues, career growth opportunities, leave, employee conduct, unhappy relations with bosses, violation of company laws, rules, regulations, traditions, and accepted practices.

To better understand employee grievances, PAP uses an exit interview method to gather information from employees who have decided to quit the company. The company also has an open-door policy that allows employees to express their grievances to their managers in a meeting or interview. The manager cross-checks the details of the complaint through various means at their disposal to resolve the issue effectively.

Overall, the company's efforts to establish effective grievance handling mechanisms demonstrate its commitment to maintaining a positive work environment and ensuring employee satisfaction.

DISCIPLINARY COUNSELLING

Disciplinary counseling is a process of conducting a one-on-one interview with an employee to address instances of sub-par behavior or performance that fall below the expected standards in the workplace. During this counseling session, the company aims to identify the reasons behind such behavior or performance and devise a plan to address them.

The company seeks to resolve performance issues without resorting to formal disciplinary action. At the counseling session, the employee is informed of the expected improvements and the duration of the performance review period. Although this session is sometimes referred to as an 'informal warning,' it is not considered a formal part of the disciplinary process.

The company also informs the employee of the possibility of initiating formal disciplinary proceedings if no improvement is observed. This approach enables the company to address performance issues constructively and encourage employees to improve their performance without resorting to disciplinary action.

REWARDS AND RECOGNITION

Currently, our organization does not have a formalized rewards system in place. However, in recognition of exceptional performance, we issue appreciation letters to employees who successfully complete special tasks. Exceptional performance is also taken into account during the annual performance appraisal process, and employees who demonstrate outstanding performance are considered for salary increments as a reflection of their contributions.

Moreover, in cases where vacancies arise, preference is given to internal candidates who have demonstrated excellent performance, and they may be promoted or given additional responsibilities within the organization.

CHALLENGES DURING THE YEAR

Panasian Power experienced the negative effects of talent migration during the year when senior staff members left the organization, leading to the departure of valuable knowledge and skills. Recruiting skilled and experienced personnel to replace them proved to be a challenging task. To attract top talent, specially to the finance division, PAP had to offer higher compensation packages, which had a financial impact on the organization. The challenge of talent migration highlighted the importance of effective talent management strategies and retention initiatives to mitigate the risks associated with the loss of valuable human capital

FUTURE OUTLOOK

- Develop customized training and individual improvement plans to help individual employees' growth & development.
- Develop and execute strategies for supporting overall employee well-being.
- Urge innovation to drive the organization's turnaround.
- Develop and drive HR Policies to ensure work place flexibility.

SOCIAL AND RELATIONSHIP CAPITAL

"A tremendous social responsibility comes with being a successful public performer."

- A Bartlett Giamatti -

As a sustainable energy company, Panasian Power PLC recognizes the importance of maintaining strong relationships with its stakeholders. Social and relationship capital, which refers to the networks and relationships that support the business, is a critical element in creating and preserving sustainable value.

MANAGEMENT APPROACH

PAP places significant emphasis on fostering positive relationships with its stakeholders, including investors, customers, and society at large, to ensure that it can deliver on its commitments and maintain its social license to operate. In this context, PAP's approach to managing its social and relationship capital is designed to help it mitigate risks, protect against value erosion, and support sustainable value creation and preservation.

VALUE DELIVERED			
57,080,982 MW energy supplied to the national grid	**35** suppliers engaged	**Rs. 2.8 Mn** spent on CSR initiatives	Compliance with all applicable laws and regulations

Customers

Customer plays a vital role in the success of PAP.

Partners

Regulatory authorities, banks, and other parties with whom PAP collaborates

Society

The community in which PAP operates and the broader society impacted by our operations.

Suppliers

Suppliers who provide goods and services to PAP to support our operations.

Employees

Individuals who work for PAP and are essential to our success.

Investors

Individuals or organizations who have invested capital into PAP.

Customers

- **CEB**

Engagement	At PAP, we generate electricity for the National Grid, with the Ceylon Electricity Board (CEB) as our valued customer. Our power plants play a vital role in boosting non-conventional renewable energy generation and making a significant impact on the national grid. We maintain strong relationships with the CEB through adherence to Power Purchase Agreements and ethical practices. By actively engaging in sustainability initiatives, we contribute to the growth of the energy sector.
Complaint Handling	While occasional complaints may arise, we have maintained a commendable track record by consistently adhering to the CEB's specified Grid Codes. In the rare instances when the CEB has expressed concerns, the communication channels established with the Energy Purchase Branch and the respective Deputy General Manager of the area have facilitated prompt resolution. Our focus on compliance and adherence to regulations has allowed us to maintain a zero-complaint track record, highlighting our commitment to delivering reliable and high-quality electricity generation. Through our collaborative efforts and unwavering dedication to meeting the CEB's requirements, we strive to strengthen our relationship, drive sustainable energy generation, and contribute to the growth and development of the energy sector in our region.

- **Engineering , Procurement and Construction Companies**

Engagement **Supplier** **Customer**	PAP takes pride in being a leading renewable energy solutions provider in Sri Lanka, offering a diverse range of inverters to meet the energy demands of today and the future. As the exclusive authorized channel partner for Sungrow inverters, a global leader in the industry, we have established a strong reputation for delivering technologically advanced and reliable solar inverter infrastructure. Sungrow inverters have consistently ranked as the most bankable inverter brand globally, recognized by Bloomberg NEF for four consecutive years. At PAP, we leverage Sungrow's state-of-the-art technology and combine it with our expertise to harness the immense potential of solar energy. Our commitment to customer satisfaction is unwavering, ensuring that both corporate and retail customers receive exceptional service and top-notch solar rooftop installations
Complaint Handling	All repair services are handled meticulously at our fully equipped workshops situated within our own sites. To keep our customers informed and updated on the progress of their complaints, we utilize the Sungrow isolar cloud app, providing real-time updates on the status of its functions. Additionally, our dedicated team of service engineers is readily available to address any concerns or complaints raised by our EPC customers. They can reach out to us through the general contact number or directly contact our appointed service engineers. In cases where customers require immediate attention,service engineer is readily available to visit their site with sungrow teams technical guidance and ensure that their concerns are promptly addressed. Our committed teams understand the importance of quick resolutions, and we aim to resolve any defects or service breakdowns within 48 hours. We undertake to repair or replace any defective parts and ensure that the solar systems are functioning optimally. Our goal is to minimize downtime and provide our customers with uninterrupted access to reliable and efficient renewable energy.

In the fiscal year 2022/23, we are proud to share that we received no complaints related to product safety breaches. This is a testament to our stringent quality control measures and our commitment to delivering high-quality products and services. As a result, PAP has not incurred any fines or penalties in relation to product safety.

At Panasian Power PLC, customer satisfaction is our priority. We strive to build lasting relationships, offering superior service, effective communication, and swift issue resolution.

Social and Relationship Capital

Suppliers

At Panasian Power PLC, our approach to supplier engagement goes beyond mere contractual agreements. We prioritize long-term relationships built on trust, loyalty, and shared values, ensuring business sustainability for all parties involved. We strive for professionalism, transparency, and fairness in our supplier relationships, always guaranteeing operational excellence.

Our supply chain partnerships remained stable with no significant changes in the reviewed year. Our procurement practices involve both overseas and local suppliers in Sri Lanka, selected carefully to align with our sustainable growth vision. Overseas suppliers are reputable OEMs known for supplying excellent renewable energy infrastructure, while local suppliers are chosen based on their ability to meet our operational standards.

Supplier selection process

Supplier selection is managed according to PAP's Procurement Process, developed in line with global best practices. The CEO holds oversight and approval authority for procurement, which may be delegated to department heads with specified guidelines and authority limits. PAP's Procurement Committee, led by the CEO and comprising top management, retains overall responsibility for efficient and cost-effective procurement.

To ensure the best value and quality, we conduct comparative assessments among suppliers, evaluating factors such as product quality, compliance standards, certifications, warranties, price competitiveness, delivery record, and long-term availability of spares. For spare parts where only manufacturer recommended parts are used, no quotes are required unless multiple suppliers are available.

For the installation and commissioning of inverters, we exclusively collaborate with SEA registered EPC companies. However, we conduct thorough due diligence to verify their credentials and obtain independent assurance regarding their labor and environmental compliance track record.

At Panasian Power PLC, we prioritize strong supplier relationships built on professionalism, accountability, and adherence to global procurement standards. This enables us to deliver uninterrupted high-quality renewable energy solutions to our customers.

Business Partners

Regulatory Bodies

It is essential for us to strictly comply with the rules and regulations set forth by these entities. As a renewable energy producer, PAP is subject to the oversight of multiple regulatory bodies throughout the project construction and plant operation phases. We prioritize compliance with all relevant regulations and strive to maintain positive relationships with these regulatory bodies.

At PAP, we understand the importance of adhering to the guidelines and requirements established by regulatory authorities. By upholding these standards, we ensure the integrity of our operations and contribute to the sustainable development of the energy sector.

Regulatory Bodies Applicable to PAP	
Ceylon Electricity Board (CEB)	Department of Agrarian Development
Public Utilities Commission of Sri Lanka (PUCSL)	National Water Supply and Drainage Board
Sri Lanka Sustainable Energy Authority (SEA)	Department of Irrigation
Board of Investments of Sri Lanka (BOI)	Urban Development Authority (UDA)
Ministry of Power and Energy	Divisional Secretariats
Central Environment Authority (CEA)	Pradeshiya Sabhas
Department of Archaeology	Sri Lanka Customs
Department of Wildlife Conservation	Telecommunications Regulatory Commission of Sri Lanka (TRCSL)
Department of forest	National Building Research Organisation (NBRO)
Natural Resources Management Centre (NRMC)	The Mahaweli Authority of Sri Lanka (MASL)

Society

Our operations as a renewable energy producer have a lasting positive impact on the communities we serve. From the initial construction phase, we have created direct and indirect job opportunities for the local population, contributing to their economic well-being. Additionally, we invest in rehabilitating road networks and enhancing community infrastructure, delivering significant long-term benefits to the residents in these areas. Throughout the construction process, we are committed to minimizing any disruptions to the daily lives of the local communities.

Our adherence to the Environment and Social Management Plans ensures that any potential inconveniences are carefully dealt with.

Community upliftment initiatives

Community engagement lies at the heart of our operations, and we understand the importance of addressing the concerns and needs of our neighbours, and we actively strive to create a positive and harmonious relationship with them.

- One of the concerns raised by our neighbours relates to water flow during the dry season. We recognize the significance of water for their needs. To address this, when the water flow is reduced, we prioritize the well-being of the community by temporarily shutting down our plants and releasing water to them. This ensures that our neighbours have access to the necessary water resources, even during periods of low flow.
- We are attentive to the community's cultural practices and traditions. During festivals or rituals that require stream water, we halt our operations and release water to accommodate their needs. By doing so, we support their cultural heritage and demonstrate our commitment to being a responsible and considerate corporate neighbour.
- Moreover, we are committed to maintaining noise levels within permissible limits at our plants. Every year, we conduct independent assessments to evaluate both indoor and boundary noise level. We prioritize not only the well-being of our employees and neighbours but also consider the impact on birds, animals, and plants to ensure a harmonious environment for all.

By actively engaging with our neighbours and taking their concerns into account, we foster a strong sense of partnership and strive to create a positive and sustainable impact in the communities we operate in.

At PAP, we strive to build resilient communities. Our focus extends beyond economic contributions as we aim to empower and support our employees and neighbouring communities. We foster a culture of resilience and vigilance, ensuring the well-being and safety of our workforce and the communities we operate in.

CSR activities

Team PAP Lead Beach Clean-Up

Sri Lanka's western/southern coastal area is home to more than 40% of the country's population but is also one of the most heavily polluted coastal belts. To maximize sustainable utilization of our beaches,

"I am delighted to learn that you and your team have successfully completed the beach cleanup program. I would like to extend our sincere appreciation for selecting the beach cleanup event as one of your CSR projects and for the successful completion of the program.

Your commitment and dedication to this initiative are truly commendable. Not only have you effectively removed garbage from the beaches, but you have also set an inspiring example for other organizations when they develop their own CSR projects. Your efforts serve as an eye-opener and demonstrate the positive impact that such initiatives can have on our environment.

We are grateful for your outstanding work in promoting environmental sustainability and preserving the beauty of our beaches. Your commitment to corporate social responsibility is evident, and it is through the dedication of individuals like you that we can make a significant difference in our communities.

Once again, I would like to express our sincere thanks for your exemplary work. We appreciate your contribution to creating a cleaner and healthier environment, and we look forward to hearing about your future endeavors in this regard."

Jagath Gunasekara
Deputy General Manager (Operation)/ General Manager (Acting)

Marine Environment Protection Authority

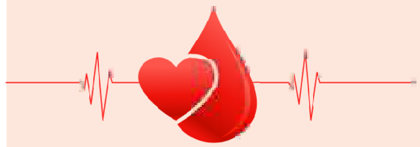
Social and Relationship Capital

it is imperative that we take measures to keep them clean and free of hazards allowing for free public movement and recreation. The solid waste which is found on our shores is often not only of local origin but also washed up from overseas. Plastic, glass, aluminum, and rubber-based material, which if collected and directed appropriately, can be turned into valuable resources through up cycling and recycling.

Mismanagement of plastic waste can result in leaching and the generation of micro plastics, which via the food chain can re-accumulate, threatening the safety and wellbeing of coastal and marine fauna. It is also an imminent health hazard. Therefore, it is vital that urgent action is taken to ensure that our beaches are constantly monitored, cleaned, and managed sustainably, with the involvement of all stakeholders, so that a safer and more sustainable coastal environment is maintained for the benefit of us all.

Adding momentum to PAP's sustainability ethos, PAP collaborated with the Marine Environment Protection Authority (MEPA) initiated the beach clean-up at Dehiwala beach stretch as a part of the CSR project, also, in commemoration of the World Ocean Day. The project aims towards ensuring preservation and conservation of Sri Lanka's coastal environment.

Over 30 PAP's employees participated in this worthy cause. An 800m beach stretch, polluted with lots of plastics, glass, rubber, and other debris was cleaned up and more than 30 poly sack bags full of segregated waste and debris were collected from the stretch. Dehiwala Municipal Council responsibly disposed of the collected waste.



PAP Organizes Blood Donation Camp at National Blood Center, Narahenpita

The blood donation camp was organized in association with the National Blood Center. Several enthusiastic participants including employees and their direct family members, friends, contractors and volunteers participated in the noble cause. The program continued for the whole day with full enthusiasm. Every donor had to pass through the preliminary medical test BP, Hb, weight, etc. before donating the blood. The donor were offered a National Blood Transfusion Service blood donation book for future use. Blood donation is a noble cause and every blood donor has contributed towards community development. We have a philosophy of giving back to society and this is a very genuine way of adding value towards society and we hope to continue to associate ourselves with the National Blood Center for such initiatives in the future.

PAP and employees donate more than 5,000 school supplies to area schools at Manelwala and Matara

PAP teamed up to provide a bright start to the school year for teachers and students at the surrounding schools. Across its project sites, the PAP team donated more than 5,000 school supplies to benefit Motagedara Bandaranayake MW Kekanadura - Matara and CP/ Batagollagama Vidyalaya Walapane.

The team understands this year has been challenging for these particular schools and families, so, we hope our company's generous donations of supplies will help make the transition just a little bit easier on them. PAP conducts its first school supply drive this year and plans to continue collecting school supply donations on an annual basis.

Our employees have huge hearts, especially when it comes to helping our communities. We're thrilled to see these contributions used to help this important cause and to be a part of benefiting students across our project site areas.

Employees

At PAP, employee engagement is a top priority for us. We recognize the importance of creating a positive and healthy work environment for our team members.

As part of our commitment to their well-being, we actively address noise levels within our facilities. To better serve our employees, we conduct regular assessments to measure indoor noise levels. This helps us understand the potential health risks associated with prolonged exposure to noise. Based on the findings, we take proactive measures to mitigate noise-related issues by providing necessary protective equipment such as earmuffs and vibration shock absorbers.

Our CEO is a strong advocate for empowering women and recognizes their significant contribution to the growth of our organization. In a special statement on Women's Day, he expressed deep appreciation for the valuable participation of women in our company's success.

We believe in fostering a culture of inclusivity and diversity. Our recruitment process is solely based on merit, where we prioritize the suitability of candidates for the position, irrespective of their nationality, background, race, or ethnicity. We do not discriminate based on gender and sexual orientation. Furthermore, we embrace and celebrate all festivals of different religions without any bias or partiality.

For further details on our comprehensive approach to employee management, including initiatives to promote well-being and enhance work experience, please refer to the Human Capital section on page 44 to 49.

Investors

At PAP, we prioritize investor engagement and value transparent communication. We conduct annual general meetings, release comprehensive reports, and utilize social media platforms to keep investors informed and engaged. We believe in building strong relationships and fostering a sense of trust with our investors as we work towards sustainable growth.

FUTURE OUTLOOK

- At PAP, we place great importance on establishing and nurturing relationships with our stakeholders. These relationships, which have proven invaluable in the past, continue to be essential for our future progress as a corporate entity. We aim to actively participate in relevant professional organizations, to strengthen our network and stay connected with industry peers, experts, and influencers. Through greater professional networking, we hope to gain further insights, foster collaboration, and contribute to the advancement of the renewable energy sector. Together, we will continue to strive for a sustainable future.

INTELLECTUAL CAPITAL

"Intellectual capital is the main determining factor and the base for economic and social development to any country"

- Talal Abu Ghazaleh -

Panasian Power PLC (PAP) values intellectual capital as a driver of innovation and growth. Through continuous learning, skilled workforce, and advanced technologies, we harness intellectual capital to deliver sustainable solutions in the renewable energy sector.

MANAGEMENT APPROACH

As a leading renewable energy solutions provider, we actively invest in intellectual capital by fostering a culture of continuous learning and knowledge sharing. Our talented workforce, equipped with diverse expertise and skills, forms the core of our intellectual capital. We prioritize the development and retention of our employees, nurturing their intellectual capabilities through training programs and professional development initiatives. Additionally, we leverage advanced technologies and research to enhance our intellectual capital, enabling us to stay at the forefront of the renewable energy industry. At PAP, intellectual capital fuels our quest for excellence and fuels our ability to deliver innovative and sustainable solutions to our valued stakeholders.

VALUE DELIVERED		
Strengthened our brand credentials.	Investment in building a solid knowledge base that can drive innovation.	Focus on strengthening strategic partnerships.

REINFORCING OUR BRAND

Since its inception Panasian Power PLC (PAP) has consistently demonstrated outstanding brand performance and our strong reputation with the Ceylon Electricity Board (CEB), our primary customer, remains unwavering. By diligently expanding our production and supply of clean energy to the national grid and maintaining ongoing dialogue, we have fortified our partnership with the CEB.

Throughout its journey of 21 years PAP has gained significant acclaim as an independent power producer, experiencing exponential growth especially over the past three years. With a diverse portfolio comprising 19 solar projects (ground-mounted and rooftop) and three mini hydro projects, we have collectively contributed 57GWh of clean energy to the national grid, solidifying our position as a prominent player in the local renewable energy sector.

Driven by our dynamic growth strategy, PAP has consistently delivered strong financial results and declared impressive returns, earning the trust and admiration of shareholders, investors, and industry peers.

KNOWLEDGE AND EXPERTISE

Panasian Power PLC (PAP) places a strong emphasis on the knowledge and expertise of its employees, recognizing their invaluable contribution to our day-to-day operations. We prioritize the establishment of competent engineering and technical teams, recruiting fully qualified staff with a solid background in renewable energy. Furthermore, we provide opportunities for continuous professional development and on-the-job training, ensuring that our team members stay updated with the latest industry advancements. This approach has resulted in a remarkable retention rate, with 5 of our technicians having been with the company for more than five years.

PAP's knowledge base: Total number and tenure of qualified engineers/technical officers who have been with the company

	Total No	1 -5 year	5 -15 year	Above 15
Qualified Engineers	5	1	-	4
Technical Officer	3	-	3	-
Qualified Technicians	5	2	1	2
Technicians	9	5	1	3

At PAP, we prioritize training and development as a key component of our organizational growth. To ensure the continuous enhancement of our employees' skills and knowledge, we implement an annual financial plan dedicated to training programs. These programs cover a wide range of areas, including mechanical trainings, electrical maintenance, machinery handling, health and safety, and environmental management systems. Additionally, we provide specialized training to address specific skills required for specific roles within the company.

In our commitment to capacity building, we conduct mentoring sessions as a means of personal and professional development. These sessions involve one-to-one interactions between our technical managers and site workers, fostering a supportive environment for knowledge transfer and skill enhancement. By investing in training and mentor-ship, we strive to empower our employees with the necessary expertise to excel in their respective roles and contribute to the overall success of PAP.

We also value open communication and prioritize the well-being and professional growth of our employees. We have established a supportive culture where employees are encouraged to voice their grievances and seek necessary resources for their personal and professional development. Whether it pertains to working conditions, the work environment, or technological advancements, our employees are free to approach anyone within the organization to express their concerns and request the resources needed to enhance their skills.

PROCESS IMPROVEMENTS

We prioritize process improvement as a means to ensure efficient operations and deliver on our commitments. We have developed a comprehensive suite of processes, systems, and procedures that establish clear responsibilities and outline the principles necessary to accomplish our strategies and meet our business objectives.

In line with our commitment to environmental management, we are continuously striving to improve our environmental management systems. We recognize the importance of sustainable practices and are dedicated to minimizing our environmental impact through ongoing enhancements in our processes. Similarly, we place great importance on the safety and well-being of our employees. We are actively working to improve our safety and occupational health processes, implementing measures to create a secure and healthy working environment for our workforce.

As part of our commitment to operational excellence, we are focused on improving our documentation practices to ensure accurate and up-to-date records. This enables us to maintain compliance with relevant regulations and standards, including adhering to factory ordinances.

Through a proactive approach to process improvement, we aim to enhance our overall efficiency, sustainability, and compliance. By continually evaluating and optimizing our operations, we strive to deliver on our promises, meet stakeholder expectations, and drive the long-term success of PAP.

OUR FOCUS ON DIGITIZATION

We have recognized the transformative power of digitization in streamlining operations and improving efficiency. Embracing digital technologies, we have implemented cloud systems that enable convenient access to documents and process-related files at any time and from anywhere. This cloud-based infrastructure not only facilitates seamless information sharing but also promotes collaboration among our teams.

Our commitment to digitization extends to reducing our reliance on physical documents. Through digitization efforts, we have transitioned many of our paper-based documents into digital formats, allowing for easier storage, retrieval, and sharing of information. This not only enhances accessibility but also contributes to a more sustainable and environmentally friendly approach.

In line with our digitization initiatives, we have also embraced online meetings to foster effective communication and collaboration. Utilizing platforms such as Zoom, our employees have become

Intellectual Capital

tech-savvy in attending virtual meetings, eliminating the need for extensive travel, and reducing associated fuel consumption and costs. This not only contributes to cost savings but also aligns with our commitment to sustainability.

By leveraging digital technologies and promoting a culture of digitization, we are empowering our workforce to work efficiently, collaborate effectively, and access information seamlessly. Through these initiatives, we are enhancing productivity, reducing our environmental footprint, and embracing the possibilities offered by the digital age.

STANDARDS AND CERTIFICATIONS

PAP takes pride in its pursuit of excellence and continuous improvement through certifications and accreditations. We actively benchmark global standards to enhance our expertise and ensure the highest level of performance in specific areas of our business.

Our Environmental Management System holds certification under ISO 14001, the internationally recognized standard for Environmental Management.

Additionally, we prioritize the safety and well-being of our construction sites and project operations, which are guaranteed by our adherence to the ISO 45001 standard for Occupational Health and Safety.

These certifications affirm our commitment to maintaining the highest standards of environmental stewardship and occupational safety in all aspects of our operations.

√ **ISO 14001**
√ **ISO 45001**

"Talent wins games, but teamwork & intelligence win championships."

- Michele Jordan -

AWARDS AND ACCOLADES

PAP has been recognized and honored with several prestigious awards, highlighting our commitment to excellence and innovation in the renewable energy sector. These accolades serve as a testament to our dedication and success in delivering sustainable energy solutions.

The following awards have been won by PAP during the year:

- Power & Energy Sector Compliance Award -TAGS Awards 2022 (The Institute of Chartered Accountants of Sri Lanka)
- Sungrow Valuable Partner Sri Lanka Award - 2022

STRATEGIC PARTNERSHIPS

As part of our proactive revenue diversification strategy, PAP embarked on a transformative journey in 2019. During this period, we established a trading arm to serve as the exclusive distribution agent for Sungrow inverters in Sri Lanka.

The remarkable sales performance achieved within the first twelve months of securing the agency led to PAP's appointment as the authorized service partner for Sungrow Inverters in Sri Lanka. Building upon this success, we have further expanded our product portfolio by obtaining the rights to market the RT Inverter, specifically designed for higher capacity solar PV modules.

These strategic partnerships have allowed PAP to strengthen its market position and capitalize on new business opportunities in the renewable energy sector.

ETHICAL CONDUCT

At PAP, upholding strong business ethics is at the core of our operations. Our Board and Corporate Management lead by example, setting the highest standards of ethics and integrity in all our business dealings. We believe in fostering a culture where ethical principles are embraced and practiced by every employee.

To ensure a widespread understanding and adherence to ethical business principles, our leadership regularly engages with employees at all levels. Through open communication and training initiatives, we emphasize the importance of ethical conduct and encourage employees to make ethical decisions in their daily work.

Our commitment to business ethics is further demonstrated in our annual performance evaluation mechanism.

We allocate a significant weightage to behavioral performance, considering how well individuals uphold our ethical standards. This ensures that ethical behavior is not only encouraged but also recognized and rewarded.

By prioritizing business ethics, we strive to maintain trust and integrity in all our relationships, both internally and externally. We firmly believe that conducting business with a strong ethical foundation is not only the right thing to do but also essential for sustainable long-term success.

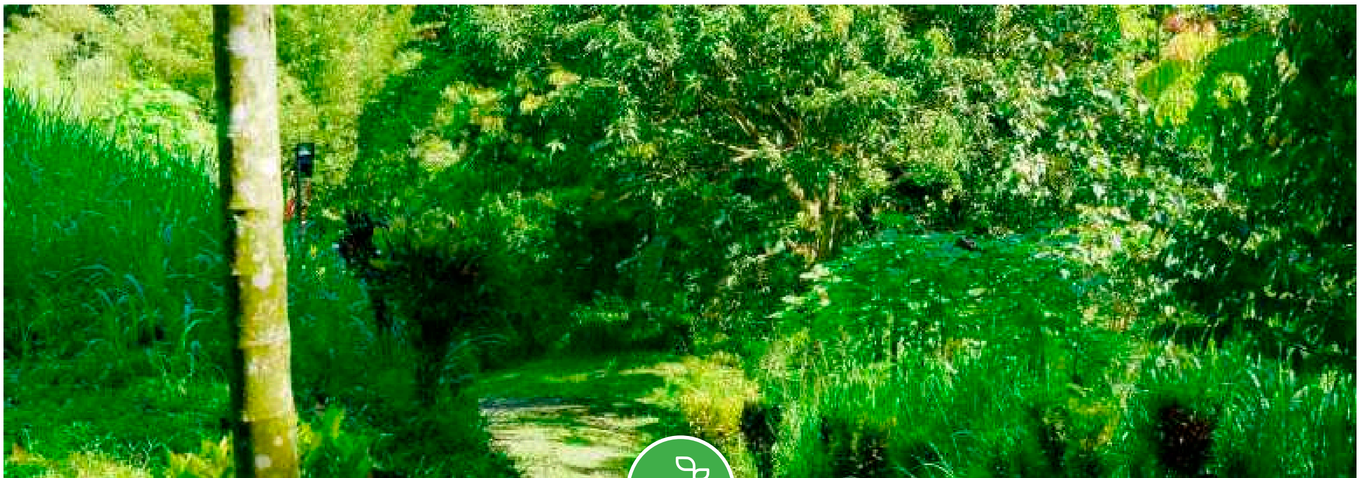
FUTURE OUTLOOK

- As we strive to strengthen our intellectual capital, we will continue to differentiate ourselves through our responsible end-to-end approach to business and maintain our reputation as a responsible renewable energy developer. While focusing on investing in new technologies to navigate the rapidly evolving business landscape we will aim to further strengthen the core aspects of the business to remain competitive and ensure consistent delivery of value.

NATURAL CAPITAL

"We are not above nature, we are a part of nature"

- Jennifer Nini -



Managing natural capital is integral to our role as a renewable energy producer. We rely on solar energy and water resources to power our operations sustainably. By prioritizing sustainability and protecting vital natural resources, we attract top talent and responsible stakeholders while contributing to the achievement of the Sustainable Development Goals. Natural capital is at the core of our success, enabling us to provide accessible and environmentally friendly energy solutions.

MANAGEMENT APPROACH

Our approach revolves around the effective management of Natural Capital and its impact on our operations. We prioritize a comprehensive assessment of the inter-relationships between our activities and the environment, allowing us to identify potential impacts and take appropriate measures to enhance positive outcomes.

We are a company that primarily works with natural resources, focusing on hydro, solar, and wind projects. Our philosophy revolves around consuming our needs in a sustainable manner, upholding our commitment to preserving natural resources for the benefit of future generations.

VALUE DELIVERED
Increased awareness on global issues such as climate change

ENVIRONMENTAL MANAGEMENT

BIODIVERSITY
Prevention of biodiversity loss

RESOURCE USE
Managements of resource use and efficiency

CARBON EMISSIONS
Measuring and reducing your organization's Carbon footprint

ENERGY & WATER USE
Controlling and reducing water usage and being energy efficiency

WASTE GENERATION
Disposal, reduction, recycling and preemption of waste.

ENVIRONMENTAL MANAGEMENT SYSTEM

At PAP, we have implemented a robust internal environmental management system to effectively address and manage environmental issues across our projects. This system serves as a framework for identifying potential environmental impacts, implementing appropriate mitigations, and monitoring the environmental performance of our operations. We are proud to hold the prestigious ISO 14001 certification, which validates the effectiveness of our environmental management practices.

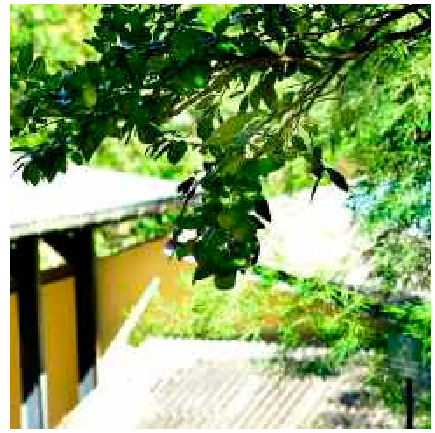
We prioritize compliance with international conventions, national laws and regulations as a cornerstone of our operations. We recognize the paramount importance of adhering to the National Environmental Act and other applicable legislation to foster responsible and sustainable business practices. By aligning our activities with these regulatory requirements, we not only demonstrate our dedication to environmental protection but also contribute to the overall well-being of the communities in which we operate. Additionally, our partnerships and collaborations with various institutions play a pivotal role in upholding high environmental standards. Through close cooperation, we work diligently to understand and meet their specific standards and guidelines, allowing us to continuously enhance our environmental performance and remain at the forefront of emerging industry best practices.

APPROVALS

The National Environmental Act No. 47 of 1980, along with its subsequent amendments, including No. 56 of 1988 and No. 53 of 2000, serves as the primary legislation guiding our operations. The Central Environmental Authority (CEA) acts as the principal governing body responsible for enforcing the provisions of this act, ensuring that our business operates in compliance with environmental regulations.

Before commencing any project, obtaining approvals from relevant institutions is a mandatory requirement. These approvals serve as an initial examination to assess the feasibility of the project and ensure that it does not pose any social or environmental concerns. If any concerns are identified, the institutions provide us with mitigatory measures that must be strictly followed from the project implementation phase.

The level of environmental impacts determines the type of assessment required. For projects with significant environmental impacts, an Environmental Impact Assessment (EIA) is conducted. On the other hand, if the initial examination indicates a less significant impacts, an Initial Environmental Examination (IEE) is carried out. The specific assessment method depends on where the project location falls. Projects situated in environmentally sensitive areas such as forests, sanctuaries, biodiversity-sensitive areas, necessitate an EIA. In contrast, projects located in less environmentally sensitive areas require an IEE. For our hydro projects, we always undergo EIA or IEE process, while for solar projects, we obtain environmental approvals and may opt for an IEE if necessary. Through these assessments, we identify any potential negative impacts and develop mitigation measures outlined in the Environment Management Plans (EMP).



PAP upholds a steadfast commitment to adhere to all relevant regulatory requirements throughout the entire life cycle of our projects, from construction to day-to-day operations. To ensure compliance, we have a dedicated Environment and Social Compliance Officer who continually reviews and monitors our adherence to these standards. Our sustainability lead conducts regular due diligence activities to provide assurance of the effectiveness of our control processes, maintaining a flawless compliance record.

In the fiscal year 2022/23, PAP received no fines or penalties for non-compliance or delays in meeting environmental regulations, further demonstrating our unwavering commitment to responsible operations.

KEY ENVIRONMENTAL SUSTAINABILITY ACTIONS

- **UN Sustainability Development Goals**

As a renewable energy producer, we contribute towards the reduction of CO_2 emissions that would otherwise be generated via conventional power sources. Thus, we directly align ourselves with Goal 7 and Goal 13 of the UN SDGs. Furthermore, through various other climate friendly actions and environmental conservation projects we also support Goal 9, 12, 15 and 17. Further details on our contribution to the SDGs are available in our sustainability report on page 26 of this annual report.

Natural Capital

- **Nationally Determined Contributions (NDCs)**

PAP is committed to aligning with Sri Lanka's Nationally Determined Contributions (NDCs) as part of its dedication to sustainable practices and environmental stewardship. These NDCs stem from international agreements that Sri Lanka has signed, specifically focusing on climate change and biodiversity. As a responsible entity, PAP recognizes the importance of implementing these commitments at the national level.

One notable example is contributing towards achieving the global target of keeping the global temperature rise below 2˚C during this century by controlling greenhouse gas emissions. The Sri Lankan government aims to achieve 70% electricity production by renewable sources by 2030 and net carbon zero by 2050. objective to increase the power generation capacity of the country from the existing 4043 MW to 6900 MW by 2025 with a significant increase in renewable energy. It also prominent, PAP aims to contribute to the nation's efforts in achieving a greener and more sustainable future.

- **Global**

At the global level, we actively adhere to the principles outlined in the United Nations Framework Convention on Climate Change (UNFCCC). Our focus is on promoting renewable energy sources and reducing greenhouse gas emissions. Instead of relying on fossil fuel burning, which emits carbon dioxide and contributes to global warming, we prioritize renewable energy and implement mitigation measures to combat climate change. Through these actions, we actively participate and contribute to the prevention of global warming.

ENERGY MANAGEMENT INITIATIVES

In our Environmental Management System (EMS), we have set objectives for the consumption of electricity and water at all our project sites. To ensure effective monitoring, we measure the electricity and water consumption on a monthly basis. Through the analysis of this data, we use graphical representations to identify any significant fluctuations, such as sudden increases or drops in consumption. If we identify any issues originating from our side, we take corrective actions to address them and improve efficiency.

When it comes to hydroelectric power generation, the output is dependent on the annual generation capacity, which can be affected by factors such as the dry season. Since predicting the exact generation capacity is challenging, we focus on energy-saving measures. This includes adopting new technologies and concepts that promote energy efficiency in our machinery. By enhancing the efficiency of rotating parts and optimizing RPMs, we increase the overall efficiency of our machines and conserve energy.

The following are the key objectives set in our EMS system:

- **Zero complaints on water scarcity and floods.**
- **Prevent oil leaks and water pollution.**
- **Maintain the noise levels below CEA acceptable levels in the operational phase of the hydro power plants.**
- **Improve company fire evacuation plan.**
- **Implement waste disposal system and above 60% of wastes issued for recycle and reuse purposes.**
- **Zero public/ neighbor/ legal bodies' complaints and Legal Requirement violations.**
- **Minimize damages to fauna and flora in land and water.**
- **Consume electricity and water efficiently and avoid unnecessary use of it.**

WATER MANAGEMENT

Stream water which is used in our hydro power generation process is fully released back. Thus, our water consumption mainly relates to drinking water and ground water used at our solar project sites.

WASTE MANAGEMENT

We have implemented waste management practices to address various types of waste across all our project sites. At the Head Office perishable food waste accounts for a significant component of waste, given the daily generation from our small group of 20 people. To tackle this, we measure the food waste in our cafeteria as part of our Environmental Management System (EMS) objectives. Through awareness campaigns, we encourage everyone to minimize food waste. Any remaining food waste is directly handed over to the municipal authorities for appropriate disposal.

We also have measures in place for paper waste and electrical waste. To recycle paper, we have an agreement with Neptune, a CEA registered company. Wastepaper is collected and handed over to them for recycling. However, due to paper scarcity, we have actively reduced paper usage in our office complex since last year through digitizing our documentation process. As for electrical waste, we measure the levels and dispose of it through CEA authorized e-waste collectors.

Waste segregation is practiced at both our project sites and head office, with separate boxes for plastics, glass, metal, and other materials. Once accumulated, we arrange waste collectors and recyclers to dispose the segregated waste. When it comes to lubricants and oil, including transformer interchanging oils, we ensure they are handed over to certified CEA authorities. Used oil and lubricants are sometimes provided to cement companies for incineration purposes.

By implementing these waste management procedures, we strive to minimize our environmental impact and adhere to responsible waste disposal practices.

CARBON FOOTPRINT

As a renewable energy company, our reliance on renewable energy sources helps us significantly reduce carbon footprints associated with energy generation.

In our head office, although there may be some carbon footprint generated through electricity consumption and paper wastage, the overall impact is minimal. This is because our energy sources are predominantly clean and sustainable.

Being a renewable energy company allows us to alleviate the carbon footprint associated with energy production, aligning with our commitment to sustainability and the fight against climate change.

AWARENESS INITIATIVES

Our commitment to environmental sustainability extends to our board of directors, who are actively engaged in discussing and addressing potential environmental issues that could pose threats to our company. During board meetings, we prioritize discussions on environmental concerns and strategize ways to mitigate risks and ensure a sustainable future.

We understand the importance of engaging with our stakeholders, particularly our suppliers, to ensure their adherence to sustainable practices in resource utilization. We place a strong emphasis on sustainable labor practices within our supply chain, ensuring fair treatment and responsible employment practices.

In addition to our focus on external stakeholders, we also prioritize creating awareness and fostering a sense of environmental responsibility among our employees and the communities in which we operate. Through awareness programs, we educate our employees and neighboring communities about our operations and the positive contributions we make to both society and the environment.

Recognizing the significance of education, we have plans to initiate educational programs for the children of our employees. These programs will aim to educate them about our company's operations, as well as the social and environmental advantage of our work. By instilling this knowledge from a young age, we hope to inspire a sense of environmental consciousness and responsibility in future generations.

Overall, our commitment to sustainability goes beyond our operations and extends to all aspects of our business, ensuring a holistic approach that benefits our employees, stakeholders, and the environment alike.

Last year, with the challenging external conditions that prevailed we were pushed to operate at minimum capacity and prioritize our survival. As a result, our environmental awareness projects were put on hold. However, we have upcoming plans to collaborate with NGOs like AIESAC for training and awareness as we strengthen our focus on strategic growth and making a positive impact on society and the environment.

FUTURE OUTLOOK

- **We are committed to complying with all standards and institutional requirements, prioritizing the well-being of society and the environment. Additionally, we are open to implementing any beneficial practices that contribute to the greater good. As a PLC, we are accountable to the general public, and we will continue to uphold and promote responsible and ethical environmental practices in all aspects of our operations.**

STEWARDSHIP AND GOVERNANCE

BOARD OF DIRECTORS

L.H.A.L. SILVA

Appointed to the Board	01.03.2022
Directorship nature	Chairman - Independent Non Executive Director

Expertise	Leadership	Electric Engineering	Accounting and Finance	Legal/ Regulatory	People's Mgt	Risk & Strategy
	✓		✓		✓	✓

Board sub Committee membership	Audit Committee	Remuneration Committee	Related Party Transactions Review committee
	✓	✓	✓

Started the professional career with the Department of Inland Revenue of Sri Lanka and joined the DFCC Banking Group in 1987. Was seconded to the service of DFCC Vardhana Bank in 2003 and functioned as the Chief Operating Officer until appointment as the Chief Executive Officer/Executive Director in January 2010. Held the position of Deputy Chief Executive Officer/Director of DFCC Bank PLC from October 2015 and appointed as the Chief Executive Officer/Director in August 2017.

Until retirement in December 2021, held the position of Chairman of DFCC Consulting (Pvt) Limited, Lanka Industrial Estates Limited and Synapsys Limited, subsidiary companies of DFCC Bank PLC, and the Chairman of Lanka Financial Services Bureau Limited as well as Sri Lanka Banks' Association (Guarantee) Limited. Also held the position of Chairman of Acuity Partners (Pvt) Limited, the joint venture company of DFCC Bank PLC. In addition was a Director of Lanka Ventures Limited, LVL Energy Fund PLC and Lanka Clear (Pvt) Ltd.

Was a member of the Board of Directors of the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP), and Board of Management of the Sri Lanka Sustainable Energy Authority.

At present acts as an Independent Director at Seylan Bank PLC , Independent Director of Finetech Consultancy Pvt Ltd whilst serving as Chairman & Director of Panasian Power PLC & it's subsidiary companies .

Also serves as. Member of the Stakeholder Engagement Committee of Central Bank of Sri Lanka & An Executive Committee member of Ceylon Chamber of Commerce

Holds a BCom (Sp.) from the University of Kelaniya and an MBA from the Postgraduate Institute of Management of the University of Sri Jayawardenapura. Associate Member of the Association of Development Financial Institutions of Asia & Pacific.(ADFIAP).

D. SOORIYAARACHCHI

Appointed to the Board	11.11.2014
Directorship nature	Independent Non Executive Director

	Leadership	Electric Engineering	Accounting and Finance	Legal/ Regulatory	People's Mgt	Risk & Strategy
Expertise	✓				✓	✓

	Audit Committee	Remuneration Committee	Related Party Transactions Review committee
Board sub Committee membership		✓	✓

Mr. Deepal Sooriyaarachchi is, a Fellow of the Chartered Institute of Marketing UK and holds an MBA from the University of Sri Jayewardenepura and an Accredited Master Coach and a Master Mentor.

He is a renowned Management Consultant, Speaker Trainer and an Author. Before embarking on full time consultancy work, he was the Managing Director of AVIVANDB Insurance PLC (now known as AIA Insurance) also a NEID of Kelani Cables PLC. He is an alumnus of National University of Singapore, Asian Institute of Management and Stanford Business School USA.

Mr. Sooriyaarachchi serves as a Non-Executive Independent Director of; AIA Insurance Lanka, Siyapatha Finance, Singer Sri Lanka PLC, Prime Lands Residencies PLC. He also is a member of board of management of the Postgraduate Institute of Management (PIM) University of Sri Jayewardenepura. He is a consulting partner of Results Based Leadership Institute USA.

He is a Past President of the Sri Lanka Institute of Marketing, and a Past Commissioner of Sri Lanka Inventors Commission.

Board of Directors

P. K. PATHMANATHA

Appointed to the Board	18.05.2017
Directorship nature	Executive Director / CEO

	Leadership	Engineering / Technology	Accounting and Finance	Legal/ Regulatory	People's Mgt	Risk & Strategy
Expertise	✓	✓	✓		✓	✓

	Audit Committee	Remuneration Committee	Related Party Transactions Review committee
Board sub Committee membership			

Mr. Pathmanatha Poddiwala is an engineer in profession with qualifications into business administration (MBA in Technology Management) and Management Accountancy, CMA (Aust). He counts over 20 years' experience in the field of engineering & management attached to leading conglomerates in which 13 + years in the field of renewable energy sector. He has expertise in development of renewable energy projects from project identifications, Feasibility study, financing, construction & operation and has proven track records in operation & maintenance of project assets. He has studied large number of RE projects locally and internationally and worked as expert in number of due diligences of power company merges and acquisitions, further he serves as CDM expert for leading international audit firm as local expert.

Pathmanatha also counts over 8 years' experience as a senior lecturer for City & Guilds (UK) mechanical engineering curriculum. He has strong network in the sector to access for information. He is also an active member of Institution of Engineers Sri Lanka, Sri Lanka Energy Managers Association & CMA (Australia). Mr Pathmanatha has been appointed as the Chief Executive Officer w.e.f. 1 April 2020.

V. KULATILAKA

Appointed to the Board	03.08.2021
Directorship nature	Independent Non Executive Director

	Leadership	Electric Engineering	Accounting and Finance	Legal/ Regulatory	People's Mgt	Risk & Strategy
Expertise	✓		✓	✓	✓	✓

	Audit Committee	Remuneration Committee	Related Party Transactions Review committee
Board sub Committee membership			✓

Vajira embarked on a career in finance in 1984 joining NDB Bank as a Project Officer and moved on to take key strategic positions at Sampath Bank, USAID and CKN Fund Management before he took over the helm of NDB Investment Bank (NDBIB) in 2001. Vajira was instrumental in bringing the company to the leadership position it commands today which has been recognized as the "Best Investment Bank in Sri Lanka" by the prestigious Euromoney magazine for 9 consecutive years until his retirement. During his tenure, he introduced a number of innovative financial products to the debt and equity market of the country. He has been the team leader in carrying out landmark investment banking transactions in Sri Lanka including the largest Initial Public Offering namely, Dialog Telekom IPO. Further, under Vajira's guidance, NDBIB carried out two of the largest and most successful IPOs in Maldives. He was adjudged the "Best Investment Banking CEO Sri Lanka" in 2014 and 2015 by Global Banking and Finance Review in recognition of his contribution to the investment banking field in Sri Lanka.

Furthermore, Mr. Kulatilaka introduced the concept of an Investment Banking conglomerate to Sri Lanka where he created leading businesses in all segments of the capital market under one holding company. Accordingly, in addition to NDBIB, he provided strategic leadership in developing Sri Lanka's by far the largest private sector asset management company, NDB Wealth Management, as well as one of the leading stock broking firms in the Country, NDB Securities (Pvt) Limited. In 2014, he was instrumental in launching Sri Lanka's largest country dedicated PE fund and thereby completed the final link in creating a full-service investment bank. He was also instrumental in diversifying NDB's investment banking cluster to Bangladesh by forming NDB Capital Bangladesh which has also won "Best Investment Bank in Bangladesh" award from Euromoney for three years

Vajira served as the Chairman of the Colombo Stock Exchange from 2014 to 2017, the Chairman of the South Asian Federation of Exchanges (SAFE) from 2015 to 2017 and also as a council member of the University of Moratuwa from 2015 to 2019. He has held directorships in a number of listed and state enterprises. Currently, he is an independent non-executive director of Sampath Bank PLC , Printcare PLC and Hemas Hospital (Pvt) Ltd in addition to Panasian Power PLC.

Vajira holds a BSc. In Civil Engineering with a First-Class Honors from the University of Moratuwa and a MSc. in Industrial Engineering and Management from the Asian Institute of Technology, Thailand. He is also a Chartered Financial Analyst (CFA) and has obtained Fellow Memberships of the Chartered Institute of Management Accountants, UK. He was awarded the "Distinguished Alumni Award in 2011" in recognition of regional service through outstanding professional and technical achievements by the Asian Institute of Technology Alumni Association (AITAA) in Thailand.

Board of Directors

L. K. A. H. FERNANDO

Appointed to the Board	03.08.2021
Directorship nature	Non-Executive Non - Independent Director

Expertise	Leadership	Electric Engineering	Accounting and Finance	Legal/ Regulatory	People's Mgt	Risk & Strategy
	✓		✓		✓	✓

Board sub Committee membership	Audit Committee	Remuneration Committee	Related Party Transactions Review committee
	✓	✓	

With extensive work in finance and management, Hiroshini Fernando accounts for over 20 years of experience across a broad spectrum of commercial sectors. She began her professional life at Kreston MNS & Co.- Sri Lanka Division, a correspondent firm of Grant Thornton International and a leading global firm of Chartered Accountants. Her tenure at Kreston MNS & Co. established her core expertise in accounting, auditing and strategic finance with wide exposure to the inner workings of each area.

Given her well-rounded experience, she continues to be a source of adept insights and extensive knowledge to the Company and the Board, especially in maintaining financial transparency and matters of governance.

Hiroshini is a Fellow member of the Institute of Chartered Accountants of Sri Lanka , Fellow member of the Institute of Certified Management Accountants of Sri Lanka and a Member of the Association of Chartered Certified Accountants UK . She was appointed to the Board on 03rd August 2021

Other current appointments:

Listed companies: Chief Executive Officer/Executive Director of R I L Property PLC and Non-Independent/Non-Executive Director of United Motors Lanka PLC and Independent Non-Executive Director of DFCC Bank PLC

Others: Director of UML Heavy Equipment Limited, Unimo Enterprises Limited, Finergreen Rajarata (Pvt) Limited, Padiyapelella Hydropower Limited, Powergen one (Pvt) Limited, and Rajarata Sustainable Development (Pvt) Limited, Finergreen Ridiyagama (Pvt) Ltd, Finergreen Gonnoruwa (Pvt) Ltd and Finergreen Mattala (Pvt) Ltd

K. KAMBURADENIYA

Appointed to the Board	03.08.2021
Directorship nature	Independent Non Executive Director

Expertise	Leadership	Electric Engineering	Accounting and Finance	Legal/ Regulatory	People's Mgt	Risk & Strategy
	✓	✓		✓	✓	✓

Board sub Committee membership	Audit Committee	Remuneration Committee	Related Party Transactions Review committee
	✓	✓	

Kosala Kamburadeniya is a Chartered Engineer, a Fellow member and an International Professional Engineer of the Institution of Engineers, Sri Lanka and an Attorney-at-Law of the Supreme Courts of Sri Lanka. He holds a B.Sc. Engineering honors degree from the University of Moratuwa, Postgraduate Diploma in Industrial Engineering from the Open University of Sri Lanka and Master of Business Administration from the university of Sri Jayawardenepura. He is a Vice-President of the Institution of Engineers Sri Lanka.

He is a senior member of the Institution of Electrical and Electronics Engineers (IEEE) USA, a member of the Institution of Engineers (IET)UK, American Society of Heating, Refrigerating and Air-conditioning Engineers (ASHRAE) USA and Sri Lanka Energy Managers Association (SLEMA). Kosala is a certified Building Services Engineer and a certified Arbitrator of the Institution of Engineers, Sri Lanka.

Kosala's 30 years of professional experience ranges from installation, Testing & Commissioning, Operations and Maintenance of Diesel Power Plants, Engineering Management, Lean Manufacturing & Process Improvement, setting up of start-up factories, Construction Projects Management and Consultancy service in Engineering Designs & Project Management.

He has served both semi-government and private Sector organizations including Ceylon Electricity Board, Asia Power (Pvt) Ltd, MAS Holdings (Pvt) Ltd and Brandix Casual Ware (Pvt) Ltd. Presently, he holds the position of Managing Director/Principal Consultant of K2 Consultants (Pvt) Ltd and Director positions of Quadd Solutions (Pvt) Ltd and Promap (Pvt) Ltd.

Board of Directors

C. PIETERSZ

Appointed to the Board	01.10.2022
Directorship nature	Non Executive - Independent Director

	Leadership	Electric Engineering	Accounting and Finance	Legal/ Regulatory	People's Mgt	Risk & Strategy
Expertise	✓		✓		✓	✓

	Audit Committee	Remuneration Committee	Related Party Transactions Review committee
Board sub Committee membership	✓	✓	

Coralie is an associate member of the Institute of Chartered Accountants in England and Wales and a fellow member of the Institute of Chartered Accountants of Sri Lanka and of the Institute of Certified Management Accountants of Sri Lanka. She has a BSc (Hons) in physics from the University of Sussex and holds an MBA from Heriot-Watt University, Edinburgh.

Coralie holds directorships in a number of listed entities. She is a member of the council of the Institute of Chartered Accountants of Sri Lanka and has served on several committees.

Coralie counts over 25 years of senior level experience in corporate finance, accounting and auditing in both private and public sectors. She joined Finlays Colombo in 2010 as Finance Director and was also appointed as Finance Director of Hapugastenne Plantations PLC and Udapussellawa Plantations PLC in 2016 and held these roles until 2020. Prior to that she functioned as the Group CFO at Richard Pieris and Company PLC, a role that entailed responsibility for the finance function of this diversified Group, which included five listed companies.

BOARD OF DIRECTORS OF SUBSIDIARIES

DIRECTORS NAME & COMPANY NAME	COMPANY REGISTRATION NO	DATE OF INCORPORATION
PANASIAN POWER PLC	PV 9959 PB/PQ	2002.04.22
MR. L.H.A.L. SILVA		
MR.D. SOORIYAARACHCHI		
MR. P.K. PATHMANATHA		
MR. W.W.M.S.B.K.G. KAMBURADENIYA		
MRS.L.K.A.H. FERNANDO		
MR. C.V. KULATILAKA		
Ms. M. C. PIETERSZ		
MANELWALA HYDRO POWER (PVT) LTD	PV 10137	2002.05.06
MR. L.H.A.L. SILVA		
MR. P.K. PATHMANATHA		
MR. W.A.I.R. PERERA		
PADIYAPELELLA HYDROPOWER LIMITED	PV 64694 PB	2008.07.31
MR. L.H.A.L. SILVA		
DR. Z.A.M. THAHIR		
MR. P.K. PATHMANATHA		
MRS.L.K.A.H. FERNANDO		
PANASIAN INVESTMENTS (PVT) LTD	PV 84223	2012.02.14
MR. L.H.A.L. SILVA		
MR.P.K.PATHMANATHA		
MRS. R.WEUDAGEDARA		
LOWER KOTHMALEOYA POWER TWO (PVT) LTD	PV 81275	2011.09.14
MR. L.H.A.L. SILVA		
MR. P.A.D.S.K. AMARASEKARA		
MR. S.K.S.H.K. SURIYAARACHCHI		
MR. P.K. PATHMANATHA		
MR. Y. M. K. Y. BANDARA		
PAP SOLAR ONE (PVT) LTD	PV 128774	2018.01.11
MR. L.H.A.L. SILVA		
MR. P.K. PATHMANATHA		
MRS. R. WEUDAGEDARA		
POWERGEN ONE (PVT) LTD	PV 128379	2017.12.26
MR. L.H.A.L. SILVA		
MS.C. A. PERIES		
MR .P. L. C. JINADASA / T. D. PERERA		
MRS. L.K.A.H. FERNANDO		
ECO GREEN SOLAR SOLUTIONS (PVT) LTD	PV 129828	2018.02.15
MR. L.H.A.L. SILVA		
MR. P.K. PATHMANATHA		
MR. Y. M. K. Y. BANDARA		

Board of Directors of Subsidiaries

DIRECTORS NAME & COMPANY NAME	COMPANY REGISTRATION NO	DATE OF INCORPORATION
PANTHREE SOLARO ENERGY (PVT) LTD	PV 00202822	2018.08.06
MR. L.H.A.L. SILVA		
MR. P.K. PATHMANATHA		
MR. W.A.I.R. PERERA		
SOLAR POWER GENERATION MATARA (PVT) LTD	PV 00205195	11.10.2018
MR. L.H.A.L. SILVA		
MR. P.K. PATHMANATHA		
MR. W.A.I.R. PERERA		
RAJARATA SUSTAINABLE DEVELOPMENT (PVT) LTD	PV 00206952	6.12.2018
MR. L.H.A.L. SILVA		
MR.P.K. PATHMANATHA		
MRS. L.K.A.H. FERNANDO		
FINERGREEN RAJARATA (PVT) LTD	PV 00209489	05.03.2019
MR. L.H.A.L. SILVA		
MR.P.K. PATHMANATHA		
MRS. L.K.A.H. FERNANDO		
PANASIAN POWER ZAMBIA LIMITED	120180009477	09.11.2018
MR. L.H.A.L. SILVA		
MRS. L.K.A.H. FERNANDO		
MR. P.K. PATHMANATHA		
MR.A. MIYANADENIYA		
MR. W.W.M.S.B.K.G. KAMBURADENIYA		
FINERGREEN GONNORUWA (PVT) LTD	PV 00268543	23.12.2022
MR. L.H.A.L. SILVA		
MR. P.K. PATHMANATHA		
MRS. L.K.A.H. FERNANDO		
FINERGREEN MATTALA (PVT) LTD	PV 00268544	23.12.2022
MR. L.H.A.L. SILVA		
MR. P.K. PATHMANATHA		
MRS. L.K.A.H. FERNANDO		
FINERGREEN RIDIYAGAMA (PVT) LTD	PV 00268569	23.12.2022
MR. L.H.A.L. SILVA		
MR .P.K. PATHMANATHA		
MRS. L.K.A.H. FERNANDO		
WINSOL RENEWABLES (PVT) LTD	PV 00270643	02.02.2023
MR. L.H.A.L. SILVA		
MR. P.K. PATHMANATHA		
MRS .S.K.M.D. WIJESEKARA		

MANAGEMENT TEAM

P.K.PATHMANATHA

CEO/Chief Executive Director

Y.J.C.GUNATHILAKE

Senior Manager Technical

E.A.D.L.D.EGODAWATHTHA

Finance Manager

A.S. ARCHANA

Manager Environment compliance and Tendering

D.A.N.M.ATHUKORALA

Assistant Manager Admin & HR

R.C.AMARASINGHE

Project Manager

K.D.M.C.SIRIWARDANA

Project Manager

H.N.S.P. NANDASIRI

Assistant Manager Business Development

D.G. HARSHA KUMARA

Accountant

H.U.S. YASARA

Service Engineer

P.M.D. PATHIRATHNE

Plant Engineer

S.N.YAPA

Electrical Engineer

R.WEUDAGEDARA

Company Secretary

CORPORATE GOVERNANCE

CHAIRMAN STATEMENT ON CORPORATE GOVENANCE

On behalf of the Board of Directors, I am pleased to present the Corporate Governance Report of Panasian Power PLC (the Company) for the Financial Year 2022/23.

The Board and its sub-committees work efficiently together to create, implement, and improve strategies across the Group. Made up of highly professional, forward-thinking individuals, with vast experiences from diverse backgrounds, the composition of the Board is regularly assessed to ensure that the Group is managed by competent professionals, each bringing their own expertise to the table.

As Chairman, I am primarily responsible for setting the group's strategy in conjunction with the Board and for ensuing effective Board functions. This includes ensuring the Board continues to develop its corporate governance, in response to changes in external and internal environment. I have sought to discharge Board functions effectively, by encouraging the active participation of non-executive and executive directors, thereby ensuring a high standard of corporate governance.

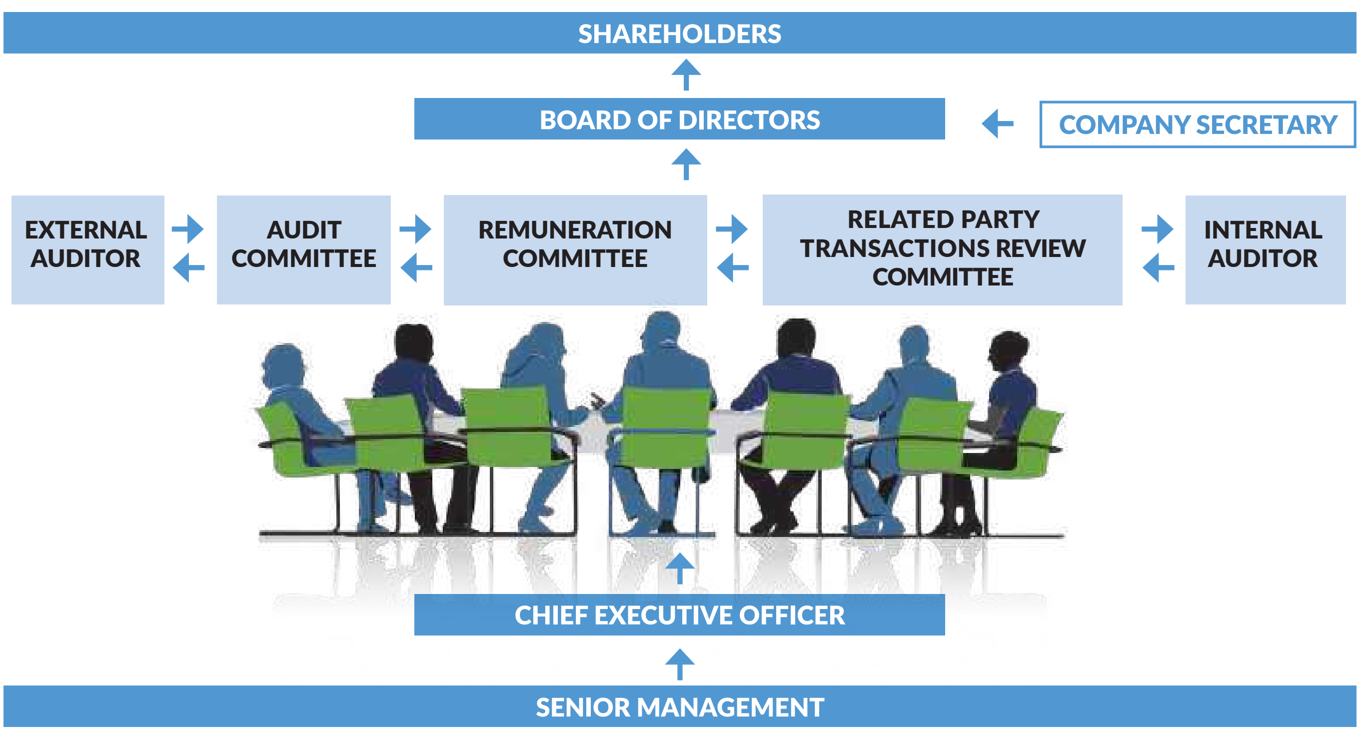
On behalf of the Board, I wish to declare that the Board of Directors, Corporate Management and Employees have complied with the principles of good governance as set out by the Code of Best Practice on Corporate Governance 2017 issued by the Institute of Chartered Accountants of Sri Lanka, the Listing Rules of the Colombo Stock Exchange as well as Company's internal policy guidelines. Further, to the best of my knowledge, I affirm that I am not aware of any material violations of any provisions of the Code of Ethical Business Conduct which is applicable to the employees and the Directors.

Mr. L.H.A.L.Silva
Chairman

26 June 2023

GOVERNANCE STRUCTURE

PAP has a two tier management structure comprising a board of directors and senior management. The Board is responsible for the overall strategic management of the company and supervises company performance. The senior management has responsibility for daily operations of the company. The two bodies are separate in both functions and membership



OUR COMPLIANCE FRAMEWORK

STATUTORY COMPLIANCE

- The Company Act No 07 of 2007 and Regulations
- Listing Rules of the Colombo Stock Exchange (CSE)
- Securities and exchange commission of Sri Lanka Act No. 36 of 1987 including directives and circulars
- Sri Lanka Accounting and Auditing standards Act No.15 of 1995
- Shop and Office Employees Act of 1954
- Inland Revenue Act No. 24 of 2017

VOLUNTARY COMPLIANCE

- Code of Best Practice on Corporate Governance issued by the SEC and ICASL (2017)
- Integrated Reporting Framework issued by the International Integrating Reporting Council (IIRC)
- GRI Standards for sustainability reporting issued by the Global Reporting Initiative

INTERNAL BENCHMARKS AND PROCEDURES

- Articles of Association
- Terms of References of Board Sub-Committees
- Comprehensive Framework of Board approved policies
- Enterprise Risk Management Policy
- Code of Conduct and Ethics
- Policy Prohibiting Insider trading
- Other internal policies and Procedures

BOARD

The commitment of our Board towards Corporate Governance is a critical factor in the achievement of our corporate strategy. As the facilitators of good Corporate Governance, all Directors dedicate significant time and effort to attend the Board and Board Committee meetings and provide independent judgement on matters relating to strategy, performance, risk management, governance and business conduct and ensure all business functions are carried out in an ethical and effective manner to ensure the continued satisfaction of the stakeholders. The Board assumes a supervisory role in overseeing the Management and its performance and acknowledges the responsibility to ensure that the annual report represents a balanced and accurate view of Corporate Governance practices and the salient matters which are expected to affect the stakeholders.

Our present Board comprises an appropriate and diverse balance of skills, industry experience and perspectives to discharge its responsibilities objectively and effectively.

BOARD RESPONSIBILITIES

The Board of Directors of PAP is committed to maintaining the highest standard of integrity and transparency in its governance of the company. It ensures that an appropriate governance framework encompassing compliance with the company values and internal policies is established and that the Company meets all of its legal and regulatory requirements.

The key responsibilities of the Board are set out below;

- Setting strategic priorities and monitoring its effective implementation.
- Ensuring effective systems to secure integrity of information, internal controls, business continuity, risk management and overseeing the process for evaluating its adequacy.
- Ensuring integrity of financial reporting processes.
- Appointing a Chief Executive officer (CEO) and ensuring the management team possess the skills , experience and knowledge to implement the strategy.
- Developing a suitable corporate governance framework, policies and procedures and ensuring compliance with laws, regulations and ethical standards.

Corporate Governance

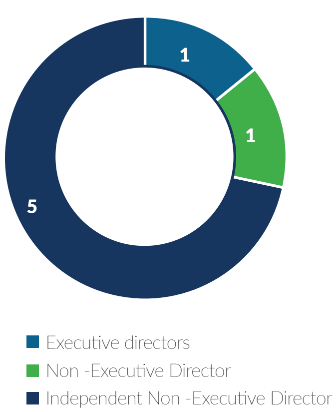
Where necessary, the Board delegates its duties and powers to its four Sub-Committees in order to safeguard operational efficiency and ensure that specific issues are being handled with relevant expertise.

BOARD COMPOSITION

The Board of Directors conducts the affairs of the company based on its diverse industry knowledge and experience, and ensures that its composition is appropriate for the effective execution of its responsibilities. The Company believe that Board independent is essential to bring objectivity and transparency to the management and to the dealings of the company. As such, the board comprises five independent Non Executive directors and one non executive director and one executive director, This composition ensures an appropriate balance of power and authority among the various functions.

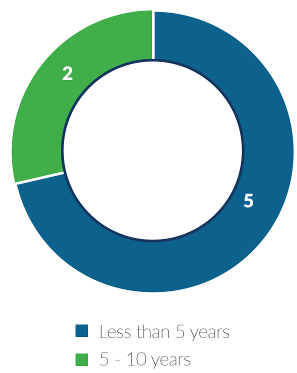
The Board of Directors have extensive experience in areas pertinent to the execution of the company's strategy. They remain professionally active, motivated and willing to broaden and deepen their knowledge and exposure

DIRECTOR STATUS



DIVERSITY OF GENDER

TENURE OF DIRECTORSHIPS



AGE DIVERSITY

Age Group	No of Directors	%
Less 30 Years	-	-
30 -50 Years	2	28%
50 Years	5	72%

BOARD FUNCTIONS

Over the years, the board has developed and fine tuned corporate governance guidelines, provided a framework for the manner in which the Board functions are discharge in ensuring companies corporate responsibilities towards our stakeholders. The guidelines establish a solid foundation for management and oversight, and provide the necessary authority and processes to review and evaluate our operations as and when required, and allow the board to make decisions that are independent of the management.

The guidelines are in line with the Company's core values of integrity, professionalism, respect for the individual and result orientation.

This framework for management and oversight is designed to;

- Enable the Board to provide strategic guidance for the company.
- Clarify the respective roles and responsibilities of Board members and senior executives in order to facilitate board and Management accountability to both the company and its shareholders.
- Ensure a balance of authority.

The Board meets quarterly to review the Company's Operations and takes responsibility for;

Area of Responsibility	Board Oversight on Responsibility’
Strategic Responsibility	Formulate and implement sound business strategies
	Grant final approval for short term and long term business plans including evaluation of new project financial feasibility
	Evaluate Senior management performance including CEO’s Performance
Financial Responsibility	Ensure company adopt appropriate accounting policies and fostering compliance with Financial Regulations
	Approving and Monitoring financial and other reporting
	Grant approval for new funding facilities
	Provide necessary guidance to execute proper cost management mechanism
Compliance and Control Responsibility	Ensure effective systems to secure integrity of information, internal controls, business continuity and risk management
	Establish a process of monitoring and evaluation of progress on strategy implementation, budgets, plans and related risks
	Ensure compliance with law, regulations and ethical standards
	Ensuring all stakeholder interests are considered in corporate decisions

The Board Meetings held during the year and directors’ attendance are as set out below;

Name of Director	Meeting date	19/05/22	26/05/22	28/06/22	09/08/22	11/11/22	7/2/23	10/3/23
	Virtual or physical	physical	physical	Virtual	Virtual	physical	physical	physical
	Mr. P. Ramanujam *	√	√	√	-	-	-	-
	Mr. D. Sooriyaarachchi	√	√	Excused	√	√	√	√
	Mr. P. K. Pathmanatha	√	√	√	√	√	√	√
	Ms. L. K. A. H. Fernando	√	√	√	√	√	√	√
	Mr. V. Kulatilaka	√	√	√	√	√	√	√
	Mr. K. Kamburadeniya	√	√	√	√	√	√	√
	Mr. L. H. A. L. Silva **	√	√	√	√	√	√	√
	Ms. C. Pietersz ***	-	-	-	-	√	√	√

Attended for the meeting - “√”

** Resigned w.e.f - 28/06/2022*
***Appointed w.e.f - 01/03/2022*
**** Appointed w.e.f - 01/10/2022*

Total Meetings held during the year -07

Corporate Governance

BOARD SUB COMMITTEES

The board has appointed sub committees to discharge its functions, which serve as an oversight mechanism for enhancing the board's monitoring of compliance and risk management. PAP has four board committee, namely the Audit Committee, Remuneration Committee, Related Party Transaction Review Committee and Nomination and Corporate Governance Committee. Each has its own terms of reference and is mandated by the listing rules of the Colombo stock exchange and meets all prescribed criteria of rules. All Four committee comprise Independent Non executive directors. one of the Independent Non Executive directors is nominated as the chairperson of each committee. Further, sufficient resources are provided to enable the board committees to undertake their specific roles.

AUDIT COMMITTEE

Primary Objective

Select and apply accounting policies for financial reporting, determine the structure and content of corporate reporting, implement internal control and risk management principles and maintain an appropriate relationship with the company's Auditors.

Name of Director

Meeting date	18/05/22	30/05/22	6/6/22	10/8/22	18/10/22	8/11/22	16/12/22	15/03/22
Virtual or physical	physical	Virtual	Virtual	Virtual	physical	Virtual	physical	physical
Parent company audit committee *								
Ms. C. Pietersz	√	√	√	√	√	√	√	√
Mr. S. G. Wijesinghe**	√	√	√	√	-	-	-	-
Ms. C. G. Ransinghe**	√	√	√	√	-	-	-	-
Ms. L. W. D. Abeyrathne**	√	√	√	√	-	-	-	-
Ms. C. R. Kariyawasam**	√	√	√	√	-	-	-	√
Ms. L. K. A. H. Fernando	√	√	√	√	√	√	√	√
Mr. K. Kamburadeniya	√	√	√	√	√	√	√	√
Mr. L. H. A. L. Silva	√	√	√	√	√	√	√	√

Attended for the meeting - "√"

** Parent Audit Committee members*

***ceased to be the audit committee of the company w.e.f. - 06/10/2022*

Total Meetings held during the year -08

REMUNERATION COMMITTEE

Primary Objective

To rewards executive directors and key management personnel in a manner that ensures that they are properly incentivised and motivated to perform in the best interest of the company over long term.

Name of Director

Meeting date	30/09/2022	30/12/2022
Virtual or physical	Virtual	Virtual
Mr. D. Sooriyaarachchi - Chairman	√	√
Mr. K. Kamburadeniya	√	√
Ms. L. K. A. H. Fernando	√	√
Mr. L. H. A. L. Silva	Excused	√
Ms. C. Pietersz *	-	√

**Appointed w.e.f 06/10/2022*

Total Meetings held during the year -2

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Primary Objective

Reviewing all related party transactions other than those exempted under the listing rules and Corporate Governance code 2017 and recommend Board/shareholder approval where necessary and ensure that all related party transactions of the company are consistent with the relevant regulatory and statutory provisions.

Name of Director	Meeting adate	27/05/2022	28/06/2022	30/11/2022	10/3/23
	Virtual or physical	physical	Virtual	Virtual	Virtual
	Mr. V. Kulatilaka	√	√	√	√
	Mr. P. Ramanujam *	√	√	-	-
	Mr. D. Sooriyaarachchi	Excused	√	√	√
	Mr. L. H. A. L. Silva **	-	√	√	√

Attended for the meeting - "√"

** Resigned w.e.f - 28/06/2022*

***Appointed w.e.f - 01/03/2022*

Total Meeting held during the year -04

Communication with shareholders

The Company considers effective communication with shareholders as being essential to enable them to make have a clear assessment of company performance, understand the value of their investment and ensure the accountability of the board of directors, clear accurate and timely communication is provided to shareholders on the Company 's financial performance and future growth prospects though a range of channels.

Major mode of communication with shareholders of the company are the annual general meetings, annual reports, interim Financial statements, press releases and announcements to the Colombo stock exchange and social media platforms.

Shareholders are encouraged to share their inquiries and concerns in writing through the company secretary.

Compliance

Section 01		The Company	
Code	Principle	Status	Level of Compliance
A	DIRECTORS		
A.1	**The Board**		
A.1.1	Frequency of Board Meetings	**Complied**	Board meeting are held on a quarterly basis at a minimum and meets more frequently whenever it is necessary
			Attendance at these meetings are set out in the table given in this section
A.1.2	Responsibility of the Board	**Complied**	The Directors are responsible for;
			The Formulation and Implementation of a sound business strategy through the skilled and experienced Chief Executive Officer and the management team

Corporate Governance

Section 01		The Company	
Code	**Principle**	**Status**	**Level of Compliance**
			Ensuring effective system are in place to secure the integrity of information, internal controls and business continuity
			Ensuring the establishment of Company value and standards with emphasis on the adoption of appropriates accounting policies and fostering compliance with financial regulations
			Fulfilling such Board functions are vital, given the scale, nature and complexity of the business
A.1.3	Compliance with the laws of the country and approval to obtain independent professional advice	**Complied**	The Board collectively and Directors individually act in accordance with Laws and Regulations of the country applicable to the business enterprise
			In discharging their duties, the Directors seek independent professional advice from external parties when ever necessary at the expense of the Company.
A.1.4	Company Secretary	**Complied**	The Company Secretary provides the board with support and advice relating to Corporate Governance matters, Board Procedures and applicable rules and regulations during the financial year
			Members of the Board have unrestricted access to the advice and services of the Company secretary. The appointment and removal of the company secretary rests with the board
A.1.5	Independent judgement of Directors	**Complied**	All Directors brings independent judgement to issue of strategy , Performance and resources including key appointments and standards of business conduct
A.1.6	Dedication of adequate time and effort of the Directors	**Complied**	The Board of Directors dedicates adequate time and effort to ensure their duties and responsibilities towards the Company and Board are discharged.
			Sufficient time is allocated before a meeting to review board papers and call for additional information and clarification, and to follow up on issues consequent to the meeting. Hence the directors are able to familiarize themselves with business changes, operations, risks and controls which ultimately help them to satisfactorily discharge their duties and responsibilities to the company
A.1.7	Calling for resolution for the best interest to the Company	**Complied**	Any single director may call for a resolution to be presented to the board where he feels it is in the interest of the Company. As per articles of association, resolution can be passed with majority voting
A.1.8	Training of new and existing Directors	**Complied**	Directors are encouraged to participate in continue professional and self development activities as necessary
			The Board regularly reviews the training and development needs of the Directors

Section 01		The Company	
Code	**Principle**	**Status**	**Level of Compliance**
A.2	**Chairman and Chief Executive Officer (CEO)**		
A.2.1	Division of responsibilities of Chairman and CEO	**Complied**	The Position of Chairman and Chief Executive Officer are separated
			The presence and involvement of the Senior Independent Director and Other independent Directors ensure that no single individual enjoys unfettered power of decision making and provides the basis of prevalence of independent judgment over standards of business conduct.
A.3	**Chairman's Role**		
A.3.1	Chairman's Role	**Complied**	The chairman is responsible for efficient conduct of board meetings and ensures that;
			The effective participation of both Executive and Non- Executive Directors
			Information relating to the matters on the agenda are shared in a timely manner
			All directors are made aware of their duties and responsibilities
			There are effective contributions by all Directors at proceedings
			The views of Directors on issues under consideration are ascertained and recorded
			All Directors are able to seek information considered necessary to discuss matters on the agenda;
			Board control on the affairs of the company and its obligations to all stakeholders
			The balance of power between Executive and Non-Executive Directors is maintained.
A.4	**Financial Acumen**		
A.4.1	Financial Acumen	**Complied**	The Board includes two Chartered Accountant who possess the necessary knowledge and competencies to provide the board with guidance on matters of Finance. They serve as members of the audit committee as well.
			And, other members of the board have considerable experience in handling matters of finance, having served in senior capacities in different organizations. Hence the board is well equipped with sufficient Financial acumen and knowledge to offer guidance on matters of finance
A.5	**Board Balance**		
A.5.1	Non Executive Directors	**Complied**	Six of seven directors are Non Executive Directors
A.5.2	Independent Non Executive Directors	**Complied**	Five of the seven Non Executive Directors are independent.- The Board has determined that five Directors satisfy the criteria for independence set out in the listing rules.

Corporate Governance

Section 01		The Company	
Code	**Principle**	**Status**	**Level of Compliance**
A.5.3	Independence of Non Executive Directors	**Complied**	All are independent of the management and free from any relationship that could affect their independent judgement
A.5.4	Annual declaration of independence of Non executive directors	**Complied**	Each Non Executive Director has submitted declaration stating their independence or non independence in the prescribed format
A.5.5	Determination of independence of the Directors	**Complied**	The board considered the declaration of independence submitted by each non executive director as being a fair representation of the basis for the determination given in the code of best practices, and will continue to annually evaluate their independence on this basis
A.5.6	Alternate Director	**N/A**	No alternative directors were appointed during the year under review
A.5.7	Senior Independent Director	**Complied**	Mr. Deepal Sooriyaarachchi has been appointed as the senior independent Director (SID).
A.5.8	Senior Independent Director's (SID) meeting with other directors	**Complied**	SID met both Executive and Non-Executive Directors to enable discussion and communication of governance related matters as and when needed
			The Senior Independent Director is available for confidential discussions, should there be any concerns regarding governance or issues that may adversely affect the Company, inadequately addressed by the Board. Except for the Annual General Meeting of the Company, no other shareholder meeting was convened during the period under review
A.5.9	Chairman meetings with Non Executive Directors	**Complied**	The Chairman meets with the NED's without the presence of the Executive Directors on a needs basis, and there are open lines of communication between members of the Board. There were no formal specific meetings held with NED's during the year
A.5.10	Recording of concerns in the Board Minutes	**Complied**	All concerns raised by the Directors about the matters of the Company which cannot be unanimously resolved have been duly recorded in the board minutes in sufficient detail
A.6	**Supply of Information**		
A.6.1	Timely and appropriate information to the Board	**Complied**	The Board is provided with timely information in a form and of a quality appropriate to enable it to discharge it duties effectively
			Directors make further inquiries where necessary should information provided by management not be enough.
A.6.2	Information provided in advance to the Board meetings	**Complied**	The Agenda for the Board meeting and connected discussion papers are ordinarily circulated to the Directors seven (7) days in advance to facilitate the effective conduct of the meeting

Section 01		The Company	
Code	**Principle**	**Status**	**Level of Compliance**
A.7	**Appointment to the Board**		
A.7.1 & A.7.2	Appointment to the Board	**Complied**	The appointments to the board are made based on recommendation of the Nomination and Corporate Governance Committee.
A.7.3	disclosure of new Appointment	**Complied**	The Colombo Stock Exchange is informed upon the appointment of a new Director to the Board, along with a brief resume of the Director which includes
			the nature of his expertise in relevant functional area
			other Directorships or memberships in Board sub committees
			whether the Director is considered as an Independent Director
A.8	**Re -Election**		
A.8.1 & A.8.2	Re -election of Directors	**Complied**	The Provision of the Company's articles requires a Director appointment by the board to hold office until next annual general meeting, and seek re appointment by the shareholders at that meeting
			retirement by rotation and amendment to the article is proposed at EGM to be approved by the shareholders.
A.8.3	Resignation	**Complied**	Written communications are provided to the Board by Directors who resign prior to completion of his appointed term. No resignation were reported during the year under review
A.9	**Appraisal of Board Performance**		
A.9.1, A.9.2 & A.9.3	Annual performance evaluation of Board and its sub Committees	**Complied**	The performance of the Board and sub committee is evaluated annually
A.10	**Disclosures of information in respect of Directors**		
A.10.1	Disclosures about Directors	**Complied**	Information pertaining to Directors is disclosed as given below
			* Name, Qualification, Brief Profile and are/nature of expertise -(Pages 66-72)
			* Directors interest in Contracts (Refer Page 113)
			* Number of meetings of the Board and Committee held, attended and name of committee in which the director serves as chairman or member (Refer Pages 96-102)
A.11	**Appraisal of Chief Executive Officer**		
A.11.1 & A.11.2	Setting annual targets and appraisal of the performance of the Chief Executive Officer by the Board	**Complied**	At the commencement of each financial year, the Board in consultation with the Chief Executive Officer sets financial and non-financial goals based on the short, medium and long-term objectives of the Company
			The CEO was appraised as part of the annual appraisal process.

Corporate Governance

Section 01		The Company	
Code	**Principle**	**Status**	**Level of Compliance**
B	**DIRECTORS' REMUNERATION**		
B.1	**Remuneration Procedure**		
B.1.1	Remuneration Committee	**Complied**	The Board has implemented a formal and transparent procedure for developing policies on remuneration by setting up a Remuneration Committee
			Its purpose is to assist the Board of Directors in matters relating to compensation of the Company's Directors, Executive Officers and such other employees as determined by the Committee.
B.1.2 & B.1.3	Composition of Remuneration Committee	**Complied**	The Remuneration committee consists of Four Independent Non Executive Director and one Non Executive Director and is chaired by an independent Non Executive Director
			They are; Mr. D. Sooriyaarachchi (Chairman) Mr. K. Kamburadeniya (Member) Ms. L. K. A. H. Fernando (Member) Mr. L. H. A. L. Silva (Member) Ms. C. Pietersz (Member)
B.1.4	Remuneration of the Non Executive Directors	**Complied**	In terms of the Articles of Association of the Company, the Directors determine the fees payable to the Non-Executive Directors
B.1.5	Consultation of the chairman and access to professional advice	**Complied**	The Remuneration Committee consults the Chairman about its proposal relating to the remuneration of other Executive Directors and has access to professional advice in discharging their responsibilities.
B.2	**The level and make up of remuneration**		
B.2.1& B.2.2	Level of Remuneration for Senior Management Executives	**Complied**	The remuneration committee ensures that the remuneration of executives at each level is competitive and is line with their performance. Surveys are conducted as and when necessary to ensure that the remuneration is on par with market rates
			Executive Directors' and Key Management's remuneration is designed to promote the long-term success of the Company/ Group.
B.2.3	Positioning Company remuneration levels relative to other companies	**Complied**	When determining annual salary increments, the remuneration committee is sensitive to remuneration and employment conditions elsewhere in the Group
B.2.4	Performance related elements of remuneration for senior management executives	**Complied**	The Remuneration Committee reviews the performance of the Executive Directors and senior management and the performance bonus is based upon the achievement of goals and targets by the individual and the respective subsidiary to which such individual is attached.
B.2.5	Executive Share Options	**Complied**	The Company does not have executive share option scheme

Section 01		The Company	
Code	**Principle**	**Status**	**Level of Compliance**
B.2.6	Designing performance related remuneration	**Complied**	Performance-related remuneration is designed by the Remuneration Committee based on the provisions set out in schedule E of the Code of Best Practice on Corporate Governance 2017
B.2.7 & B.2.8	Compensation, Commitments in the event of early termination and dealing with early termination	**Complied**	If the situation arises, the Remuneration Committee will consider the compensation commitments to Directors in the event of early termination.
B.2.9 & B.2.10	Level of Remuneration for Non executive Directors	**Complied**	Remuneration of Non-Executive Directors reflects their time commitment and responsibilities of their role and market practices. It does not include share options
B.3	**Disclosure of the remuneration**		
B.3.1	Disclosure of remuneration	**Complied**	The total remuneration paid to the Directors are disclosed in Note 10 to the Financial statements
C	**RELATIONS WITH SHAREHOLDERS**		
C.1	**Constructive use of AGM and conduct of General Meetings**		
C.1.1	Use of Proxy	**Complied**	The Company counts all proxies lodged on each resolution and the percentage of votes for and against each resolution
C.1.2	Separate resolution for all separate issues at the annual general meeting	**Complied**	A separate resolution is proposed for each issue at the AGM.
			Further, adoption of the Annual Report of the Board of Directors on the affairs of the Company and Audited Financial Statements together with the Report of the Auditors thereon are considered as a separate resolution
C.1.3	Response to queries at the annual general Meeting	**Complied**	The chairman ensures that the chairman of the sub committees are available to answer questions at the annual general meeting
C.1.4	Notice of the annual General Meeting and General Meetings	**Complied**	A copy of the Annual Report including Financial Statements, Notice of Meeting and the Form of the Proxy are sent to shareholders 15 working days prior to the date of the AGM, as requested by statute, in order to provide the opportunity to all the shareholders to attend the AGM
C.1.5	Procedure of voting at the Annual General Meeting	**Complied**	The procedure governing voting at the General Meeting is circulated with the Notice of Meeting
C.2	**Communication with shareholders**		
C.2.1 to C.2.7	Communication with shareholders	**Complied**	The Company encourages effective communication with the shareholders and answers queries and concerns of shareholders through the Company Secretaries, Corporate website and CSE website
			The Company's policy pertaining to the communication with shareholders involves the sharing of all financial and non-financial information as per the applicable statutory and regulatory requirements and best practices adopted by the Company. The methodology of communication with shareholders is multi-faceted to ensure the accuracy of information disseminated and the timeliness of dissemination

Corporate Governance

Section 01		The Company	
Code	**Principle**	**Status**	**Level of Compliance**
			The implementation of the policy and the methodology is done through the adoption of the above-mentioned channels of communication
			The contact person for shareholder communication is the Company Secretary.
			The Company Secretaries maintain a record of all correspondence received and will deliver such correspondence to the Board or individual Director as applicable. The Board or individual Director, as applicable, will respond appropriately to all validly received shareholder correspondence and will direct the Company Secretaries to send the response to the particular shareholder.
			Company Secretary is assigned to respond to shareholders by the The Board and update the Board on such matters.
C.3	**Major and Material Transactions**		
C.3.1	Disclosure of Major Transactions to shareholders	**Complied**	There were no transactions during the year that fell within the definition of a major transaction defined by Section 185 of the Companies Act No. 07 of 2007. There were no transactions during the year under review that would suggest a substantial alteration in the nature of the business carried out by the Company
D	**ACCOUNTABILITY AND AUDIT**		
D.1	**Financial Reporting**		
D.1.1	Publishing of annual report including financial statements	**Complied**	The Board has presented the annual report which includes the Financial Statements of the Company and Group that are true and fair, balanced and understandable and prepared in accordance with LKASs and SLFRSs to regulators as well as presented interim and other public price sensitive information in a balanced and understandable way as required by statutory requirements. The Annual Report is partially compliant with integrated reporting standards
D.1.2 & D.1.3	Balanced and understandable information	**Complied**	The Board is aware of its responsibility to present regulatory and statutory reporting in a balanced and understandable manner and a statement to this effect is given in the Statement of Directors' Responsibility on page 116 confirming this position
			In preparing annual and quarterly Financial Statements, the Company complies with the requirements of the; Companies Act No. 07 of 2007 Sri Lanka Accounting Standards and Listing Rules of the Colombo Stock Exchange
			The Chief Financial Officer/Finance Manager and Chief Executive Officer review quarterly and year-end Financial Statements before submitting to the Audit Committee and Board and ensure that, the financial records of the entity have been properly maintained and that the Financial Statements comply with the appropriate accounting standards and give a true and fair view
			Please refer the "Responsibility Statement of Chairman, Chief Executive Officer and Finance Manager" on page 117 of the Annual Report

Section 01		The Company	
Code	**Principle**	**Status**	**Level of Compliance**
D.1.4	Directors' Report in the annual report	**Complied**	The Declarations required to be made by the Board are given in the Annual Report of the Board of Directors (refer page111)
D.1.5	Statement of Directors' and Auditor's responsibility for the Financial Statements	**Complied**	The statement of Directors' responsibility in preparation of the Financial Statements is given on page 116 while the independent auditors report on pages 118 to 119 state the Auditors' responsibility for the Financial Statements
D.1.6	Management Discussion and Analysis	**Complied**	Management discussion and analysis and Financial Review is given on pages 35 to 39 of this report. The risk management report is given on pages 103 to 108. The capitals are discussed on pages 35 to 63 of this report. These together discuss
			Business model; Industry structure and developments; opportunities and threats risk management; internal control systems and governance; stakeholder relationships;
D.1.7	Summoning an EGM to notify serious loss of Capital	**Complied**	The Directors ensure that if in the event the net assets of the Company fall below 50% of the value of the Company's shareholders funds an Extraordinary General Meeting will be convened to notify the shareholders of the position and the remedial action will be taken
D.1.8	Related Party Transactions	**Complied**	The transactions entered into by the Company with the related parties is disclosed on Note 35 of the Financial Statements
D.2	**Internal Control**		
D.2.1	Directors to review internal Controls	**Complied**	The internal audit function is outsourced to BDO, who reports to the Board Audit Committee and Group CEO.
			The risk management section is covered on pages 103 to 108.
D.2.2	Internal Audit Function	**Complied**	An Internal Audit is executed annually under supervision of the Audit Committee
D.2.3	Review of effectiveness of the risk management and internal audit function	**Complied**	The Audit Committee monitors, reviews, and evaluates the effectiveness of the risk management and internal control system including the internal controls over financial reporting. The Audit Committee report is given on pages 96 to 98 and the Directors' Statement on Internal Control is on page 115.
D.2.4	Responsibility of Directors	**Complied**	Directors take responsibility for maintaining a sound system of internal controls.
D.3	**Audit Committee**		
D.3.1	Composition of Audit Committee	**Complied**	The Audit Committee consists of three independent Non Executive Directors and one non executive director. The chairman of the committee is an independent non executive director appointed by the Board
D.3.2	Duties of the Audit Committee	**Complied**	The Audit committee is responsible for reviewing the scope and results of the audit and the effectiveness, independence and objectivity of the auditors
D.3.3	Terms of reference of the Audit Committee	**Complied**	The Audit Committee has a written Terms of Reference dealing with its authority and duties.

Corporate Governance

Section 01		The Company	
Code	**Principle**	**Status**	**Level of Compliance**
D.3.4	Disclosures of the Audit Committee	**Complied**	The Audit Committee Report is available on pages 96 to 98.
D.4	**Related Party Transactions Review Committee**		
D.4.1	Disclosures of Related Party Review Committee	**Complied**	Related party and related party transactions are defined as per LKAS 24.
D.4.2	Composition of Related Party Transactions Review Committee		The Related Party Transactions Review Committee consists of Three Independent Directors . The Chairman of the Committee is an independent Director appointed by the Board.
			The following Directors served on the Related Party Transactions Review Committee during the period of 1 April 2022 to 31 March 2023 under review
			Mr. V. Kulatilaka (Chairman) Non Executive - Independent Director
			Mr. D. Sooriyaarachchi (Member) Non-Executive - Independent Director
			Mr. L. H. A. L. Silva (Member) Non Executive Independent Director
D.4.3	Terms of Reference of the Related Party Transactions Review Committee		The Related Party Transactions Review Committee Report sets out the functions of the Committee which is given on pages 101 to 102.
D.5	**Code of Business Conduct and Ethic**		
D.5.1	Disclosures on presence of code of business conduct and ethics	**Complied**	The Company has adopted a Code of Business conduct and ethics and the Directors and Key Management Personnel are committed to the code and the principles contained therein.
			There were no reported cases of non-compliance to, Code of Business Ethics by any Director, Key management personnel or any other employee.
D.5.2	Reporting of price sensitive information		The Company has established policy and process to ensure that material and price sensitive information is immediately disclosed to the Colombo Stock Exchange immediately after relevant decisions are made by the Board of Directors.
D.5.3	Disclosure of share information of Key Management Personnel		A policy is in place and any share transaction done by a Board Director or related party needs to be immediately disclosed to the Company Secretary. The Company Secretary will inform such transactions to the Colombo Stock Exchange.
D.5.4	Affirmation of code in the annual report by the chairman	**Complied**	The Chairman's affirmation in the Company's Annual Report that he is not aware of any violation of any of the provisions of the Code of Business Conduct & Ethics is on pages 111.
D.6	**Corporate Governance Disclosures**		
D.6.1	Disclosures of Corporate Governance	**Complied**	The Corporate Governance Report sets out the manner and extent to which the Company has complied with the principles and provisions of the code

Section 01		The Company	
Code	**Principle**	**Status**	**Level of Compliance**
E	**Institutional Investors**		
E.1	Shareholder Voting	**Complied**	The Company is committed to maintaining good communications with investors. The Annual General Meeting provides the forum for shareholders to express their views. The Chairman ensures that any views expressed by investors to him personally or at General Meetings are discussed with the Board. The Directors consider that it is important to understand the views of shareholders and, in particular, any issues which concern them
E.2	Evaluation of Governance Disclosures	**Complied**	When evaluating the governance arrangements particularly, in relation to the Board structure and composition, institutional investors are encouraged to give due weight to all relevant factors drawn to their attention
F	**Other Investors**		
F.1	Individual shareholders	**Complied**	Individual shareholders, investing or divesting directly in shares of the Company are encouraged to carry out adequate analysis and seek the independent advice in such decisions
F.2	Individual shareholders voting	**Complied**	All shareholders are encouraged to participate at meetings of the company and a form of proxy accompanies each notice providing shareholders who are unable to attend such meeting the opportunity to cast their vote
G	**Sustainability Reporting**		
G.1.1 to G.1.5	Internet and cyber security	**Complied**	The Board has identified the need for management of IT and Cyber. Potential Cyber security risk to the company business model and mechanism to overcome such threads are elaborated and implemented from time to time.
H	**Environmental, Social and Governance Reporting (ESG)**		
H.1	ESG Reporting		
H.1.1	ESG Information	**Complied**	Please refer “Financial Capital” on pages 35 to 39.
H.1.2	Environmental Indicators	**Complied**	Please refer “Natural Capital” on pages 60 to 63.
H.1.3	Social Capital	**Complied**	Please refer “Social and Relationship Capital” on pages 50 to 55.
H.1.4	Governance	**Complied**	Please refer “Corporate Governance” on page 76.
H.1.5	Board Role on ESG Factors	**Complied**	Integrated reporting and Global Reporting Initiative Guidelines are followed in reporting and disclosure of ESG factors

Corporate Governance

The following table presents the Company's compliance with Section 7.6 a of Listing Rules on Corporate Governance issued by the Colombo Stock Exchange

Section 01		The Company	
CSE Rule No.	**Principle**	**Status**	**Level of Compliance**
7.6	**Contents of Annual Report**	**Complied**	
7.6.1	Names of persons who during the financial year were Directors of the Entity	**Complied**	Annual Report of the Board of Directors on page 111-114.
7.6.2	Principal activities of the Company and its subsidiaries during the year and any changes therein	**Complied**	Annual Report of the Board of Directors on page 111-114.
7.6.3	The names and the number of shares held by the 20 largest holders of voting and non-voting shares denominated in LKR and the percentage of such shares held as at the end of the financial year	**Complied**	Share information on page 204-206.
7.6.4	The float adjusted market Capitalization, the public holding percentage, number of public shareholders and option under which the Company complies with the minimum public holding requirement	**Complied**	Share information on page 204-206
7.6.5	A statement of each Directors' and Chief Executive Officer's holding in shares of the Company at the beginning and end of the financial year	**Complied**	Annual Report of the Board of Directors on page 111-114. Share information on page 204-206.
7.6.6	Information pertaining to material foreseeable risk factors of the Company	N/A	The Company does not foresee any material risks affecting its business in the foreseeable future
7.6.7	Details of material issues pertaining to employees and industrial relations of the Company	N/A	During the year under review, there were no material issues pertaining to employees and industrial relations of the Company
7.6.8	Extents, locations, valuations and the number of buildings of the land holdings and investment properties	**Complied**	Note 14 to the Financial Statements
7.6.9	Number of shares representing the stated capital	**Complied**	Note 12 to the Financial Statements
7.6.10	A distribution schedule of the number of holders in each class of equity securities and the percentage of their total holdings	**Complied**	Share information on page 204-206.
7.6.11	Ratios and market price information on: Dividend per share Dividend pay-out Net Asset Value per share Market value per share * Highest lowest values recorded during the Financial Year * Value as at the end of the Financial year	**Complied**	Share information on page 204-206

Section 01		The Company	
CSE Rule No.	**Principle**	**Status**	**Level of Compliance**
7.6.12	Significant changes in the Company's or its subsidiaries' fixed assets and the market value of land, if the value differs substantially from the book value	**Complied**	Notes 14 to the Financial Statements
7.6.13	Details of funds raised through a public issue, Rights Issue and a private placement during the year; (a). A statement as to the manner in which proceeds of such issue have been utilised; (b) An If any shares or debentures have been issued, the number, class and consideration received and the reason for the issue ©. Any material change in the use of funds raised through an issue of securities	**Not applicable**	During the year under review, there were no public issues, rights issues or private placements
7.6.14	a. and b. Information in respect of Employee Share Option or Share Purchase Schemes	**Not applicable**	The Company does not have any Employee Share Option or Share Purchase Schemes at present
7.6.15	Disclosures pertaining to Corporate Governance Practices in terms of Rules 7.10.3, 7.10.5 c. and 7.10.6 c. of Section 7 of the Listing Rules	**Complied**	Corporate Governance Report on page 76 for names of independent directors; Directors' profiles on page 66-72. "Board Remuneration Committee Report" on page 101-102 for composition and remuneration policy Note 10 of the Financial Statements for Directors' aggregate remuneration; Board Audit Committee Report on page 96-98
7.6.16	Related Party Transactions exceeding 10% of the Equity or 5% of the total assets of the Entity as per Audited Financial Statements, whichever is lower Details of investments in a related party and/or amounts due from a related party to be set out separately. The details shall include, as a minimum 01. The date of the transaction; 02. The name of the Related Party; 03. The relationship between the Company and the Related Party; 04. The amount of the transaction and terms of the transaction; 05. The rationale for entering into the transaction.	**N/A**	There were no Related Party Transactions which exceeded 10% of the Equity or 5% of the Total Assets, during the year under review.

Corporate Governance

The following table presents the Company's compliance with Section 7.10 of Listing Rules on Corporate Governance issued by the Colombo Stock Exchange

Section 01		The Company	
CSE Rule No.	**Principle**	**Status**	**Level of Compliance**
7.10.1	Non –Executive Directors	**Complied**	As at 31 March 2023, there are 6 non-executive directors, out of the total of 7 directors
7.10.2 (a)	Independent Directors		
		Complied	As at 31 March 2023, there are 5 independent non – executive directors, out of the total of 6 non – executive directors
7.10.2 (b)	Declaration of independence	**Complied**	All Non – executive directors submitted declarations in the prescribed format.
7.10.3 (a)	Names of Independent Directors	**Complied**	Names of Independent Directors disclosed in Page 66-72
7.10.3 (b)	Criteria for independence	**Complied**	The criteria in the listing rule has been considered when determining independence of Directors
7.10.3 (C)	Brief resume of director	**Complied**	Directors' profiles from pages 66 to 72.
7.10.3 (d)	Brief resumes of new appointments to the Board	**Complied**	Directors' profiles from pages 66 to 72.
7.10.4 (a to h)	Criteria for determining independence	**Complied**	Directors' profiles from pages 66 to 72.
7.10.5 (a)	Composition of Remuneration Committee	**Complied**	The Remuneration committee consist of 5 non –executive directors and 4 directors including the Chairman, are independent. The Chairman of the Committee has been appointed by the Board
7.10.5 (b)	Function of Remuneration Committee	**Complied**	Remuneration Committee Report Page 99-100.
7.10.5 (C)	Disclosure in the annual report relating to remuneration Committee	**Complied**	Board Remuneration Committee report on pages 99 to 100 for composition and remuneration policy
7.10.6 (a)	Composition of Audit Committee	**Complied**	As at 31 March 2023, the Board Audit Committee consisted of four non – executive directors and all three are independent
7.10.6 (B)	Audit Committee Function	**Complied**	Audit Committee report page 96-98
7.10.6 (C)	Disclosure in the annual report relating to audit committee	**Complied**	Audit Committee report page 96-98

Disclosure required by the Companies Act No. 07 of 2007

Section 01		The Company	
Section Ref No.	**Requirement**	**Status**	**Level of Compliance**
168 (1) (a)	The nature of the business of the Group and the Company together with any change there of during the accounting period	**Complied**	Page 111
168 (1) (b)	Signed Financial Statements of the Group and the Company for the accounting period completed	**Complied**	Page 120-123
168 (1) (C)	Auditors' Report on Financial Statements of the Group and the Company	**Complied**	Page 118-119
168 (1) (d)	Accounting Policies and any changes there in	**Complied**	Page 128-148
168 (1) (e)	Particulars of the entries made in the Interests Register during the accounting period	**Complied**	Page 111
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period	**Complied**	Page 111
168 (1) (g)	Corporate donations made by the Company during the accounting period	**Complied**	Page 111
168 (1) (h)	Information on the Directorate of the Company and its Subsidiaries during and at the end of the accounting period	**Complied**	Page 73-74
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered during the accounting period	**Complied**	Page 154
168 (1) (j)	Auditors' relationship or any interest with the Company and its Subsidiaries	**Complied**	Page 118-119
168 (1) (k)	Acknowledgment of the contents of this Report and Signatures on behalf of the Board (Annual Report of the Board of Directors)	**Complied**	Page 116

REPORT OF THE BOARD AUDIT COMMITTEE

C. Pietersz
Chairperson of the Board Audit Committee

Dear shareholder,

As the Chairperson of the Board Audit Committee (BAC/ Committee), on behalf of the other Committee members, I am pleased to present to you the Committee Report of Panasian Power PLC, for the year 2022/23. As required by Section 7.10.6.c of the Listing Rules of the Colombo Stock Exchange (CSE) (Listing Rules) and the Code of Best Practice on Corporate Governance issued by The Institute of Chartered Accountants of Sri Lanka 2017 (CG Code 2017), this Report details the manner in which the duties and responsibilities of the Committee were discharged, during the year under review.

PURPOSE OF THE COMMITTEE

The Committee is established to assist the Board in fulfilling its oversight responsibility of –

- preparation, presentation, and adequacy of disclosures in the Company's Financial Statements, in accordance with Sri Lanka Accounting Standards and in compliance with financial reporting requirements of other relevant statutes, regulations and requirements.
- processes to ensure the Company's internal controls and risk management procedures are adequate to meet the requirements of the Sri Lanka Auditing Standards.
- assessing the Company's ability to continue as a going concern in the foreseeable future.
- performance, effectiveness, and adequacy of the Company's Internal Audit function.
- independence and performance of the Company's External Auditors;
- processes to identify, monitor, and manage significant business/financial risks;
- compliance with statutes and regulations applicable;
- whistle-blowing policy and processes which are in place

TERMS OF REFERENCE (TOR)

The Committee has a Board approved TOR dealing with its authority and duties and carefully designed to discharge the Committee's purpose.

COMPOSITION OF THE BOARD AUDIT COMMITTEE

The Chairman of the Committee as well as the Committee members are appointed by the Board.

Composition of the Board Audit committee

For the period start from 09 August 2021 to 06 October 2022

Name of Director	Designation	Directorship Status
Ms. C.Pietersz	Chairman	Independent Non-Executive Director
Mr. S.G.Wijesinha	Member	Independent Non-Executive Director
Ms.C.G.Ranasinghe	Member	Independent Non-Executive Director
Mr.L.W.D.Abeyarathne	Member	Independent Non-Executive Director
Ms. C.R.Karyawasam	Member	Independent Non-Executive Director

For the period start from 06 October 2022 to 31 March 2023

Name	Designation	Status of Directorship
Ms. C. Pietersz	Chairman	Independent Non Executive Director
Mr. L. H. A. L. Silva	Member	Independent Non Executive Director
Ms. L. K. A. H. Fernando	Member	Non Executive Director
Mr. K. Kamburadeniya	Member	Independent Non Executive Director

COMMITTEE SKILLS AND EXPERIENCE

Committee chairperson Ms. C. Pietersz is Fellow members of the Institute of Chartered Accountants of Sri Lanka. Committee Member Mr. L.H.A.L. Silva is a Professional Banker. Ms. L.K.A.H. Fernando is Fellow members of the Institute of Chartered Accountants of Sri Lanka. Committee Member Mr. K.Kamburadeniya is an Attorney-at-Law and a Chartered Engineer.

REGULAR ATTENDEES BY INVITATION:

Mr. P.K. Pathmanatha – Chief Executive Officer/Executive director (CEO/ED); Ms. E.A.D.L.D Egodawaththa – Finance Manager.

In addition, the Committee summons relevant officials to participate in the proceedings, on a needs basis.

SECRETARY TO THE COMMITTEE

Ms. R. Weudagedara – Company Secretary functions as the Secretary to the Committee

REPORTING TO THE BOARD

The proceedings of the BAC meetings are regularly reported to the Board via the Committee Chair's report outlining proceedings, outcomes, and recommendations. Additionally, the minutes of BAC meetings are also tabled at successive Board meetings, for informational purposes.

MEETINGS

In terms of the TOR of the Committee, the BAC is required to meet on a quarterly basis. However, the Committee may meet more regularly as determined by the Chairman of the Committee or as requested by any member of the Committee.

The attendance of the members at Board Audit Committee meetings is as follows,

NAME OF DIRECTOR	18/5/22	30/5/22	6/6/22	10/8/22	18/10/22	8/11/22	16/12/22	15/3/22
Meeting date	18/5/22	30/5/22	6/6/22	10/8/22	18/10/22	8/11/22	16/12/22	15/3/22
Virtual or physical	physical	Virtual	Virtual	Virtual	physical	Virtual	physical	physical
Ms. C. Pietersz	√	√	√	√	√	√	√	√
Mr. S. G. Wijesinghe *	√	√	√	√	-	-	-	-
Ms. C. G. Ransinghe *	√	√	√	√	-	-	-	-
Ms. L. W. D. Abeyrathne *	√	√	√	√	-	-	-	-
Ms. C. R. Kariyawasam *	√	√	√	√	-	-	-	-
Ms. L. K. A. H. Fernando	√	√	√	√	√	√	√	√
Mr. K. Kamburadeniya	√	√	√	√	√	√	√	√
Mr. L. H. A. L. Silva	√	√	√	√	√	√	√	√

* Parent company audit committee resigned w.e.f 06/10/2022

FINANCIAL REPORTING

The Committee as a part of its responsibility to oversee the Company's financial reporting process on behalf of the Board of Directors, has reviewed and discussed with the Management and the External Auditors, the quarterly and annual Financial Statements, prior to their publication.

The reviews include:

- Appropriateness and changes in accounting policies;
- Significant estimates and judgements made by the Management;
- Compliance with relevant accounting standards and applicable regulatory requirements;
- Issues arising from internal and external audits;
- The Group's/Company's ability to continue as a going concern;
- Reviewing the amended tax returns filed and status of it;
- Assessing and reviewing prevailing internal controls over financial reporting, statements and reports to be included in the Annual Report.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Management has been delegated the planning and implementation of the system of internal control over Financial Reporting. Internal control over financial reporting is a process designed by Management to provide reasonable assurance regarding the reliability of financial reporting and the preparation and fair presentation of published Financial Statements for external reporting purposes, in accordance with applicable accounting standards.

At the end of each quarter, the FM presents a declaration to the BAC that the financial records of the Company have been properly maintained and that the Financial Statements are in accordance with Sri Lanka Accounting Standards and give a true and fair view of the Company's financial position and performance. It also provides assurance on the effectiveness of the system of risk management and internal controls. The Committee ensures engages in active discussions with the BAC in terms of the financial reporting requirements. It also reviewed the adequacy of the finance team in terms of competencies and resources.

OVERSIGHT ON REGULATORY COMPLIANCE

In terms of the Company's Compliance Policy, the Manager Compliance, in consultation with the Heads of Divisions would identify the laws and regulations applicable to the business, on an annual basis. The Heads of Divisions together with the Manager Compliance has a collective responsibility to keep track of amendments to the existing legislation as well as new laws introduced from time to time. In order to keep themselves up-to-date on the amendments to the relevant existing legislation/new laws, close contact is maintained with the regulatory bodies.

The Manager Compliance is entrusted with the responsibility to ensure compliance with all such identified laws and regulations. A quarterly self-confirmation requires all Heads of Divisions to sign off on the compliance with all external and internal regulations based on which a statutory compliance report is submitted to the Committee on a quarterly basis. Any deviations are separately reported.

INTERNAL AUDIT

The Internal Audit plan and scope of work were formulated in consultation with the Group Outsourced Internal Auditors (BDO Partners), which was then approved by the Committee. The goal of the Internal Audit was to provide independent assurance on the system of internal controls, risk management, and governance in its entirety by assessing the efficacy and adequateness of internal controls as well as adherence to established policies and procedures of the Company

The Committee reviewed the process to assess the effectiveness of internal financial controls that have been designed to provide Directors a reasonable level of assurance that assets are protected, and that the financial reporting system can be relied upon in the preparation and presentation of financial statements.

The internal audit reports were presented to the Committee by the Outsourced Internal Auditors, which were reviewed and discussed along with the management. Findings and recommendations of internal investigations have been given due attention and followed up for implementation.

EXTERNAL AUDIT

Messrs. Ernst & Young, Chartered Accountants (Ernst & Young) acts as the Group's External Auditor.

The Committee together with the Management reviews and discusses the audit scope, approach and the audit plan with Ernst & Young, prior to the commencement of the audit for the financial year.

The Committee also reviews the management letter pertaining to the previous year's audit and the management responses thereto. Recommendations contained in the management letter are followed up to ensure that they are implemented by the Management.

Report of the Board Audit Committee

Key audit matters are discussed with the Auditors with due consideration given to judgements, assumptions, and measures taken by the Company as well as the Auditors to ascertain their reasonability.

The External Auditors are given adequate access to the Committee as well as to the relevant information required. At least once each year, the Committee and the External Auditors discuss, without the Management present, matters relating to its remit and any issues arising from the audit

In light of good governance, the External Auditors are offered the opportunity to bring any matters to the attention of the BAC, privately at each meeting at which they are present. This is in addition to the customary private session without the presence of the Management.

The BAC meets with the FM privately to discuss any concerns/issues arising at the External Audit or any other matters.

INDEPENDENCE OF THE EXTERNAL AUDITORS

The Committee has reviewed the independence and objectivity of the Independent External Auditors, Ernst & Young. The Committee has received a declaration from Ernst & Young confirming that having exercised their professional judgement, they are not aware of any relationship or interest in the Group that can reasonably be thought as having a bearing on their independence within the meaning of the Code of Conduct and Ethics of the Institute of Chartered Accountants of Sri Lanka. The current Auditors, Ernst & Young were appointed in 2022 and in terms of the TOR of the BAC, in the interest of good governance, the BAC can make recommendations to change the Auditor at intervals not exceeding seven years.

NON-AUDIT SERVICES

In line with the policy on the engagement of the External Auditor on supply non-audit services, the FM tabled details of any non-audit services obtained during the year.

REAPPOINTMENT OF EXTERNAL AUDITORS

AUDIT FEE

Having considered the engagement letter, the Committee approved and recommended to the Board the audit fees for the current engagement, as commensurate with the scope agreed upon.

EVALUATION OF THE EXTERNAL AUDITOR

Prior to the recommendation of the reappointment of the External Auditor, the Management and the BAC would separately conduct an evaluation on the External Auditor. The evaluation would cover areas such as quality of services, judgements and processes, communication and interactions and independence and professional skepticism

RISK MANAGEMENT

The Company has identified and documented critical risks to the business, including key operational risks and related controls in the risk matrix maintained by the Finance Manager.

All divisional heads meet on a regular basis with the Finance Manager for discussions to proactively identify and address risk areas identified in their areas of business. Bi-annually, the Finance Manager reports to the Committee on the status of significant risks and the progress on actions taken to ensure that the appropriate focus is maintained

WHISTLE BLOWING

The Company's whistle-blowing policy is intended to serve as a communication channel and is an integral part of corporate fraud risk management. The policy allows any employee who has a legitimate concern on any existing or potential "wrongdoing" to come forward voluntarily and bring such concern to the notice of any member of the Committee, Finance Manager or the Chief Executive Officer

Concerns raised are investigated and the identity of the person raising the concern is kept confidential. Although anonymous complaints are not encouraged, a process is in place under the policy to ensure that anonymous complaints are also investigated.

Finance Manager is entrusted with the responsibility to report to the Committee any concerns reported under the policy, on a need basis. The Committee would monitor the follow-up actions taken on the incidents reported under the whistle-blowing policy.

PROFESSIONAL ADVICE

The Committee is authorised by the Board to seek appropriate legal or other professional advice outside the Company as and when it considers this necessary, at Company's expense.

CONTINUOUS PROFESSIONAL DEVELOPMENT

The Committee is conscious of the need to keep its knowledge and Committee members up to date and Committee members will participate at workshops/seminars conducted externally or internally on relevant topics.

EVALUATION OF THE COMMITTE

A self-evaluation is initiated by way of a structured questionnaire circulated among the members. Results are summarised by the Company Secretary and presented to the Committee. Areas needing further review and enhancement are then identified and addressed in the ensuing year.

CONCLUSION

The Committee is satisfied that internal controls and procedures in place for assessing and managing risks are adequately designed and operate effectively and is of the view that they provide reasonable assurance that the Company's assets are safeguarded and that the Financial Statements of the Company are reliable. The Company's External Auditors have been effective and independent throughout the year

Additionally, the Committee observes that the Company's compliance framework provides reasonable assurance that all relevant laws, rules, regulations, and Code of Ethics have been followed.

The Committee is also satisfied that the application of appropriate accounting polices provide reasonable assurance that the Financial Statements of the Group are true and fair

On behalf of the Committee

C. Pietersz
Chairperson of the Board Audit Committee

26 June 2023

REPORT OF THE BOARD REMUNERATION COMMITTEE

D. Sooriyaarachchi
Chairman / Board Remuneration Committee

Dear Shareholders

I am pleased to present the report of the Board Remuneration Committee for the year ended 31st March 2023. Through this report, I will share with you how the Remuneration Committee worked towards discharging its responsibilities

PURPOSE OF THE COMMITTEE

The Committee was established for the purpose of setting the principles, parameters and governance framework of the Company's remuneration policy and to recommend the terms and conditions of employment of the Chairman of the Board, Executive Directors, Senior Management and the Company Secretary.

Composition of the Committee

Name	Designation	Status of Directorship
Mr. D. Sooriyaarachchi	Chairman	Independent Non Executive Director
Mr. L. H. A. L. Silva	Member	Independent Non Executive Director
Ms. L. K. A. H. Fernando	Member	Non Executive Director
Mr. K. Kamburadeniya	Member	Independent Non Executive Director
Ms. C. Pietersz	Member	Independent Non Executive Director

The Company Secretary, to the Board of Directors acts as the Secretary to the Remuneration Committee. Chief Executive Officer attend meetings by invitation.

Meetings

Name of Director	Status of Directorship	Attendance
Mr. D. Sooriyaarachchi	Independent Non Executive Director	2 /2
Mr. K. Kamburadeniya	Independent Non Executive Director	2 /2
Ms. L. K. A. H. Fernando	Non Executive Director	2 /2
Mr. L. H. A. L. Silva	Independent Non Executive Director	1 /2
Ms. C. Pietersz	Independent Non Executive Director	1 /2

Total Meetings held during the year -2

TERMS OF REFERENCE

The Committee has written terms of reference, dealing with its authority and duties, which is carefully designed to discharge the Committee's purpose, duties, and responsibilities. The Committee is committed to the principles of accountability and transparency and ensuring that remuneration arrangements align rewards with performance. The proposals relating to remuneration of Executive Directors and the members of the Group Management were arrived at in consultation with the Chairman and the Chief Executive Officer. No Director is involved in deciding his own remuneration. The Committee has acted within the parameters set by its terms of reference.

REMUNERATION POLICY

The remuneration policy is designed to reward, motivate, and retain the Company's executive team, with market competitive remuneration and benefits, to support the continued success of the business and creation of value as per the business model. The Committee makes every endeavour to maintain remuneration levels that are sufficient to attract and retain Executives Directors and the members of the senior management team. Accordingly, salaries and other benefits are reviewed periodically, taking into account the performance of the individual and industry standards. The remuneration packages which are linked to individual performances are aligned with the Company's short-term and long-term strategy. Further, the benefit packages awarded to Executive Directors and to Key Management Persons are intended to be competitive and comprise a mix of fixed and variable returns. The variable remuneration is linked to group's profitability.

ROLE AND RESPONSIBILITIES OF THE COMMITTEE

The Committee evaluates the performance of the Chief Executive Officer and key management personnel against set objectives and goals and determines the remuneration policy of the Company.
The Committee supports and advice the Board on remuneration and remuneration related matters and makes decisions under delegated authority with the view of aligning the interests of employees and shareholders and enhancing shareholder value.

Report of the Board Remuneration committee

Further, The Committee periodically reviews the Group's remuneration strategy to ensure it supports the business and human resources strategy, and is focused on achieving the following:

- Determining the policy of the remuneration package of directors and key management personnel
- Attracting, engaging, motivating, rewarding, and retaining a high-performing executive team as well as ensuring these principles are appropriately applied and maintained across all employee levels of the Group
- Ensuring that the Chief Executive Officer (CEO) and executive team pursue the long-term sustainable growth and success of the Group
- Ensuring an appropriate balance between guaranteed and variable remuneration, considering both the short and long-term objectives of the Group
- Evaluating the performance of the Executive Directors and key management personnel
- Differentiating pay between higher and average performers through effective performance management and assessment

PROFESSIONAL ADVICE

The Committee is authorized to seek external professional advice on matters within its purview

REMUNERATION PAID TO DIRECTORS

The remuneration paid to Directors during the year under review is disclosed in Note 10 to the financial statements.

Directors receive a retainer fee for serving on the Board and Sub-Committee. They do not receive any performance related incentive.

The Company does not have an Employee Share Ownership Plan for Directors and Key Management Personnel.

EVALUATION OF THE COMMITTEE PERFORMANCE

The annual evaluation of the performance of the Committee was carried out by the Board during the year and the outcome of the evaluation is given on page 113 in the Annual Report of the Board of Directors

D. Sooriyaarachchi
Chairman /Board Remuneration Committee

26 June 2023

REPORT OF THE BOARD RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

V. Kulathilaka
Chairman /Related Party Transactions Review Committee

Dear shareholder,

I am pleased to present the report of the Related Party Transactions Review Committee for the year ended 31st March 2023. Through this report, I will share with you how the Related Party Transactions Review Committee worked towards discharging its responsibilities.

PURPOSE OF THE COMMITTEE

The objective of the Committee is to exercise oversight on behalf of the Board of Panasian Power PLC and its subsidiaries, to ensure compliance with all applicable rules and regulations, namely the Code on Related Party Transactions, as issued by the Securities and Exchange Commission of Sri Lanka ('The Code') and the Listing Rules of the Colombo Stock Exchange (CSE). The Committee has also adopted best practices as recommended by the Institute of Chartered Accountants of Sri Lanka and ensures that transactions are in line with the Groups' internal governance framework and associated policies.

The Committee conducts an independent review and provides approval and oversight of all related party transactions of the company and to ensure that the Company complies with the rules set out in the Code. Primarily the committee should ensure that the interests of the shareholders as a whole are taken into account when entering into related party transactions, and to prevent Directors, key management personnel or substantial shareholders from taking advantage of their positions.

TERMS OF REFERENCE

The Committee is governed by the written terms of reference which is carefully designed to discharge the Committee's purpose, duties and responsibilities. The Committee's duties and responsibilities are set out in accordance with requirements stipulated by the Code of Best Practices on Related Party Transactions published by the Securities and Exchange Commission of Sri Lanka (the "Code"), regulations issued by the Colombo Stock Exchange ("The CSE Rules") and LKAS 24. During the year, the Committee acted within the parameters set by its terms of reference.

COMPOSITION OF THE COMMITTEE

The Related Party Transaction Review Committee (RPTRC) is appointed by the Board of Directors in terms of Code of Best Practice on Related Party Transactions, as issued by the Securities and Exchange Commission of Sri Lanka (SEC).

The committee comprises of following three Non- Executive Directors as stipulated by the Listing Rule 9.2 on Related Party Transactions Review Committee issued by the Colombo Stock Exchange.

Name of Director	Directorship Status
Mr. V. Kulatilaka (Chairman)	Independent Non-Executive Director
Mr. D. Sooriyaarachchi	Independent Non-Executive Director
Mr. L. H. A. L. Silva	Independent Non-Executive Director

Related Party Transactions Review Committee meeting attendance

Name of Director	27/05/2022	28/06/2022	30/11/2022	10/3/2023
Virtual or physical	physical	Virtual	Virtual	Virtual
Mr. V. Kulatilake	√	√	√	√
Mr. P. Ramanujam *	√	√	-	-
Mr. D. Sooriyarachchi	Excused	√	√	√
Mr. L. H. A. L. Silva **	Excused	√	√	√

Attended for the meeting - "√"

** Resigned w.e.f - 28/06/2022*

***Appointed w.e.f - 01/03/2022*

Total Meeting held during the year -04

POLICIES AND PROCEDURES

The Company identifies related parties as defined by LKAS 24. The members of the Board of Directors of the Company have been identified as Key Management Personnel (KMP). In accordance with the Related Party Transaction Policy, declarations are obtained from each Director of the Company for the purpose of identifying parties related to them in any company where they hold office. Based on the information furnished in these declarations, the Company retrieves data on related party transactions from the database of the Company.

Report of the Board Related Party Transactions Review Committee

SUMMARY OF RESPONSIBILITIES OF THE COMMITTEE

According to the procedures laid down by The Code and Section 9 of the Listing Rules of the Colombo Stock Exchange and responsibilities of the committee are as follows:

- to develop a Related Party Transaction Policy as directed by the CSE & SEC and to recommend the adoption of them to the Board of Directors of the Company and its subsidiary;
- to update the Board of Directors on the related party transactions of each company of the Group ;
- to make immediate market disclosures on applicable related party transactions, as required by Section 9 of the Continuing Listing Requirements of the CSE;
- to monitor all related party transactions of the entity which are transacted on normal commercial terms to make sure that they are not prejudicial to the interests of the entity and its minority shareholders and;
- to make appropriate disclosures on related party transactions in the Annual Report, as required by Section 9 of the Continuing Listing Requirements of the CSE.

Disclosures

A detailed disclosure of the related party transactions entered by the Company during the year under review is disclosed in Note 35 to the financial statements given in page 192 of this report.

RELATED PARTY TRANSACTION DURING THE YEAR

During the year, there were no non-recurrent transactions and recurrent transactions that exceeded the respective thresholds mentioned in the Listing Rules requiring disclosure Annual Report. Details of other related party transactions entered into by the Company during the year is disclosed in Note 35 to the Financial Statements. The activities and observations of the Committee are communicated to the Board.

EVALUATION OF THE COMMITTEE PERFORMANCE

A declaration is given by the Board in the Annual Report of the Board of Directors on pages 113 as an affirmative statement stating compliance with the rules on Related Party Transactions.

The Committee has reviewed the related party transactions during the financial year and has communicated the comments/ observations to the Board of Directors.

Declaration

During the year under review, the Company has complied with the Related Party Transactions rules set out in Section 9 of the Listing rules. An affirmative statement of compliance with the rules pertaining to Related Party Transactions by the Board of Directors is included on page 192. of this annual report.

On behalf of the committee

V. Kulathilaka
Chairman
Related Party Transaction Review Committee

26 June 2023

RISK MANAGEMENT

In a highly volatile and unpredictable operating landscape, it is imperative that the Company has a well-defined integrated risk management framework to manage risks and optimize shareholder value. Minimizing the negative effects of risks and determining the best trade-off between risk and return is vital towards gaining the trust of the stakeholders and enhancing the long-term value of the business. The year under review was a challenging one as the economic crisis impacted businesses in various ways. This reiterated the importance of having a robust risk management framework and PAP's proactive and systematic risk management approach guided by a clear policy framework, governance structure and reasonable levels of empowerment played a significant role in ensuring the stability and uninterrupted flow of business operations while displaying resilient performance through this year.

RISK GOVERNANCE

The Board of Directors holds ultimate responsibility for identifying and managing the Company's risk exposures and is assisted by the Board Audit Committee. The Audit Committee is accountable for ensuring the adequacy of internal controls and implementing continuous improvements based on the findings derived through internal audit reports, compliance reports submitted by the Management as well as by disseminating the recommendations made by External Auditors. Risk identification is an ongoing process involving continuous stakeholder engagement and persistent evaluation of the internal and external business environments and the risk grids are updated on an ongoing basis and presented to the Board for review. Due diligence activities carried out by the Internal Audit team aim to provide a reasonable assurance regarding the efficacy of the Company's risk and internal control systems and also promotes continuous and ongoing improvement.

BOARD OF DIRECTORS

Overall Responsibility for Risk Management System, Internal Control System, Reviewing the effectiveness

AUDIT COMMITTEE

Oversight and Review the risk management process and ensure that the board is fully apprised risks

CHIEF EXECUTIVE OFFICER

Ensuring the system of internal Control in place for identifying and managing risk

SENIOR MANAGEMENT

Ensures all divisions function in accordance with policies and procedures in line with the risk appetite.

Risk Management

RISK MANAGEMENT PROCESS

IDENTIFICATION OF RISK

A 'Risk Event' is identified as any event with a degree of uncertainty which, if occurs, may result in the Business Unit failing to meet its stated objectives.

ASSESSMENT AND RATING OF RISK

Identified risks are assessed on a matrix of 'Impact to Company' and 'Likelihood of Occurrence'. Based on this matrix, each identified risk will be assigned a score, which is tabulated into the Risk Control Self-Assessment document on a scale of impact likelihood.

MITIGATION OF RISK

Risks are mitigated through two ways:

- Prevention – Risks are identified prior to occurrence, and action taken to prevent the same
- Detection & Correction – Risks are detected after occurrence, and corrective action is taken. The Risk Management Team assigns each identified risk to a 'Risk Owner' who will be responsible for the implementation and reporting of the risk mitigating strategy. Risk mitigation plans depend on the risk ratings given under the 'impact-likelihood' matrix, where high risk events are prioritized over lower risk events.

REPORTING

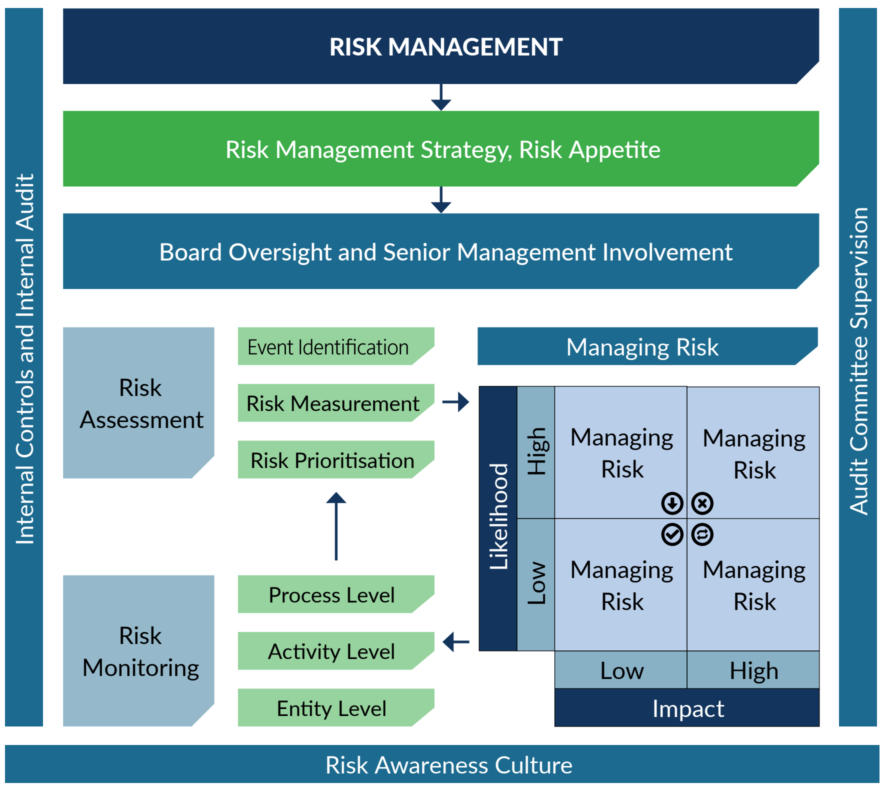
Each business unit is responsible for periodic review of the Risk control self-assessment document. The risk control self-assessment document is reviewed quarterly by the department head, through signing off the operational and financial compliance statements. These are also signed off by each head of the department to be tabled at the Audit Committee for review, prior to tabling for discussion at the Board meeting.

MONITORING AND CONTROL

The Risk Management Team, headed by the CEO, is responsible to ensure that each risk item is properly identified, mitigation actions are put in place, and are reported on during the risk review process. The implemented operational and management controls and mitigation plans are regularly verified through independent internal audits.

INTEGRATED RISK MANAGEMENT FRAMEWORK

The integrated risk management framework (IRMF) established sets out the processes and responsibilities for identifying, measuring, mitigating, monitoring and reporting risks. The IRMF takes a top-down approach that cascades from PAP's strategic plan, vis-a-vis the Company's Risk Management Strategy and Risk Appetite, both approved by the PAP Board. The Risk Management Strategy and Risk Appetite, together serve as guiding principles to ensure that all major risks are identified, assessed, managed and monitored in a way that supports the Company to meet its strategic objectives and fulfil stakeholder deliverables.



RISK APPETITE

The Board holds ultimate responsibility for setting the risk appetite of the business and the Management is responsible for implementation of the same. The risk appetite is determined based on the level of risk that the Company is willing to accept in reaching its business objectives and quantifiably expressed through risk tolerance limits. The risk appetite is reviewed by the Board regularly to ensure the relevance of each risk category and defined parameters.

RISK CULTURE

PAP believes that the effectiveness of the risk management system depends to a large extent on the culture of risk awareness. The Board sets the tone from the top via policies and procedures that promote the risk culture, while managers of business units are held accountable for ensuring these policies, procedures and standards are implemented and adhered to, without exception. Continuous training and other capacity building initiatives are also a key component that reinforces the risk awareness culture at all levels of the business.

PRINCIPLE RISKS

The principle risks that affect the company are set out below.

Risk Category	Risk Event	Implications	Risk Mitigation Approach	FY 2022/2023	FY 2021/2022
Business Risk	Risk arising from inaccuracies in early planning regarding resource assessment and supply of renewable energy technology	Loss of Expected revenue	Obtain advice from experts and use management know how Use robust project planning tools	L	L

Risk Management

Risk Category	Risk Event	Implications	Risk Mitigation Approach	FY 2022/2023	FY 2021/2022
	Complex approval process	Risk arising from inefficient or in transparent administration regarding licensing and permits of renewable energy projects resulting in delays and/or higher than expected payments	Engaging continuous follow up process with relevant regulatory authorities	M	M
	Risk associate with end of project life; ability to re power, renewal of permits.	Loss of Revenue	Highlights renewable energy plants contributions to national economy.	L	M
Financial Risk	Interest Rate Risk	Adverse impact on Projects Profitability due to higher cost of finance.	Negotiate for Favorable interest rate Maintain an appropriate mixed of fixed and variable rate of borrowings	H	H
	Exchange Rate Risk	Increment of project cost due to LKR Depreciations Unavailability of Sufficient stock due to delay in Opening LCs.	Negotiate with foreign suppliers to change payment terms. Purse local solutions instead of import items wherever possible. Exploring overseas projects with USD Tariff	H	H
	Credit Risk	Impact on Liquidity due to delays/non payments by CEB	Agreements with CEB are legally enforceable.	H	H
Strategic Risk	Deviation from Expected result due to error may include on simplification, approximations, or inaccurate assumptions	Material deviation between expected profitability and Actual Profitability	Obtained experts opinion when setting key assumptions and parameters.	H	H
	Unable to generate expected yield due to changes/ fluctuations in solar irradiances	Loss of Revenue	Use of bi-facial technology in solar panels	L	L

Risk Category	Risk Event	Implications	Risk Mitigation Approach	FY 2022/2023	FY 2021/2022
Operational Risk	Risk arising from damages to physical assets due to negligence, accident, wear, and tear, and/or possible unplanned closure due to machinery Break Downs	Loss of Revenue	Regular upgrading of H&S policies and measures and conducting workshops and training. Timely Maintenance of Machinery and Equipment Conducting Periodic Internal Audit Review Business Interruption Insurance Cover	L	L
	Risk arising from damages of Plants due to natural hazards	Loss of Revenue	Comprehensive all risk Insurance policies to cover every aspects of the operational risk	M	M
IT Risks	Probability and threats that come from enterprise hardware, software, and networks.	Negative impact due to loss of data, system failure and outdated system	Carry out regular maintenance and upgrades in processes. Enhance Cyber security controls.	L	L
Regulatory and Legal Risk	Risk arising from uncertainty regarding potential adverse changes in applicable laws and regulations.	Lower than expected revenue Increase tax liability	Compliance with any new laws and regulations Internal and external regulatory compliance is reported periodically to the Audit committee.	L	L
People and retention Risk	Risk arises from inability to attract and retain qualified and experienced staff	Can adversely affect operations, productivity and financial results	Follow non discriminatory approach to recruit the best talent and retain employees. Providing Healthy work environment for all employees through promising career development opportunities.	L	L

Risk Management

Risk Category	Risk Event	Implications	Risk Mitigation Approach	FY 2022/2023	FY 2021/2022
Reputational Risk	The risk of failure to meet stakeholders expectations as a result of any event, behaviour, action or inaction.	Negative stakeholders' opinion on the Company or Group	Adhere to statutory and regulatory compliance is affected under dedicated controls.	L	L
Environmental Risk	Risk of actual and potential threats to the environment and residents.	Adverse environmental conditions impact on the projects under constructions Impact on yields from Hydro and solar power plants due to adverse environmental conditions such as floods, drought, land slides	Immediate mitigation of any adverse environmental impacts if and when they arise	L	L

Future Outlook

In 2022 Sri Lanka experienced an unprecedented balance of payments crisis, which thrust the country into the worst socio-economic crisis since independence. The risk landscape was characterised by a dire shortage of foreign currency liquidity, exorbitant inflation and a significant increase in interest rates. These unprecedented changes in the operating landscape compelled businesses to consistently monitor changing dynamics and strengthen risk management frameworks to effectively manage risks and drive strategic aspirations.

PAP's risk management capabilities will continue to evolve with our organisation- wide risk culture permeating all business and support functions. We will strive to move beyond compliance to embrace international best practices in risk management while proactively responding to emerging risks to navigate an increasingly complex risk landscape.

PANASIAN POWER PLC

FINANCIAL STATEMENTS

For the Year Ended 31 March 2023

Financial Calendar 2023

21st Annual General Meeting 20 July 2023

Audited Financial Statements for the year ended 31 March 2023 signed on 26 June 2023

Unaudited Interim Financial Statements submitted to the Colombo Stock Exchange in terms of Rule 7.4

	Due Date	Submitted Date
First quarter ended 30 June 2022	15 August 2022	15 August 2022
Second quarter ended 30 September 2022	15 November 2022	14 November 2022
Third quarter ended 31 December 2022	15 February 2023	14 February 2023
Fourth quarter ended 31 March 2023	31 May 2023	30 May 2023

Proposed Financial Calendar 2024

Unaudited Interim Financial Statements to be submitted to the Colombo Stock Exchange in terms of Rule 7.4

First quarter ending 30 June 2023	On or before 15 August 2023
Second quarter ending 30 September 2023	On or before 15 November 2023
Third quarter ending 31 December 2023	On or before 15 February 2024
Fourth quarter ending 31 March 2024	On or before 31 May 2024

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

The Directors have pleasure in presenting the 21 Annual Report together with the Audited Financial Statements of Panasian Power PLC, and the Audited Consolidated Financial Statements of the Panasain Power Group for the year ended 31 March 2023.

GENERAL

This report also considers the requirements of the Companies Act No. 07 of 2007 (as Amended), the relevant listing rules of the Colombo Stock Exchange (CSE) and recommended reporting and corporate governance best reporting practices, such as the rules on Code of Best Practices on Related Party Transactions (2013) issued by the SEC, Code of Best Practice on Corporate Governance (2013) jointly issued by the Securities and Exchange Commission of Sri Lanka (SEC) and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), Code of Best Practice on Corporate Governance (2017) issued by CA Sri Lanka to the extent of business exigency as required by the Company and are also guided by recommended best accounting practices.

LEGAL STATUS

The Company was incorporated on 22nd April 2002 under the Name of Panasian Power PLC. The shares of the Company were listed on the Colombo Stock Exchange on 25 March 2011 and re registered as per the Companies Act No. 07 of 2007 on 03 December 2008 under registration No. PV 9959 PB/PQ.

PRINCIPLE ACTIVITY OF THE COMPANY

The principal activities of the Company are the generation and sale of Hydroelectricity to the Ceylon Electricity Board.

There had been no significant changes in the nature of the activities of the Company and its subsidiaries during the year under review.

PRINCIPLE ACTIVITY OF THE SUBSIDIARY COMPANIES

The principal activities of the Subsidiaries are the generation and sale of Hydroelectricity and Solar electricity to the Ceylon Electricity Board and Engineering, Procurement and Construction of roof top solar power plants and sale of solar panel and inverters.

There had been no significant changes in the nature of the activities of the subsidiaries during the year under review.

BUSINESS REVIEW

A review of the Company and its subsidiaries' performance during the financial year is given in the Chairman's Statement, CEO's Review and in the Operation Review on the pages 14 to 21 of the annual report. These reports form an integral part of the Directors Report and provide a fair review of the performance of the Panasian Power Group during the financial year ended 31 March 2023.

FINANCIAL STATEMENTS

The Financial Statements of the Company and the Panasian Power Group are set out on pages 120-203 of the Annual Report.

AUDITOR'S REPORT

The Auditor's Report on the Financial Statements is given on pages 118 to 119 of the Annual Report

SIGNIFICANT ACCOUNTING POLICIES

The Accounting Policies adopted in the preparation of the Financial Statements are given on pages 128 to 148 of the Annual Report.

GOING CONCERN

The Group has prepared the financial statements for the year ended 31 March 2023 on the basis that it will continue to operate as a going concern.

In determining the basis of preparing the financial statements for the year ended 31 March 2023, based on available information, the management has assessed the prevailing macroeconomic conditions and its effect on the Group companies and the appropriateness of the use of the going concern basis.

It is the view of the management that there are no material uncertainties that may cast significant doubt on the Group's ability to continue to operate as a going concern. The management has formed judgment that the Company, its subsidiaries, joint ventures have adequate resources to continue in operational existence for the foreseeable future driven by the continuous operationalization of risk mitigation initiatives and monitoring of business continuity and response plans at each business level along with the financial strength of the Group.

In determining the above, significant management judgment, estimates and assumptions, the impact of the macroeconomic uncertainties, including exchange rate volatilities, supply chain disruptions, foreign exchange market limitations and interest rate volatilities have been considered as of the reporting date and specific considerations have been disclosed under the notes, as relevant.

Financial Statements are prepared based on the "Going Concern" Concept

STATED CAPITAL

The total stated capital of the Company as at 31 March 2023 was Rs. 1,030,000,000/- (2022- Rs. 1,030,000,000/-) represented by 625,000,000 ordinary shares. There were no changes in the stated capital of the company in the year.

REVENUE

Revenue generated by the Company amounted to Rs. 91,131,811/- (2022 - Rs. 107,376,899/-), whilst Panasain

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

Power Group revenue amounted to Rs. 1,014,079,462/- (2022 - Rs. 935,512,639/-). Contribution Panasian Power from different business segments is provided in note 7 to the financial statements on page 150.

DONATIONS

The Group and the Company made donations during the year amounting to Rs. 2,824,178/- and Rs. 1,411,848/- respectively (2021/22 - Group: Rs. 3,004,967/-, Company - Rs. 578,140/-). No donations were made for any political related activities .

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

The Group and the Company incurred Rs. 21,619,872/- and Rs. 2,402,548/- respectively (2021/22 - Group: Rs,648,518,037/- Company: Rs. 1,387,229/-) on acquisition of property, plant and equipment, details of which are available in Note 14 to the Financial Statements.

The investment in intangible assets by the Group during the year was Rs. 185,000/- whilst the investment in intangible assets by the Company was Rs. 185,000/-. (2021/22 – Group: Rs. 157,500/- , Company: Rs. 157,500/-). Specific information on extent, locations, valuations and number of buildings on the Company's land holdings are given in Note 14 to the Financial Statements

MARKET VALUE OF FREEHOLD LANDS

A qualified independent valuer carried out a revaluation of the Company's freehold land on date and the carrying value of freehold land has been adjusted accordingly. The details of market value of freehold land are given in Note 14 to the Financial Statements.

RESERVES

Total reserves as at 31 March 2023 of the Company and Group amounted to Rs. 618,723,531/- (2022 - Rs. 591,317,622/-) and Rs. 912,102,508/- (2022 - Rs. 1,531,858,032/-), respectively. The movement and composition of the Capital and Revenue reserves is disclosed in the Statement of Changes in Equity on pages 124 to 125.

EVENTS AFTER THE REPORTING DATE

There have been no events subsequent to the Reporting date which would have any material effect on the Company or on the Group other than those disclosed in Note 36 to the Financial Statements on page 196.

CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

There have been no commitments or contingent liabilities other than those stated in Note 37 on page 196 of this Annual Report

HUMAN RESOURCES

The number of persons employed by the Company and Group as at 31 March 2023 was 27 (2022 - 29) and 64 (2022 - 64), respectively. The Group is committed to pursuing various Human Resources (HR) initiatives that ensure the individual development of all our teams as well as facilitating the creation of value for themselves, the Company, and all other stakeholders. There were no material issues pertaining to employees and industrial relations in the year under review.

CORPORATE GOVERNANCE

On pages 76 to 95 of this Report, corporate governance practices and principles related to the Company's management and operations are outlined. The Directors confirm that the Company complies with the relevant corporate governance rules set forth in the CSE listing guidelines.

THE DIRECTORS DECLARE THAT:

- The Company has not engaged in any activities which contravene laws and regulations.
- The Directors have declared all material interest in contracts involving the Company and refrained from voting on matters in which they were materially interested; and
- The Company has made all endeavors to ensure the equitable treatment of shareholders; and
- The business is a Going Concern with supporting assumptions or qualifications as necessary; and
- The Directors have conducted a review of internal controls covering financial operational and compliance controls and risk management and have obtained a reasonable assurance of their effectiveness and successful adherence herewith.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board indicates that there is an ongoing procedure for identifying, evaluating, and managing any significant risks faced by the Group. The annual strategic planning cycle includes an evaluation and risk assessment of each business segment, and the Board and Audit Committee routinely analyse the key risks and preventative measures in place.

DIRECTORATE

The names of the directors who held office as at the end of the accounting period are given below and their brief profiles appear on pages 66 to 72.

Mr. L. H. A. L. Silva (chairman)

Mr. D. Sooriyaarachchi

Mr. P. K. Pathmanatha

Mr. W. W. M. S. B. K. G. Kamburadeniya

Mrs. L. K. A. H. Fernando

Mr. V. Kulatilaka

Ms. C. Pietersz

INTEREST REGISTER

An Interest Register is maintained by the Company as per the requirements of the Companies Act No. 07 of 2007. All Directors have made the necessary declarations as provided for in Section 192 (2) of the aforesaid Companies Act.

During the year, entries made in the Interest Register consisted of Directors' interests in contracts and remuneration paid to the Directors. The Interest Register is available at the registered office of the Company, in keeping with the requirements of Section 119 (1) (d) of the Companies Act No. 07 of 2007. The particulars of the Directors' Interests in Contracts are given on page 192 of the Annual Report and form an integral part of the Annual Report of the Board of Directors. The Directors have no direct or indirect interest in a contract or a proposed contract with the Company other than those disclosed.

Directors' Shareholding

The Directors' interest in shares of the Company as at 31st March 2023 and 31st March 2022 are as follows;

Name of Director	31/03/2023	31/03/2022
Dr. P. Ramanujam*	Nil	2,350,000
Mr. L. H. A. L. Silva	Nil	Nil
Mr. D. Sooriyaarachchi	Nil	Nil
Mr. P. K. Pathmanatha	Nil	Nil
Mr. W. W. M. S. B. K. G. Kamburadeniya	Nil	Nil
Ms. L. K. A. H. Fernando	Nil	Nil
Mr. C. V. Kulatilake	Nil	Nil
Ms. C. Pietersz	Nil	Nil

* resigned w.e.f. 28/06/2022

BOARD SUB COMMITTEE

The Audit Committee, Remuneration Committee and Related Party Transaction Review Committee and Nomination and corporate governance Committee functions as Board subcommittees. With Directors who possess the requisite qualifications and experience. The Composition of the said Committees is as follows:

AUDIT COMMITTEE

Ms. C. Pietersz (Chairman)

Mr. L. H. A. L. Silva

Ms. L. K. A. H. Fernando

Mr. K. Kamburadeniya

REMUNERATION COMMITTEE

Mr. D. Sooriyaarachchi (Chairman)

Mr. K. Kamburadeniya

Ms. L. K. A. H. Fernando

Mr. L. H. A. L. Silva

Ms. C. Pietersz

RELATED PARTY TRANSACTION COMMITTEE

Mr. V. Kulatilaka (Chairman)

Mr. D. Sooriyaarachchi

Mr. L. H. A. L. Silva

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

Mr. D. Sooriyaarachchi (Chairman)

Mr. L. H. A. L. Silva

Ms. L. K. A. H. Fernando

Mr. K. Kamburadeniya

Ms. C. Pietersz

RETIREMENT OF DIRECTORS BY ROTATION AND RE-ELECTION

Retirement by rotation

The current article of association doesn't provide for the same, therefore extraordinary meeting is organized to table required amendments.

Election

Ms. Coralie Pietersz appointed on 1 October 2022 will retire and seek election by the shareholders at the Annual General Meeting.

Re-appointments

There are no directors over 70 requiring re -appointment.

Directors' Remuneration

Details of the remuneration and other benefits received by the Directors are set out on page 154 of the Financial Statements.

Related Party Transactions

The Company's transactions with related parties, given in Note 35 to the Financial Statements have complied with the listing Rule 9.3.2 of the Colombo Stock Exchange and the Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

Stock Market Information

An ordinary share of the Company was quoted on the CSE at Rs. 3.40 as at 31 March 2023 (31 March 2022 - Rs. 3.70). Information relating to public holding, earnings, dividend, net assets, market value per share and share trading is given in Key Ratios and Information on page 204 and in the Shareholders Information section on pages 204 to 206.

The Company endeavours at all times to ensure equitable treatment to all shareholders.

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

Substantial Shareholding

The names of the twenty largest shareholders, the number of shares held, and the percentages held are given on page 204 of the Annual Report. The distribution schedule of the shareholders and public holdings are disclosed on page 204 of the Annual Report.

ENVIRONMENTAL PROTECTION

The Group complies with the relevant environmental laws, regulations and endeavors to comply with best practices applicable in the country of operation.

STATUTORY PAYMENTS

The 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 Reporting date have been paid or, where relevant provided for, except as specified in Note 11 to the financial statements on page 156, covering Contingent liabilities.

AUDITORS

Messrs. Ernst & Young, Chartered Accountants, have intimated their willingness to continue as Auditors of the Company, and a resolution to re-appoint them as Auditor and authorizing the Directors to fix their remuneration will be proposed at the Annual General Meeting.

The Audit Committee reviews the appointment of the Auditor, its effectiveness, and its relationship with the Group, including the level of audit and non-audit fees paid to the Auditor. Details of Audit fees are set out in Note 10 of the Financial Statement. The Auditors do not have any relationship (other than that of an Auditor) with the Company or any of its subsidiaries.

Further details on the work of the Auditor and the Audit Committee are set out in the Audit Committee Report on page 96.

ANNUAL REPORT

The Board of Directors approved the Company and Consolidated Financial Statements on 123. The appropriate number of copies of this report will be submitted to the CSE and to the Sri Lanka Accounting and Auditing Standards Monitoring Board.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held as a virtual meeting on 20 July 2023 at 9.30 a.m.

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

L. H. A. L. Silva
Chairman

P.K.Pathmanatha
Chief Executive Officer/Executive Director

R. Weudagedara
Company Secretary

26 June 2023

Board of Directors' Statement on Internal Controls

The 'Code of Best Practice on Corporate Governance 2017' (The Code) issued by the Institute of Chartered Accountants of Sri Lanka and the SEC recommends that the Board of Directors present a Statement on Internal Controls.

RESPONSIBILITY

Maintaining a sound system of internal controls to safeguard shareholders' investment and the Company's assets is the responsibility of the Board of Directors.

Currently, the Board has established a process for identifying, evaluating, and managing the significant risks faced by the Company. This process includes enhancing the system of internal controls of the Company as and when there are changes to the business environment and regulatory guidelines.

However, this internal control system is designed to manage the Company's key areas of risk within an acceptable risk profile, rather than to eliminate the risk of failure to achieve the business objectives. Therefore, the System of Internal Controls can only provide reasonable and not absolute assurance on the successful management of risks, financial losses, or frauds.

The Board is of the view that the System of Internal Controls in place is sound and adequate to provide reasonable assurance regarding the reliability of financial reporting and that the preparation of Financial Statements is in accordance with the applicable accounting standards and regulatory requirements.

The Management assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.

KEY INTERNAL CONTROL PROCESSES

The key processes that have been established by the Board in reviewing the adequacy and integrity of the system of internal controls include the following:

- The Board Committees and Management Committees are established to assist the Board in ensuring the effectiveness of the Group's operations and that the Group's operations are directed towards corporate strategy, objectives, annual budget and policies taking in to consideration the business environment and internal operating conditions.

- The Group Outsourced Internal Audit function provides comfort on the efficiency and effectiveness of the Internal Control System of the Group and Company.

- The Audit Committee approves the annual audit plan, reviews internal control issues identified by the Group Internal Auditors, the Independent External Auditors, regulatory authorities and the management and evaluates the adequacy and effectiveness of the internal control system. Activities undertaken by the Audit Committee are set out in the Audit Committee Report on page from 96-98.

CONFIRMATION

The Board of Directors confirm that the financial reporting system has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with Sri Lanka Accounting Standards (SLFRSs/ LKASs), requirements of the Companies Act No. 7 of 2007, the Listing Rules of the Colombo Stock Exchange and any other regulatory requirements. The consolidated financial statements for the year ended 31 March 2023 have been audited by Messrs. Ernst & Young, Chartered Accountants.

By order of the Board

L. H. A. L. Silva
Chairman

C. Pietersz
Audit Committee Chairman

E.A.D.L.D.Egodawaththa
Finance Manager

26 June 2023

Statement of Directors' Responsibility

The responsibility of the Directors, in relation to the financial statements, is set out in the following statement. The responsibility of the auditors, in relation to the financial statements prepared in accordance with the provisions of the Companies Act No. 07 of 2007, (as amended) is set out in the Independent Auditors Report pages 118 to 119.

The financial statements comprise:

- income statement and statement of comprehensive income of the Company and its subsidiaries, which present a true and fair view of the financial performance of the Company and its subsidiaries for the financial year; and
- a statement 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; and
- The Directors are required to confirm that the financial statements have been prepared.
- using appropriate accounting policies which have been selected and applied in a consistent manner, and material departures, if any, have been disclosed and explained; and
- in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS); and that reasonable and prudent judgments and estimates have been made so that the form and substance of transactions are properly reflected; and
- provide the information required by the Companies Act and the Listing Rules of the Colombo Stock Exchange and requirements of any other regulatory authority as applicable to the Company

The Directors are also required to ensure that the Company has adequate resources to continue in operation to justify applying the going concern basis in preparing these financial statements.

Further, the Directors have a responsibility to ensure that the Company maintains sufficient accounting records to disclose, with reasonable accuracy, the financial position of the Company and of the Group.

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 consider 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 discharged their responsibilities as set out in this statement.

COMPLIANCE REPORT

The 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 reporting date have been paid, or where relevant provided for, except as specified in note 11 to the financial statements covering contingent liabilities.

For and on behalf of the Board

Panasian Power PLC

R. Weudagedara
Secretaries

Responsibility Statement of Chairman, Chief Executive Officer and Finance Manager

The Section D.1.3 of the 'Code of Best Practice on Corporate Governance 2017' (The Code) issued by the Institute of Chartered Accountants of Sri Lanka recommends that the Board should, before it approves the financial statements for a financial period, obtain a declaration, in their opinion, on Financial Statements and system of risk management and internal control from its Chief Executive Officer and Finance Manager.

We confirm that, the Financial Statements of Panasian Power PLC and Consolidated Financial Statements of the Group as at 31 March 2023 are prepared and presented in accordance with the requirements of the following

- Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka (SLFRs/ LKASs);
- Companies Act No. 07 of 2007;
- Listing Rules of the Colombo Stock Exchange; and Code of Best Practice on Corporate Governance 2017 issued by the Institute of Chartered Accountants of Sri Lanka.

We also confirm that the accounting policies used in preparation of the Consolidated Financial Statements are appropriate and consistently applied, except unless otherwise stated in the Notes accompanying the Financial Statements. There are no departures from the prescribed Accounting Standards in their adoption. Comparative information has been reclassified wherever necessary to comply with the current presentation. The Significant Accounting Policies and estimates that involved a high degree of judgement and complexity were discussed with the Audit Committee.

The Board of Directors and the Management of the Company accept responsibility for the integrity and objectivity of these Financial Statements. The estimates and judgments relating to the Financial Statements were made on a prudent and reasonable basis, in order that the Financial Statements reflect in a true and fair manner, the form and substance of transactions, and reasonably present the Company's state of affairs. To ensure this, the Company has taken reasonable and sufficient care in installing a system of internal controls and accounting records, for safeguarding assets, and for preventing and detecting frauds as well as other irregularities, which is reviewed, evaluated and updated on an ongoing basis.

The Group Internal Auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed. However, there are inherent limitations that should be recognised in weighing the assurances provided by any system of internal controls and accounting.

The Financial Statements were audited by Messrs. Ernst & Young, Chartered Accountants, Independent External Auditors. Their report is given on pages from 118 to 119 of the Annual Report.

The Audit Committee of the Company meets periodically with the Internal Auditors and the Independent External Auditors to review the manner in which these Auditors are performing their responsibilities, and to discuss auditing, internal control and financial reporting issues. To ensure complete independence, the Independent External Auditors and the Internal Auditors have full and free access to the members of the Audit Committee to discuss any matter of substance.

CONCLUSION

We confirm that we have discharged our responsibilities in maintaining proper financial records and preparing financial statements in accordance with SLFRSs and LKASs. To the best of our knowledge, we also confirm that the system of risk management and internal control was operating effectively during the year.

L. H. A. L. Silva
Chairman

P. K. Pathmanatha
Chief Executive officer /Executive Director

E.A.D.L.D.Egodawaththa
Finance Manager

26 June 2023

Independent Auditor's Report

Ernst & Young
Chartered Accountants
201, De Saram Place
P.O. Box 101
Colombo 10, Sri Lanka

Tel: +94 11 246 3500
Fax (Gen): +94 11 269 7369
Fax (Tax): +94 11 557 8180
Email: eysl@lk.ey.com
ey.com

To the Shareholders of Panasian Power PLC

Report on the audit of the financial statements

Opinion

We have audited the Financial Statements of Panasian 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 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the accompanying Financial Statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2023, 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 Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Group for the year ended March 31, 2022, were audited by another auditor who expressed an unmodified opinion on those statements on June 02, 2022.

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 Matter	How KAM was addressed
Assessment of fair value of power plants As at 31 March 2023, Power Plants carried at fair value represent 76% of the total assets of the Group. Assessment of fair value was a key audit matter due to: materiality of the reported amounts degree of assumptions, judgements and estimation uncertainties associated with assessing fair value Key areas of significant judgments, estimates and assumptions includes, Key areas of significant judgments, estimates and assumptions includes, actual annual average generation KW, Cost per MW, Plant Factor, Selling price (Tarif rate), price per perch, discount rate, yield rate, anticipated maintenance cost and Capacity Rate for valuation of power plants as disclosed in Note 14 to the financial statements	Our audit procedures included the following: Evaluated the competence, capabilities and objectivity of the external valuer engaged by the Group. Read the external valuer's reports and understood the key estimates made and the approach taken by the external valuer in determining fair values. Evaluated the appropriateness of the valuation techniques used and assessed the reasonableness of the significant judgements, estimates and assumptions used in the valuations such as actual annual average generation KW, Cost per MW, Plant Factor, Selling price (Tarif rate), price per perch, discount rate, yield rate, anticipated maintenance cost and Capacity Rate for valuation of power plants. In addition, we evaluated the adequacy of the related financial statement disclosures in note 14.

Other Information included in the 2023 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 the management and those charged with governance

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

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

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

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 controls 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 1420.

Colombo

26 June 2023

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March	Note	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
Continuing operations					
Revenue	6	**1,014,079,462**	935,512,639	**91,131,811**	107,376,899
Cost of sales		**(359,047,940)**	(296,256,382)	**(29,542,883)**	(19,687,269)
Gross profit		**655,031,522**	639,256,257	**61,588,928**	87,689,630
Other income	8	**10,713,266**	4,490,643	**2,769,917**	280,669,544
Administrative expenses		**(232,922,980)**	(145,422,677)	**(74,727,381)**	(56,414,716)
Impairment loss on trade receivables		**(5,184,026)**	(14,257,310)	**(1,039,156)**	(1,505,534)
Impairment loss on goodwill	17.4	**-**	(461,518,584)	**-**	-
Operating profit/ (loss)		**427,637,782**	22,548,329	**(11,407,692)**	310,438,924
Finance income	9.1	**6,920,888**	10,505,296	**41,088,952**	9,342,116
Finance expenses	9.2	**(422,082,558)**	(145,536,560)	**(66,313,296)**	(17,740,345)
Net finance expenses		**(415,161,670)**	(135,031,264)	**(25,224,344)**	(8,398,229)
Share of profit of equity accounted investees - net of tax	20.1	**(3,152,210)**	2,671,591	**-**	-
Profit / (loss) before taxation from continuing operations	10	**9,323,902**	(109,811,344)	**(36,632,036)**	302,040,695
Income tax expense	11.1	**(470,122,524)**	(74,239,239)	**(50,181,197)**	(40,035,200)
Profit / (loss) form continuing operations		**(460,798,622)**	(184,050,583)	**(86,813,233)**	262,005,495
Discontinued operations					
Gain on disposal of discontinued operations		**-**	16,250,484	**-**	-
Profit / (loss) for the year		**(460,798,622)**	(167,800,099)	**(86,813,233)**	262,005,495
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Re-measurement of retirement benefit obligation	28	**265,081**	505,669	**254,013**	33,653
Deferred tax effect on re-measurement of retirement benefit obligation	11.2	**(79,524)**	(70,794)	**(76,204)**	(4,711)
Revaluation of property, plant and equipment- share equity accounted investees	20.1	**(1,347,305)**	1,924,721	**-**	-
Revaluation of property, plant and equipment	14	**(213,455,370)**	964,131,080	**162,916,191**	174,603,646
Deferred tax effect on revaluation	11.2	**64,036,611**	(134,978,351)	**(48,874,857)**	(24,444,510)
Other comprehensive income for the year, net of tax		**(150,580,507)**	831,512,325	**114,219,143**	150,188,078
Total comprehensive income for the year		**(611,379,129)**	663,712,226	**27,405,910**	412,193,573

For the year ended 31 March	Note	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
Profit /(Loss) attributable to:					
Equity holders of the parent					
(Loss) / Profit from continuing operations, (net of tax)		**(479,458,516)**	(212,111,560)	**(86,813,233)**	262,005,495
Gain on disposal of discontinued operations		**-**	16,250,484	**-**	-
		(479,458,516)	(195,861,076)	**(86,813,233)**	262,005,495
Non-controlling interests		**18,659,894**	28,060,977	**-**	-
		(460,798,622)	(167,800,099)	**(86,813,233)**	262,005,495
Total comprehensive income attributable to:					
Equity holders of the parent					
Total comprehensive income from continuing operations, (net of tax)		**(619,755,524)**	574,389,962	**27,405,910**	412,193,573
Total comprehensive income from discontinued operations, (net of tax)		**-**	16,250,484	**-**	-
		(619,755,524)	590,640,446	**27,405,910**	412,193,573
Non-controlling interests		**8,376,395**	73,071,783	**-**	-
		(611,379,129)	663,712,226	**27,405,910**	412,193,573
Earnings per share for profit attributed to the ordinary equity holders of the company					
Basic (loss) /earnings per share (Rs.)	12	**(0.77)**	(0.31)	**(0.14)**	0.42
Basic (loss) /earnings per share (Rs.) - Continuing operation	12.1	**(0.77)**	(0.34)	**(0.14)**	0.42
Basic (loss) /earnings per share (Rs.) - Discontinuing operation	12.2	**-**	0.03	**-**	-
Dividend per share	13	**-**	0.34	**-**	0.34

The accounting policies and notes on pages 128 to 203 form an integral part of these financial statements.

The figures in bracket indicate deductions.

Statement of Financial Position

As at 31 March	Note	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
Assets					
Non-current assets					
Property, plant and equipment	14	**3,819,252,402**	4,273,282,886	**594,568,308**	449,192,126
Capital work in progress	15	**13,076,121**	13,143,937	**10,528,278**	9,288,530
Right of use assets	16	**31,733,023**	38,022,115	**29,436,955**	35,634,211
Intangible assets	17	**78,997,583**	84,677,309	**1,369,244**	2,250,381
Investment in subsidiaries	18	**-**	-	**1,230,177,694**	1,230,177,694
Investment in preference shares	19	**11,076,962**	13,915,410	**23,000,000**	23,000,000
Investment in joint ventures	20	**9,648,266**	15,399,299	**-**	-
Other non financial assets	21	**5,115,150**	5,115,150	**5,115,150**	5,115,150
Deferred tax assets	31	**41,851,548**	78,166,066	**11,951,520**	1,916,003
Total non-current assets		**4,010,751,055**	4,521,722,172	**1,906,147,149**	1,756,574,095
Current assets					
Inventories	22	**83,442,042**	45,604,306	**44,448**	227,250
Investment in unit trust	23	**6,414**	450,603	**-**	73,706
Trade and other receivables	24	**817,297,737**	451,610,838	**112,620,680**	64,943,282
Income tax receivables	34	**906,834**	1,065,636	**-**	-
Amount due from related companies	25	**5,782,887**	4,191,999	**176,618,043**	166,727,787
Cash and cash equivalents	26	**123,626,628**	119,113,359	**69,061,732**	21,584,779
Total current assets		**1,031,062,542**	622,036,741	**358,344,903**	253,556,804
Total assets		**5,041,813,597**	5,143,758,913	**2,264,492,052**	2,010,130,899
Equity and liabilities					
Equity					
Stated capital	27	**1,030,000,000**	1,030,000,000	**1,030,000,000**	1,030,000,000
Revaluation reserves		**1,002,913,989**	1,143,402,764	**406,091,374**	292,050,040
Retained earnings		**(90,811,481)**	388,455,268	**212,632,157**	299,267,581
Equity attributable to owners of the company		**1,942,102,508**	2,561,858,032	**1,648,723,531**	1,621,317,621
Non controlling interests		**180,791,495**	172,415,100	**-**	-
Total equity		**2,122,894,003**	2,734,273,132	**1,648,723,531**	1,621,317,621
Non-current liabilities					
Retirement benefit obligation	28	**7,957,081**	6,308,189	**6,251,477**	4,870,337
Lease liabilities	29	**36,743,817**	40,982,833	**34,128,913**	38,361,879
Interest bearing loans and borrowings	30	**1,190,842,114**	1,355,231,569	**35,435,000**	66,440,000
Deferred tax liabilities	31	**620,499,470**	299,751,135	**167,258,659**	58,297,690
Total non-current liabilities		**1,856,042,482**	1,702,273,726	**243,074,049**	167,969,906

As at 31 March	Note	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
Current liabilities					
Lease liabilities	29	**5,491,816**	3,851,973	**5,485,766**	3,869,618
Interest bearing loans and borrowings	30	**733,108,261**	476,030,621	**90,345,419**	39,178,407
Amount due to related companies	32	**263,342**	91,300	**18,779,337**	2,383,409
Loan due to related companies		**60,000,000**	-	**60,000,000**	-
Trade and other payables	33	**56,081,518**	161,065,291	**37,273,593**	139,029,943
Income tax payables	34	**44,335,111**	37,753,577	**-**	24,505,545
Bank overdrafts	26	**163,597,064**	28,419,293	**160,810,357**	11,876,450
Total current liabilities		**1,062,877,112**	707,212,055	**372,694,472**	220,843,372
Total liabilities		**2,918,919,594**	2,409,485,781	**615,768,521**	388,813,278
Total equity and liabilities		**5,041,813,597**	5,143,758,913	**2,264,492,052**	2,010,130,899

The accounting policies and notes on pages 128 to 203 form an integral part of these financial statements.

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

Egodawaththa

E.A.D.L.D.Egodawaththa
Finance Manager

The Board of Directors are responsible for these financial statements. Approved and signed for and on behalf of Board of Directors

L.H.A.L. Silva
Chairman

P.K. Pathmanatha
Chief Executive Officer/Executive Director

Colombo
26 June 2023

Statement of Changes in Equity

Group	Stated capital Rs.	Revaluation reserve Rs.	Retained earnings Rs.	Total Rs.	Non-Controlling Interest Rs.	Total equity Rs.
Balance as at 01 April 2021	1,030,000,000	357,335,896	796,381,691	2,183,717,587	129,943,319	2,313,660,906
Total comprehensive income for the year						
- Profit / (Loss) for the period	-	-	(195,861,076)	(195,861,076)	28,060,977	(167,800,099)
- Other comprehensive income	-	786,066,868	434,653	786,501,521	45,010,804	831,512,325
Transaction with owners in their capacity as owners						
Distributions						
- Dividends (Note 13)	-	-	(212,500,000)	(212,500,000)	(30,600,000)	(243,100,000)
Balance as at 31 March 2022	1,030,000,000	1,143,402,764	388,455,268	2,561,858,032	172,415,100	2,734,273,132
Balance as at 01 April 2022	1,030,000,000	1,143,402,764	388,455,268	2,561,858,032	172,415,100	2,734,273,132
Total comprehensive income for the year						
- Profit	-	-	(479,458,516)	(479,458,516)	18,659,894	(460,798,622)
- Other comprehensive income	-	(140,488,775)	191,767	(140,297,008)	(10,283,499)	(150,580,507)
Balance as at 31 March 2023	1,030,000,000	1,002,913,989	(90,811,481)	1,942,102,508	180,791,495	2,122,894,003

The accounting policies and notes on pages 128 to 203 form an integral part of these financial statements.

The figures in bracket indicate deductions.

Company	Stated capital Rs.	Revaluation reserve Rs.	Retained earnings Rs.	Total Rs.
Balance as at 01 April 2021	1,030,000,000	141,890,904	249,733,144	1,421,624,048
Total comprehensive income for the year				
- Profit for the period			262,005,495	262,005,495
- Other comprehensive income		150,159,136	28,942	150,188,078
Transaction with owners of the company				
Distributions				
- Dividends (Note 13)			(212,500,000)	(212,500,000)
Balance as at 31 March 2022	1,030,000,000	292,050,040	299,267,581	1,621,317,621
Balance as at 01 April 2022	1,030,000,000	292,050,040	299,267,581	1,621,317,621
Total comprehensive income for the year				
- Profit			(86,813,233)	(86,813,233)
- Other comprehensive income		114,041,334	177,809	114,219,143
Balance as at 31 March 2023	1,030,000,000	406,091,374	212,632,157	1,648,723,531

The accounting policies and notes on pages 128 to 203 form an integral part of these financial statements.

The figures in bracket indicate deductions.

Statement of Cash Flows

For the year ended 31 March	Group		Company	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
Cash flows from operating activities				
(Loss) /Profit for the year	**(460,798,622)**	(167,800,099)	**(86,813,233)**	262,005,495
Adjustments for,				
Depreciation of property, plant and equipment	**197,115,512**	138,258,782	**19,942,557**	12,580,986
Depreciation of right of use assets	**6,289,092**	7,112,209	**6,197,256**	7,020,371
Amortisation of intangible asset	**5,707,225**	5,494,537	**908,637**	1,267,846
Revaluation loss	**56,610,312**	-	**-**	-
Deferred tax adjustment	**420,915,488**	9,582,466	**49,974,390**	(1,655,779)
Goodwill impairment loss	**-**	461,518,584	**-**	-
Disposal gain on disposal of joint venture	**-**	(16,250,484)	**-**	-
Provision for retiring gratuity	**2,135,905**	803,021	**1,635,153**	573,516
Sundry Income	**(6,981,505)**	(3,022,456)	**-**	-
Other income	**(2,769,917)**	-	**(2,769,917)**	-
Dividend income	**(961,844)**	(1,140,545)	**-**	(280,669,544)
Share of profit of equity accounted investees - joint venture	**3,152,210**	(2,671,591)	**-**	-
Interest income from unit trust	**(6,843)**	(4,467,413)	**(70)**	(374,420)
Interest income	**(6,914,045)**	(6,037,883)	**(41,088,882)**	(8,967,696)
Tax expense	**49,207,036**	64,656,773	**206,807**	41,690,979
Interest expense	**422,082,558**	145,536,559	**68,990,091**	20,926,842
Operating profit before working capital changes	**684,782,562**	631,570,460	**17,182,789**	54,398,596
Decrease /(increase) in inventories	**(37,837,736)**	24,358,584	**182,802**	(129,750)
(Increase) / decrease in trade and other receivables	**(362,916,981)**	(32,497,503)	**(44,907,481)**	32,233,836
Decrease / (increase) in amounts due from related parties	**(1,590,888)**	16,433,185	**(9,890,257)**	(95,805,303)
Increase in other payables	**157,095,747**	91,259,401	**21,905,237**	122,846,808
Increase /(decrease) in amounts due to related companies	**172,042**	91,300	**16,395,928**	(117,572,186)
Net cash generated from / (used in) operating activities	**439,704,746**	731,215,424	**869,018**	(4,027,999)
Finance interest paid	**(343,059,206)**	(141,067,780)	**(63,986,775)**	(16,649,492)
Income taxes paid	**(42,466,702)**	(64,674,751)	**(24,712,352)**	(41,932,156)
Retirement benefit obligations paid	**(221,932)**	(579,665)	**-**	(579,665)
Net cash generated from / (used in) operating activities	**53,956,906**	524,893,231	**(87,830,109)**	(63,189,312)

For the year ended 31 March	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
Cash flows from investing activities				
Acquisition of property, plant and equipment	**2,038,569**	(2,743,289)	**(2,402,548)**	(1,387,229)
Redemption of investments in preference shares	**2,838,448**	-	**-**	-
Investments in unit trusts	**(3,500,000)**	(343,000,000)	**-**	(69,000,000)
Withdrawals from unit trust	**3,951,032**	449,700,000	**73,706**	101,300,000
Investments in capital work in progress	**(15,103,963)**	(312,698,007)	**(1,239,748)**	(9,288,530)
Proceeds from sale / returned of property plant and equipment	**29,598**	-	**-**	-
Disposal of joint venture	**-**	25,576,426	**-**	-
Investments in intangible assets	**(27,500)**	(157,500)	**(27,500)**	(157,500)
Sundry Income	**6,981,505**	3,022,456	**-**	-
Dividend received	**2,213,364**	1,140,545	**-**	280,669,544
Interest received	**6,914,045**	6,037,884	**41,088,952**	8,967,696
Net cash (used in)/ generated from investing activities	**6,335,098**	(173,121,485)	**37,492,862**	311,103,981
Cash flows from financing activities				
Proceeds from loans and borrowings	**419,437,056**	264,826,050	**117,731,761**	-
Repayment of borrowings	**(464,992,977)**	(426,281,996)	**(38,925,883)**	(40,676,592)
Dividends paid	**(138,961,585)**	(243,100,000)	**(123,661,585)**	(212,500,000)
Payment of finance lease liabilities	**(6,439,000)**	(8,631,400)	**(6,264,000)**	(8,456,400)
Net cash (used in) / generated from financing activities	**(190,956,506)**	(413,187,346)	**(51,119,707)**	(261,632,992)
Net (decrease) / increase in cash and cash equivalents	**(130,664,502)**	(61,415,599)	**(101,456,954)**	(13,718,323)
Cash and cash equivalents at the beginning of the year	**90,694,066**	152,109,665	**9,708,329**	23,426,652
Cash and cash equivalents at the end of the year (Note 26)	**(39,970,436)**	90,694,066	**(91,748,625)**	9,708,329

The accounting policies and notes on pages 128 to 203 form an integral part of these financial statements.

Notes to the Financial Statements

1 CORPORATE INFORMATION

1.1 General

(a) Panasian Power PLC (“the Company”) is a public limited liability Company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The registered office of the Company and principal place of business is located at Level 04, BTL Shipping House, No 45/2, Braybrooke Street, Colombo 02.

(b) The fully owned subsidiary companies, Manelwala Hydropower (Pvt) Ltd and Panasian Investments (Pvt) Ltd are private companies with limited liability incorporated in Sri Lanka under the provisions of the Companies Act No 7 of 2007. The immediate parent of these Companies is Panasian Power PLC.

(c) 83% owned subsidiary company, Padiyapelella Hydropower Limited is a limited liability company with limited liability incorporated in Sri Lanka under the provisions of the Companies Act No 7 of 2007. The immediate parent of the Company is Panasian Power PLC.

(d) 1. The sub subsidiary PAP Solar One (Pvt) Ltd is a limited liability company incorporated in Sri Lanka under the provisions of the Companies Act No.07 of 2007.

2. Panasian Investments (Pvt) Ltd is the immediate parent of PAP Solar One (Pvt) Ltd.

(e) 1. The fully owned sub subsidiaries Eco Green Solar Solutions (Pvt) Ltd and Solar Power Generation Matara (Pvt) Ltd are limited liability companies incorporated in Sri Lanka under the provisions of the Companies Act No.07 of 2007.

2. Manelwala Hydropower (Pvt) Ltd is the immediate parent Eco Green Solar Solutions (Pvt) Ltd and Solar Power Generation Matara (Pvt) Ltd.

(f) 1. The fully owned sub subsidiary Panthree Solaro Energy (Pvt) Ltd is a limited liability company incorporated in Sri Lanka under the provisions of the Companies Act No.07 of 2007.

2. PAP Solar One (Pvt) Ltd is the immediate parent of Panthree Solaro Energy (Pvt) Ltd.

(g) 1. The fully owned sub subsidiaries Rajarata Sustainable Development (Pvt) Ltd and Finergreen Rajarata (Pvt) Ltd are limited liability companies incorporated in Sri Lanka under the provisions of the Companies Act No.07 of 2007.

2. PAP Solar One (Pvt) Ltd is the immediate parent of Rajarata Sustainable Development (Pvt) Ltd and Finergreen Rajarata (Pvt) Ltd.

(h) Joint Venture Powergen One (Pvt) Ltd is a limited liability company incorporated in Sri Lanka under the provisions of the Companies Act No.07 of 2007. Panasian Investments (Pvt) Limited has invested 50% of ordinary shares of Powergen One (Pvt) Ltd.

1.2 Consolidated Financial Statements

The consolidated financial statements of the Company as at, and for the year ended 31st March 2023 comprise the financial statements of Company and its subsidiaries (together referred to as the “Group”)

1.3 Date of authorisation for issue

These consolidated financial statements were authorized for issue by the Board of Directors on 26 June 2023.

1.4 Principal activities and nature of operations

The principal activity of the Company and its Subsidiaries Manelwala Hydropower (Pvt) Limited and Padiyapelella Hydropower Limited are to produce hydro power.

The Company entered into Standardised agreement for purchase of energy with the Ceylon Electricity Board (CEB) for the sale of electrical energy from Rath Ganga Mini-Hydro Production Facilities for a period of 15 years, beginning on the Commercial Operation Date of 5 July 2004 and new agreement signed on 28 July 2020 for another 5 years. The capacity of power potential is 3000kW and situated at Rath Ganga, Ratnapura.

The Subsidiary, Manelwala Hydropower (Pvt) Limited entered into Standardised agreement for purchase of energy with the Ceylon Electricity Board (CEB) for e sale of electrical energy from Kurundu Oya Mini-Hydro Production Facilities for a period of 15 years, beginning on the Commercial Operation Date of 18 June 2008. The capacity of power potential is 2400kW and situated at Walapane.

The Subsidiary, Padiyapelella Hydropower Limited entered into Standardised agreement for purchase of energy with the

Ceylon Electricity Board (CEB) for the sale of electrical energy from Belihul Oya Mini-Hydro Production Facilities for a period of 20 years and the project was commissioned in 01 March 2017. The capacity of power potential of Phase 1 is 3500kW and situated at Padiyapelella

The Subsidiary, Panasian Investments (Pvt) Limited obtained the approval from Sustainable Energy Authority as an EPC (Engineering, procurement and Construction) supplier for rooftop solar power plants and is the sole distributor of the Sungrow solar power plants equipment in Sri Lanka.

The sub subsidiary Eco Green Solar Solutions (Pvt) Ltd., entered into Standardised agreement for purchase of energy with the Ceylon Electricity Board (CEB) for the sale of electrical energy from Beliatta Solar Power PV Plant to National Grid for a period of 20 years and the project was commissioned in 29 July 2019. The capacity of power potential is 1000kW.

The sub subsidiary Solar Power Generation Matara (Pvt) Ltd., entered into two Standardised agreements for purchase of energy with the Ceylon Electricity Board (CEB) for the sale of electrical energy from Matara Solar Power PV Plants to National Grid for a period of 20 years. The capacity of power potential 2000kW. The Project was commissioned on 02 October 2021.

The sub subsidiary Panthree Solaro Energy (Pvt) Ltd entered into Standardised agreements for purchase of energy with the Ceylon Electricity Board (CEB) for the sale of electrical energy from Matara, Pannala and Maho Solar Power PV Plant to National Grid for a period of 20 years. The capacity of power potential 3000kW.The Matara project was commissioned on 02 October 2021. Pannala project was commissioned on 25 January 2022 and Maho project was commissioned on 10 November 2021.

The sub subsidiary PAP Solar One (Pvt) Ltd., operate 4000 kW rooftop solar projects in Kohuwala, Kolonna and 6 projects in Kurunegala District. The Company entered into an agreement to generate and supply solar power to National Grid for 20 Years.

Details of commissioning solar power plants of PAP Solar One (Pvt) Ltd are as follows;

Project	Date of commissioning	Capacity (kWp)
Kolonna	**29 August 2018**	305
Kohuwala	**27 September 2018**	345
Mawathagama I	**24 June 2019**	720
Mawathagama II	**31 May 2019**	495
Malsiripura	**24 May 2019**	355
Narammala	**03 July 2019**	320
Palapathwala	**19 September 2019**	775
Uhumeeya	**28 March 2019**	615

The sub subsidiary Rajarata Sustainable Development (Pvt) Ltd., completed construction of 2000 kWp rooftop solar projects in Anuradhapura District. The Company has entered into agreements to generate and supply solar power to National Grid for 20 Years for one 1000 kWp project. The Maradankadawala project was commissioned on 23 October 2020 and Thirappane project was commissioned on 12 October 2021.

The sub subsidiary Finergreen Rajarata (Pvt) Ltd., completed construction of 2000 kWp rooftop solar projects in Anuradhapura District and accordingly commissioned. The Company has entered into agreements to generate and supply solar power to National Grid for 20 Years. The Maradankadawala project was commissioned on 26 November 2020 and Thirappane project was commissioned on 04 January 2021.

The joint venture company Powergen One (Pvt) Ltd., operate 400 KW rooftop solar project in Boralasgamuwa and entered into an agreement to generate and supply solar power to National Grid for 20 Years and the project was commissioned in 23 April 2018.

1.5 Parent enterprise and ultimate parent enterprise

The Company's controlling entity and ultimate parent undertaking is R I L Property PLC which is incorporated in Sri Lanka.

Notes to the Financial Statements

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Company and Group have been prepared in accordance with the Sri Lanka Accounting Standards (herein referred to as SLFRSs/ LKASs) effective from 1 January 2012, laid down by The Institute of Chartered Accountants of Sri Lanka (ICASL) and the requirements of the Companies Act No. 07 of 2007. The SLFRSs and LKASs are available at www.casrilanka.com.

2.2 Responsibility for financial statements

The Board of Directors of the Company is responsible for the preparation and fair presentation of the financial statements.

2.3 Basis of measurement

The consolidated and separated financial statements have been prepared on the historical cost basis, except following.

- The retirement benefit obligations are measured at the present value of the defined benefit obligation as explained in the respective notes to the financial statements.
- Investment in Unit Trusts are measured at fair value.
- Land, Electro mechanical equipment and Civil construction included in Property, plant and equipment are measured at fair value.
- Roof top and ground solar power plants are measured at fair value.
- Assets held for sales measured at fair value

2.4 Going Concern

These financial statements have been prepared on the basis that the Company and the Group would continue as a going concern for foreseeable future.

In light of ongoing economic crisis of the country the Group has assessed its going concern and a detailed disclosure of its assessment are provided in the financial statements. In preparing the financial statements for the year ended 31 March 2023, the management has assessed the possible effects of the ongoing economic crisis of the country on the businesses of the Group to determine their ability to continue as a going concern. Based on currently available information, the management is satisfied that having taken into consideration factors that could impact the revenue, supply chain, cash flows, accessibility to funds & costs, the Group would continue as a going concern.

Consequent to giving due consideration to the presentations by management, the Directors are satisfied that the Group have adequate resources to continue as a going concern for a foreseeable future. The Group had positive net asset, and based on the arrangements made forecasted positive working capital and cash flow positions for the next twelve months. 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 a going concern basis.

2.5 Functional and presentation currency

The financial statements of the Company and Group are presented in Sri Lankan Rupees, which is also the functional currency of the company and each of its subsidiaries

2.6 Use of estimates, judgments and assumptions

The preparation of financial statements of the Group in conformity with Sri Lanka Accounting Standards requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported values of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making a judgment about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements, is stated below:

2.6.1 Fair value of non-financial assets

The fair value used by the Group in the measurement of non-financial assets 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 that is accessible by the Group for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would act in their 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.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements is included in the following Notes:

Note 14 – Valuation of Land, structures, hydro plants and solar plants

Note 28 – Defined benefit Plan

Note 31 –Deferred tax assets and liabilities

Note 37 – Commitments and contingencies

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

2.6.2. Fair value of Land, Civil Construction and Electromechanical Equipment and Roof top and ground solar power plants.

Land, civil construction and electromechanical equipment are measured at fair value less accumulated depreciation on civil construction and electromechanical equipment and impairment losses are recognized after the date of the revaluation.

Valuations are performed every year from 1 April 2021 to ensure that the fair value of revalued asset does not differ materially from its carrying amount. The valuation was carried out by Mr. J.M.S. Bandara (Chartered Valuation Surveyor), who is an incorporated valuer holding a degree of B.Sc (Hons) Estate Management and Valuation (Sri Lanka)

The key assumptions used to determine the fair value of the land, civil construction and electromechanical equipment are provided in Note 14.

2.6.3 Useful lives of depreciable assets

Management reviews its estimation of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the useful life of certain property, plant and equipment.

2.6.4 Business combinations

Management uses valuation techniques in determining the fair values of the various elements of a business combination. The fair value of contingent consideration is dependent on the outcome of many variables that affect future profitability.

2.6.5 Defined benefit obligation

Management's estimate of the defined benefit obligation is based on a number of critical underlying assumptions such as mortality rates, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the defined benefit obligation amount and the annual defined benefit expense provided in Note 28.

2.6.6 Fair value of financial instruments

Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

2.6.7 Recognition of deferred tax assets and liabilities

Management applies significant judgment to the extent the deferred tax assets can be recognised based on an assessment of the probability of the Group's future taxable income against which the deferred tax liabilities can be utilised. In addition, significant judgment is

Notes to the Financial Statements

required in assessing the impact of any legal or economic limits or uncertainties in various future tax jurisdictions.

2.6.8 Measurement of fair values

A number of the Group's accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities.

The Company regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values. Company assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SLFRS, including the level in the fair value hierarchy in which such valuations should be classified. Significant valuation issues are reported to the Company's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1 - quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Further information about assumptions made in measuring fair values is included in the respective notes to the consolidated financial statements.

2.7 Materiality and Aggregation

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

2.8 Comparative information

The comparative information has been reclassified/restated where necessary to conform to the current year's classification in order to provide a better presentation.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently for all periods presented in the financial statements by the Group and the Company unless otherwise indicated.

3.1 Basis of consolidation

3.1.1 Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

3.1.2 Subsidiary

Subsidiary is entity controlled by the Group. 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. 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

The Group considers all relevant facts and circumstances in assessing whether it has power over an investee which includes; the contractual arrangement with the other vote holders of the investee, rights arising from other contractual arrangements and the Group's voting rights and potential voting rights over the investee.

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.

The financial statements of subsidiary are included in the consolidated financial statements from the date of acquisition, being the date on which the Group obtains control, and continues to be consolidated until the date when such control ceases.

The accounting policies of subsidiary has been changed when necessary to align them with the policies adopted by the Group.

3.1.3 Non-controlling interest

For each business combination, the group elect to measure any non-controlling interest in the acquiree either,

- At fair value
- At their proportionate share of the acquirer's identifiable assets, which are generated at fair value.

Change in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners.

Adjustment to non-controlling interests are based on a proportionate amount or the net amount of the subsidiary.

3.1.4 Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in a joint venture A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Interests in the joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

3.1.5 Reporting date

Group's subsidiaries have the same reporting period as the parent Company.

3.1.6 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

3.1.7 Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Notes to the Financial Statements

3.2 Foreign currencies

3.2.1 Foreign currency transactions

The financial statements of the Group are presented in Sri Lankan Rupees, which is the functional and presentation currency of the Group.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of transaction.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the reporting currency at the exchange rate that prevailed at the date the fair value was determined.

Foreign currency differences arising on retranslation are recognized in the income statement, except for differences arising on the retranslation of FVOCI equity investments, a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognized in other comprehensive income.

Foreign currency gains and losses are reported on a net basis in the income statement.

3.3 Financial instruments

3.3.1 Financial Assets

(i) Recognition and Measurement

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.

Receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement of financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; fair value through other comprehensive income (FVOCI) – equity investment; or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Group financial assets classified and measured at amortised cost are investments in preference shares, trade and other receivables and cash & cash equivalent.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group has not designated any debt instruments as FVOCI

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The Group has designated investment in unit trust as FVTPL.

⏩ Financial assets - Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

⏩ Financial assets -Assessment whether contractual cash flows are solely payments of principal and interest.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional

Notes to the Financial Statements

compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

- Financial assets - Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

3.3.2 Financial liabilities

(i) Classification, subsequent measurement and gain and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held – for – trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

3.3.3 Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

3.3.4 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

3.3.5 Non-Derivative Financial Liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Group classifies non-derivative financial liabilities into other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Other financial liabilities comprise interest-bearing borrowings, bank overdrafts, amount due to related parties, security deposits, trade and other payables and other financial liabilities due to customers. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the Statement of Cash Flows.

3.3.6 Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if certain criteria are met.

Derivatives are initially measured at fair value; any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

However, Group does not have any derivative liabilities.

3.3.7 Impairment of financial assets

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- equity investments measured at FVOCI.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables is always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Company to actions such as realising security (if any is held); or

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

- Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. They are measured as follows:

Notes to the Financial Statements

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; an financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 365 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market tor a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures to recovery of amounts due.

3.4 Leases

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 recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Rights-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 re-measurement 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.

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's 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.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date. It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3.5 Stated capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

3.6. Property, plant and equipment

3.6.1 Recognition and measurement

All items of property, plant and equipment are recognised initially at cost. Where items of property, plant & equipment are subsequently revalued, the entire class of such assets is revalued.

Revaluations are made with sufficient regularity to ensure that their carrying amounts do not differ materially from their fair values at the reporting date. Subsequent to the initial recognition of the asset at cost, the revalued property, plant & equipment are carried at revalued amounts less accumulated depreciation thereon and accumulated impairment losses.

3.6.1.1 Cost and Revaluation Model

(i) Cost Model

The Group and company applies the cost model to office equipment, furniture and fittings and motor vehicles and records at cost of purchase together with any incremental expenses there on less accumulated depreciation and any accumulated impairment losses.

(ii) Revaluation Model

The Group and company applies revaluation model for the entire class of free hold lands, civil construction and electromechanical equipment for measurement after initial recognition. Such properties are carried at revalued amounts, being their fair value at the date of revaluation, less any subsequent accumulated depreciation and any accumulated impairment losses charged subsequent to the date of revaluation.

Fair value of land, civil construction and electromechanical equipment are provided in Note 14 include solar valuation also

On recognition of an asset, any income in the carrying amount is recognized in the revaluation reserve in equity through OCI or used to reverse a previous loss on revaluation of the same asset, which was charged to income statement. In this circumstance, the increase is recognized as income to the extent of the previous write down in value. Any decrease in carrying amount is recognized as an expense in the financial statement or charged to revaluation reserve in equity through OCI, only to the extent of any credit balance existing in the revaluation reserve in respect of the asset.

Any balance remaining in the revaluation reserve in respect of

Notes to the Financial Statements

an asset is transferred directly to retained earnings on retirement or disposal of the asset.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. The cost of self-constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the asset to the working condition for its intended use, and borrowing costs if the recognition criteria are met. This also includes cost of dismantling and removing the items and restoring them in the site on which they are located.

3.6.2 Significant components of property plant and equipment

When parts of an item of property, plant and equipment have different useful lives than the underlying asset, they are identified and accounted separately as major components of property, plant and equipment and depreciated separately based on their useful life.

3.6.3 Subsequent cost

The Group recognises in the carrying amount of property, plant and equipment the cost of replacing a part of an item, when it is probable that the future economic benefits embodied in the item will flow to the Group and the cost of the item can be measured reliably. The carrying amounts of the parts that are replaced are derecognised from the cost of the asset. The cost of day-to-day servicing of property, plant and equipment are recognised in the income statement as and when incurred.

3.6.4 Depreciation

Depreciation is recognised in the income statement on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment. Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale or on the date that the asset is disposed. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives of property plant and equipment are as follows:

Office equipment	4 years
Furniture and fittings	4 years
Motor vehicles	4 years

Civil construction

Intake Weir	38 - 53 years
Headrace Channel	38 – 53 years
De-silting Tank	41 - 58 years
Spillway Gate	37 - 53 years
Forebay tank	43 - 53 years
Penstock	38 - 53 years
Power House	38 – 53 years
Rest rooms	36 – 53 years

Electro Mechanical Equipment

Turbines	21 - 43 years
Generators	23 - 43 years
Transformers and Power Lines	25 - 40 years
Voltage Panel	23 - 40 years
Crane	23 - 40 years

Solar Power Plant

Ground solar plants	20 years
Rooftop solar power plants	20 years

The cost of replacement of components of assets recognised in the carrying amount of property, plant and equipment is depreciated over the balance useful life of the asset.

Depreciation methods, useful lives and the residual values are reviewed at each reporting date and adjusted accordingly.

3.6.5 De-recognition

The carrying amount of an item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when item is de recognized.

3.6.6 Capital work-in-progress

Capital work-in-progress represents the accumulated cost of materials and other costs directly related to the construction of an asset. Capital in progress is transferred to the respective asset accounts at the time it is substantially completed and ready for its intended use.

3.7 Intangible assets

3.7.1 Initial Recognition and measurement

The Group recognises intangible assets if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

Separately acquired intangible assets are measured on initial recognition at cost. The cost of such separately acquired intangible assets include the purchase price, import duties, non-refundable purchase taxes and any directly attributable cost of preparing the asset for its intended use.

The cost of intangible assets acquired in a business combination is the fair value of the asset at the date of acquisition.

The cost of an internally generated intangible asset arising from the development phase of an internal project which is capitalised includes all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by the Management. Other development expenditure and expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding is expensed in the income statement as and when incurred.

3.7.2 Subsequent costs

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

3.7.3 Subsequent measurement

After initial recognition an intangible asset is stated at its costs less any accumulated amortisation and any accumulated impairment losses.

The useful economic life of an intangible asset is assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life of the asset. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognised in the income statement.

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.

3.7.4 Intangible assets recognised by the Group

3.7.4.1 Computer software

All computer software cost incurred and licensed for use by the Group, which does not form an integral part of related hardware, which can be clearly identified and reliably measured with the probability of leading to future economic benefits, are capitalised under intangible assets.

The Group amortises computer software over period of 4 years.

3.7.4.2 Right to generate hydropower

Right to generate hydropower, which can be clearly identified and reliably measured with the probability of leading to future economic benefits, are capitalised under intangible assets

The Company amortises the intangible asset over 14 years on a straight-line basis in Manelwala Hydropower Limited and 10 years in Panasian Power PLC.

3.7.4.3 Right to generate solar power

Right to generate solar power, which can be clearly identified and reliably measured with the probability of leading to future economic benefits, are capitalised under intangible assets

The Group amortises the intangible asset over 20 years on a straight-line basis.

3.8 Impairment – Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amounts of such assets are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that

Notes to the Financial Statements

are largely independent from other assets. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash-generating units on acquisition of subsidiaries are allocated first to reduce the carrying amount of any goodwill allocated to the unit, and then to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis.

3.8.1 Calculation of recoverable amount

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 or cash-generating unit.

3.8.2 Reversal of impairment

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Reversals of impairment losses are recognised in the income statement.

3.9 Inventory

Inventories are stated at the lower of cost or net realisable value. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

The costs of raw materials are the purchase prices on a FIFO basis. "The cost of work -in- progress and finished goods is the actual cost of direct materials, direct labor and an appropriate proportion of fixed production overheads based on normal operating capacity on actual basis.

3.10 Liabilities and provisions

Liabilities classified as current liabilities in the statement of financial position are those which fall due for payment on demand of the creditor or within one year of the reporting date. Non-current liabilities are those balances that become repayable after one year from the reporting date.

All known liabilities have been accounted for in preparing the financial statements.

3.11 Provisions

A provision is recognised if, as a result of past events, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses. "Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small."

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

3.12 Employee benefits

3.12.1 Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid in cash as exgratia in the short term, if the Group has a present legal or constructive obligation to pay this amount as a result of past service rendered by the employee, and the obligation can be measured reliably.

3.12.2 Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays a fixed employee benefit contribution into a separate entity and will have no further legal or constructive obligations to pay any additional amounts. Obligations for contributions to a defined contribution plan are recognized as an employee benefit expense in the income statement in the periods during which services are rendered by employees.

3.12.2.1 Employee provident fund and Employee trust fund

The Group contributes a sum not less than 12% of the gross emoluments of employees employed in Sri Lanka as provident fund benefits and 3% as trust fund benefits.

3.12.3 Defined benefit plan – retiring gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability recognised in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the reporting date. The defined benefit obligation is calculated annually using the projected unit credit method by qualified actuary as recommended by LKAS-19. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms of maturity approximating to the terms of the liability.

Provision has been made in the financial statements for retiring gratuities from the first year of service for all employees.

However, according to the Payment of Gratuity Act No. 12 of 1983, the liability for payment to an employee arises only after the completion of 5 years continued service.

The liability is not externally funded.

Group recognises all actuarial gains and losses arising from defined benefit plans immediately in the statement of other comprehensive income as they occur.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past.

3.13 Revenue

Revenue is measured based on the consolidation specified in a contact with a customer. The Group recognises revenue when it transfers control over a good or service to a customer. Determining the timing of the transfer of control at a point in time or over time require judgment.

The following information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Sale of Electricity

Company sells electricity to CEB credit basis. At the time of transmission of the electricity to CEB, Company meets its performance obligation. Revenue is recognised when the goods are delivered to the customers.

Sale of Solar Plant and Inverters

Company sells panels and inverters to the customers on cash or credit basis. At the time of delivery of the goods to the customers, Company meets its performance obligation. Revenue is recognised when the goods are delivered to the customers.

3.14 Expenditure

All expenditure incurred in the running of the business and in maintaining the capital assets in a state of efficiency has been charged to income statement in arriving at the profit for the year.

3.15 Income tax expense

Income tax expense comprises of current tax and deferred tax. The income tax expense is recognised in the income statement except to the extent that it relates to the items recognised directly in the statement of other comprehensive income or statement of changes in equity, in which case it is recognised directly in the respective statements.

The Group has determined that interest and penalties related to income taxes, including certain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under LKAS 37 Provisions, Contingent Liabilities and Contingent Assets.

3.15.1 Current Tax

The current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Notes to the Financial Statements

Provision for taxation is based on the profit for the year adjusted for taxation purposes in accordance with the provisions of the Inland Revenue Act No 24 of 2017 and the amendments thereto.

Taxation for the current and previous periods to the extent unpaid is recognized as a liability in the financial statements. When the amount of taxation already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset in the financial statements.

3.15.2 Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Temporary differences in relation to a right-of-use asset and a lease liability for a specific lease are regarded as a net package (the lease) for the purpose of recognising deferred tax.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this assumption.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same authority on the same taxable entity.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences will be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.15 Panasian Investments (Pvt) Ltd, subsidiary of the Group is liable for Social Security Contribution Levy (SSCL), on the liable turnover specified in the Social Security Contribution Act No. 25 of 2022 at the rate of 2.5% with effect from 01 October 2022. SSCL has been charged based on the revenue. During the financial year 2022/23, LKR368,423 has been paid by the company as SSCL.

3.16 Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank and in hand balances. Cash and bank balances are stated at recoverable values. There were no cash and cash equivalents held by the Group companies that were not available for use.

Bank overdrafts and short-term borrowings that are repayable on demand and forming an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

3.17 Statements of cash flows

The statement of cash flows has been prepared using the "indirect method" in accordance with LKAS 7 -"Statement of cash flows".

Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The cash and cash equivalents include cash in-hand, balances with banks and short term deposits with banks.

Interest paid is classified as operating cash flows, interest received are classified as investing cash flows, while dividends paid are classified as financing cash flows for the purpose of presenting the cash flow statement.

3.18 Contingencies and capital commitments

Contingencies are possible assets or obligations that arise from a past event and would be confirmed only on the occurrence or non-occurrence of uncertain future events, which not wholly within control of the Group.

Commitments and Contingent liabilities are disclosed in Note 39 and 40 to the financial statements.

3.19 Related party transactions

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies and decisions of the other, irrespective of whether a price is being charged.

3.20 Earnings per share

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.21 Events occurring after the reporting date

All material post reporting date events have been considered and where appropriate adjustments or disclosures have been made in the respective notes to the financial statements.

3.22 Operating Segment information

A segment is a distinguishable component of the company and the group that is engaged either in providing products or services which are subject to risks and rewards that are different from those of other segments.

Segment information is presented in the respective Notes to the Financial Statements.

3.23 Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which;

- represent a separation major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held-for-sale, if earlier.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re - presented as if the operation had been discontinued from the start of the comparative year.

3.24 Non-current assets held for sale

Non-current assets (and disposal group) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

This condition is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition.

Notes to the Financial Statements

Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Comparatives in the statement of the financial position are not re-presented when a non-current asset is classified as held for sale. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

4. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

4.1. Deferred tax related to assets and liabilities arising from a single transaction 9 Amendments to IAS 12

The accounting policies set out above have been applied consistently to all periods presented in these financial statements and have been no significant changes to the accounting policies.

5. EFFECT OF NEW ACCOUNTING STANDARDS

5.1 New Accounting Standards adopted by the Group

The Group has applied the following standards and amendments for the first time for the annual reporting period commencing 01 April 2022:

I. Amendments to LKAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Costs of Fulfilling a Contract

On 25 March 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued amendments to LKAS 37 Provisions, Contingent Liabilities and Contingent Assets (LKAS 37) to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

II. Amendments to LKAS 16 Property, Plant & Equipment: Proceeds before Intended Use

On 25 March 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued LKAS 16 Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

III. Amendments to SLFRS 3 Business Combinations:

Updating a reference to conceptual framework

On 23 March 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued amendments to SLFRS 03 Business Combinations - Updating a Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

An exception was also added to the recognition principle of SLFRS 03 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of LKAS 37 or IFRIC 21 Levies, if incurred separately. At the same time, it was decided to clarify existing guidance in SLFRS 03 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

IV. SLFRS 1 First-time Adoption of Sri Lanka Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to SLFRS standards process, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued an amendment to SLFRS 01 First-time Adoption of International Financial Reporting Standards (SLFRS 01). The amendment permits a subsidiary that elects to apply paragraph D16 (a) of SLFRS 01 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to SLFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16 (a) of SLFRS 01.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

V. SLFRS 9 Financial Instruments – Fees in the "10 per cent" test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to SLFRS standards process, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued an amendment to SLFRS 09 Financial Instruments (SLFRS 09). The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for start as separate annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted.

6. NEW ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT YET ADOPTED

Standards issued but not yet effective up to the date of issuance of the Group's Financial Statements are listed below. This listing of standards and interpretations issued are those that the Group reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards when they become effective.

I. SLFRS 17 Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation, and disclosure. Once effective, SLFRS 17 will replace SLFRS 04 Insurance Contracts (SLFRS 04) that was issued in 2005. SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance, and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of SLFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in SLFRS 04, which are largely based on grandfathering previous local accounting policies, SLFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of SLFRS 17 is the general model, supplemented by:

– A specific adaptation for contracts with direct participation features (the variable fee approach)

– A simplified approach (the premium allocation approach) mainly for short-duration contracts

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2025, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS 09 and SLFRS 15 on or before the date it first applies SLFRS 17.

II. Definition of Accounting Estimates – Amendments to LKAS 08

The amendments clarify the distinction between changes in accounting estimates and

Notes to the Financial Statements

changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

Earlier application is permitted.

III. Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to LKAS 12

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the Financial Statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

Also, under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal. The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

IV. Disclosure of Accounting Policies – Amendments to LKAS 1 and IFRS Practice Statement 02

Amendments to LKAS 01 and IFRS Practice Statement 02 Making Materiality Judgements, provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

– Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies

– Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

V. Classification of Liabilities as Current or Non-current – Amendments to LKAS 01

Amendments to LKAS 01 Presentation of Financial Statements specify the requirements for classifying liabilities as current or non-current. The amendments clarify –

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification
- Disclosures
  The amendments are effective for annual reporting periods beginning on or after 1 January 2022

For the period ended 31 March,	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
6 REVENUE FROM CONTRACTS WITH CUSTOMERS				
Supply of electricity	**866,801,036**	819,202,645	**91,131,811**	107,376,899
Sale of solar Inverters	**41,579,556**	103,583,050	**-**	-
Sale of solar Panels	**95,795,497**	10,453,000	**-**	-
Turnover from installation of solar system	**6,760,543**	-	**-**	-
Solar plant maintenance income	**-**	999,996	**-**	-
Service income	**3,142,830**	1,273,948	**-**	-
	1,014,079,462	935,512,639	**91,131,811**	107,376,899
6.1 Revenue -Segment Analysis				
Hydro power	**530,071,485**	517,409,957	91,131,811	107,376,899
Solar power	**336,729,550**	301,792,688	**-**	-
Engineering, procument and construction	**147,278,427**	116,309,994	**-**	-
	1,014,079,462	935,512,639	91,131,811	107,376,899

6.2 The Group identified Hydro power, Solar power & Engineering, Procurement and construction (EPC) as separate business segments.

6.3 The revenue from contracts with customers recognize at a point in time upon satisfying the performance obligation.

Notes to the Financial Statements

7 SEGMENTAL INFORMATION

The Group identified Hydro power, Solar Power and Engineering, Procurement and Construction (EPC) as business segments and the below information is based on these primary segments.

Hydro Power

This includes two fully-owned mini*-hydro plants and one with ownership of 83%. Operational hydro power plants have an aggregate capacity of 8.9MW. Aggregate operational results, assets and liabilities of the hydro power plants are presented under this segment.

Solar Power

This includes eighteen fully-owned operational solar power plants with an aggregate capacity of 13.5MW and 0.4 MW in operation under joint venture arrangements. Aggregate operational results, assets and liabilities of solar power plants are presented under this segment.

EPC

This segment represents Engineering, Procurement and Construction of roof top solar power plants and sale of solar inverters, panels and other accessories to third party customers. A fully owned subsidiary company, Panasian Investments (Pvt) Ltd is the authorised channel partner for Sungrow inverters in Sri Lanka

	2023				2022			
For the period ended 31st March,	Hydro Power Rs.	Solar Power Rs.	EPC Rs.	Group Rs.	Hydro Power Rs.	Solar Power Rs.	EPC Rs.	Group Rs.
Revenue	530,071,485	336,729,550	147,278,427	1,014,079,462	517,409,957	301,792,688	116,309,994	935,512,639
Intra segment revenue	-	-	-	-	-	-	-	-
	530,071,485	336,729,550	147,278,427	1,014,079,462	517,409,957	301,792,688	116,309,994	935,512,639
Cost of sales	(110,825,946)	(144,949,982)	(103,272,013)	(359,047,940)	(86,827,460)	(114,475,680)	(94,953,242)	(296,256,382)
Result from EBITDA	386,867,433	214,674,787	30,917,730	632,459,950	398,937,793	233,408,809	11,346,606	643,693,209
Depreciation	(83,637,042)	(120,833,769)	(351,358)	(204,822,169)	(58,017,949)	(87,273,581)	(77,564)	(145,368,986)
Impairment loss on trade receivables	(8,151,283)	2,967,257	-	(5,184,026)	(9,871,454)	(4,385,856)	-	(14,257,310)
Impairment loss on goodwill	-	-	-	-	(461,518,584)	-	-	(461,518,584)
Net finance costs	(150,577,504)	(251,746,176)	(12,837,991)	(415,161,670)	(36,834,722)	(94,071,352)	(4,125,190)	(135,031,264)
Share of profit of equity accounted investees - joint venture		(3,152,210)		(3,152,210)	-	2,671,591	-	2,671,591
(Loss)/Profit before taxation	152,652,887	(161,057,367)	17,728,381	9,323,902	(167,304,915)	50,349,611	7,143,960	(109,811,344)
Income tax expenses	(193,684,049)	(268,937,749)	(7,500,726)	(470,122,524)	(58,116,288)	(14,341,265)	(1,781,686)	(74,239,239)
Gain on disposal of joint venture	-	-	-	-	-	16,250,484	-	16,250,484
Profit (loss) from discontinued operation, net of tax	-	-	-	-	-	-	-	-
(Loss)/Profit for the year	(41,031,162)	(429,995,115)	10,227,655	(460,798,622)	(225,421,203)	52,258,830	5,362,274	(167,800,099)
(Loss)/Profit attributable to:	-	-		-	-	-	-	-
Owners of the company	(64,443,264)	(428,094,425)	13,079,173	(479,458,516)	(253,482,180)	52,258,830	5,362,274	(195,861,076)
Non-controlling interest	18,659,894			18,659,894	28,060,977			28,060,977
	(45,783,370)	(428,094,425)	13,079,173	(460,798,622)	(225,421,203)	52,258,830	5,362,274	(167,800,099)
Total comprehensive income Attributable to:								
Owners of the company	-	-	-	(619,755,524)	-	-	-	590,640,446
Non-controlling interest	-	-	-	8,376,395	-	-	-	73,071,780
	-	-	-	(611,379,129)	-	-	-	663,712,226
(Loss)/Eraning per share (Rs.)	-	-	-	(0.77)	-	-	-	(0.31)

7.1 Segmental Balance Sheet

	2023				2022			
As at 31 March	Hydro Power	Solar Power	EPC	Group	Hydro Power	Solar Power	EPC	Group
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Assets								
Non-current assets								
Property, pant and equipment	2,053,392,932	1,814,523,582	590,343	3,868,506,857	2,156,414,495	2,166,600,330	941,701	4,323,956,526
Capital work in progress	11,152,270	1,873,851	50,000	13,076,121	9,288,530	3,855,407	-	13,143,937
Right of use assets	29,436,955	2,296,068	-	31,733,023	35,634,211	2,387,904	-	38,022,115
Intangible assets	1,369,240	77,628,343	-	78,997,583	2,678,974	81,998,335	-	84,677,309
Investment in subsidiaries	1,273,394,294	67,401,000	113,000,010	1,453,795,304	1,273,394,294	67,401,000	113,000,010	1,453,795,304
Investment in preference shares	118,000,000	-	11,076,962	129,076,962	118,000,000	-	13,915,410	131,915,410
Investment in joint venture	-	-	12,515,200	12,515,200	-	-	12,515,200	12,515,200
Advances paid for acquisition	5,115,150	-	-	5,115,150	5,115,150	-	-	5,115,150
Deferred tax assets	17,054,677	24,827,433	83,095	41,965,204	3,269,317	74,855,752	40,997	78,166,066
Segmental non-current assets	3,508,915,518	1,988,550,277	137,315,610	5,634,781,404	3,603,794,971	2,397,098,728	140,413,318	6,141,307,017
Eliminations/adjustments				(1,624,030,349)				(1,619,584,845)
Total non-current assets	3,508,915,518	1,988,550,277	137,315,610	4,010,751,055	3,603,794,971	2,397,098,728	140,413,318	4,521,722,172
Current assets								
Inventory	26,107,289	1,229,352	56,105,401	83,442,042	9,504,147	1,459,080	34,641,079	45,604,306
Investment in unit trust	6,414	-	-	6,414	450,603	-	-	450,603
Trade and other receivables	589,840,468	216,130,398	11,326,871	817,297,737	343,446,957	100,527,543	7,636,338	451,610,838
Amount due from related companies	640,538,491	211,836,442	135,258,748	987,633,681	479,898,238	137,500,561	99,074,266	716,473,065
Income tax receivable	906,834	-	-	906,834	906,833	-	158,803	1,065,636
Cash and cash equivalents	94,096,276	18,830,921	10,699,431	123,626,628	35,304,196	72,037,061	11,772,102	119,113,359
Segmental current assets	1,351,495,772	448,027,113	213,390,451	2,012,913,336	869,510,974	311,524,245	153,282,588	1,334,317,807
Eliminations/Adjustments				(981,850,794)				(712,281,066)
Total current assets	1,351,495,772	448,027,113	213,390,451	1,031,062,542	869,510,974	311,524,245	153,282,588	622,036,741
Total assets	4,860,411,289	2,436,577,390	350,706,061	5,041,813,597	4,473,305,945	2,708,622,973	293,695,906	5,143,758,913

Notes to the Financial Statements

	2023				2022			
	Hydro Power	Solar Power	EPC	Group	Hydro Power	Solar Power	EPC	Group
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Non -current liabilities								
Employee benefits	7,783,952	-	173,129	7,957,081	6,170,950	-	137,239	6,308,189
Finance lease obligation	34,128,913	2,614,904	-	36,743,817	38,361,879	2,620,954	-	40,982,833
Interest bearing loans and borrowings	310,949,286	876,777,385	3,115,443	1,190,842,114	348,297,162	999,318,976	7,615,431	1,355,231,569
Deferred tax liabilities	325,136,914	295,476,212	-	620,613,126	167,680,941	132,070,194	-	299,751,135
Loan due to related companies								
Segmental non-current liabilities	677,999,064	1,174,868,500	3,288,572	1,856,156,137	560,510,932	1,134,010,123	7,752,670	1,702,273,726
Eliminations/adjustments				(113,655)	-	-	-	-
Total non-current liabilities	677,999,064	1,174,868,500	3,288,572	1,856,042,482	560,510,932	1,134,010,123	7,752,670	1,702,273,726
Current liabilities								
Finance lease obligations	5,485,766	6,049	-	5,491,816	3,869,618	(17,645)	-	3,851,973
Interest bearing loans and borrowings	230,962,479	447,698,329	54,447,454	733,108,261	114,573,216	333,554,944	27,902,461	476,030,621
Amount due to related companies	55,661,477	841,472,175	84,980,469	982,114,120	59,926,917	586,468,137	65,977,472	712,372,533
Loan due to related companies	60,000,000	-	-	60,000,000	-	-	-	-
Other payables and accruals	45,858,794	7,404,869	2,871,615	56,135,278	155,243,214	4,805,924	864,776	160,913,914
Income tax payable	41,468,221	-	2,866,890	44,335,111	37,753,577	-	-	37,753,577
Bank overdraft	161,004,734	1,063,261	1,529,070	163,597,064	12,738,084	1,532,489	14,148,720	28,419,293
Segmental current liabilities	600,441,470	1,297,644,683	146,695,498	2,044,781,650	384,104,626	926,343,849	108,893,429	1,419,341,911
Eliminations/adjustments				(981,904,540)				(712,129,856)
Total current liabilities	600,441,470	1,297,644,683	146,695,498	1,062,877,112	384,104,626	926,343,849	108,893,429	707,212,055
Total liabilities	1,278,440,535	2,472,513,183	149,984,070	2,918,919,594	944,615,558	2,060,353,972	116,646,099	2,409,485,782

For the Period ended 31 March,	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
8 OTHER INCOME				
Dividend income	**961,844**	1,140,545	**-**	280,669,544
Income from carbon credit sales	**2,769,917**	-	**2,769,917**	-
Rental income	**-**	327,642	-	-
Sundry income	**6,981,505**	3,022,456	**-**	-
	10,713,266	4,490,643	**2,769,917**	280,669,544
9 FINANCE INCOME AND EXPENSES				
9.1 Finance income				
Interest income	**6,914,045**	5,933,761	**41,088,882**	8,967,696
Foreign exchange gains	**-**	104,122	**-**	-
Interest income on unit trust (Note 23)	**6,843**	4,467,413	**70**	374,420
	6,920,888	10,505,296	**41,088,952**	9,342,116
9.2 Finance Expenses				
Interest on loans and borrowings	**(414,417,950)**	(137,743,547)	**(65,342,909)**	(16,649,492)
Foreign exchange loss	**(3,299,932)**	(2,355,044)	**(23,929)**	-
Amortization loan processing fees	**(524,849)**	(969,189)	**-**	-
Interest on lease liability	**(3,839,827)**	(4,468,780)	**(946,458)**	(1,090,853)
	(422,082,558)	(145,536,560)	**(66,313,296)**	(17,740,345)
Net finance expenses	**(415,161,670)**	(135,031,264)	**(25,224,344)**	(8,398,229)

Notes to the Financial Statements

For the Period ended 31 March,	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
10 PROFIT / (LOSS) BEFORE TAXATION				
Profit before taxation is stated after charging all the expenses including the following :				
Direct costs				
Staff cost (Note 10.1)	**26,297,098**	18,477,549	**7,789,311**	6,373,945
Insurance	**8,268,909**	6,464,191	**298,781**	776,698
Repairs and maintenance services	**7,385,998**	18,451,253	**1,671,409**	1,155,275
- Depreciation on property, plant and equipment (Note 14)	**187,483,354**	128,865,917	**16,824,366**	9,531,430
Amortisation of intangible assets (Note 17)	**5,715,233**	5,143,336	**916,645**	916,645
Administrative expenses				
- Depreciation on property, plant and equipment (Note 14)	**9,632,158**	9,390,865	**3,118,191**	3,049,556
- Depreciation on right of use assets (Note 16)	**6,289,092**	7,112,209	**6,197,256**	7,020,371
Amortization of intangible assets (Note 17)	**50,915**	351,201	**50,915**	351,201
Donations	**2,824,178**	3,004,967	**1,411,848**	578,140
Directors' remuneration	**13,308,594**	29,952,000	**3,460,234**	7,787,520
Audit fees	**4,048,756**	2,883,615	**1,266,839**	1,129,470
Staff cost (Note 10.2)	**65,889,806**	38,826,613	**18,445,169**	10,124,576
Impairment on goodwill	**-**	461,518,584	**-**	-
Impairment of trade and trade receivables	**5,184,026**	14,257,310	**1,039,156**	1,505,534
Revaluation loss	**56,610,312**	-	**-**	-

For the Period ended 31 March,	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
10.1 Staff cost - direct cost				
Salaries and wages	**24,841,320**	17,133,936	**7,207,869**	5,871,859
Defined contribution plan cost - EPF and ETF	**1,455,778**	1,343,613	**581,442**	502,086
	26,297,098	18,477,549	**7,789,311**	6,373,945
10.2 Staff cost - administrative expenses				
Short term benefits	**57,796,640**	33,119,245	**15,343,129**	8,716,714
Defined contribution plan cost - EPF and ETF	**5,957,261**	4,904,347	**1,466,887**	1,407,863
Defined benefit plan cost - retiring gratuity (Note 28)	**2,135,905**	803,021	**1,635,153**	573,516
	65,889,806	38,826,613	**18,445,169**	10,124,576
Total staff cost	**92,186,904**	57,304,162	**26,234,480**	16,498,521
Number of employees at year end	**64**	64	**27**	29
10.3 Key management personnel compensation				
Key management personnel comprise the directors and senior managers of the company. Payment made to key management personnel during the year were as follows,				
Short term employment benefits	**40,516,218**	42,016,780	**10,534,216**	10,924,363
	40,516,218	42,016,780	**10,534,216**	10,924,363

Notes to the Financial Statements

		Group		Company	
	For the Period ended 31 March,	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
11	**INCOME TAX EXPENSE**				
11.1	**Statement of profit or loss**				
	Current tax expense				
	Income tax on current year profit (Note 11.3)	**49,007,509**	67,500,070	**-**	44,457,561
	Less : (Over) / under provision in respect of previous year	**199,527**	(2,843,297)	**206,807**	(2,766,582)
		49,207,036	64,656,773	**206,807**	41,690,979
	Deferred tax expense				
	deferred taxation charges/ (credit) (Note 31)	**420,915,488**	9,582,466	**49,974,390**	(1,655,779)
	Deferred tax expense in statement of profit or loss	**420,915,488**	9,582,466	**49,974,390**	(1,655,779)
	Income tax expense / credit reported in the statement of profit or loss	**470,122,524**	74,239,239	**50,181,197**	40,035,200
11.2	**Recognised in statement of other comprehensive income**				
	Deferred tax effect on re measurement of retirement benefit obligation	**(79,524)**	(70,794)	**(76,204)**	(4,711)
	Deferred tax expense on revaluation gain	**64,036,611**	(134,978,351)	**(48,874,857)**	(24,444,510)
		63,957,087	(135,049,145)	**(48.951,061)**	(24,449,221)

Income tax and Deferred tax have been provided as per the new rates legislated by the Inland Revenue (Amendment) Act No 45 of 2022. The deferred tax charge in the Income Statement includes Rs. 420.9 Mn and Rs.49.9 Mn for the Group and the Company respectively. The deferred tax charge in the Other Comprehensive Income statement includes Rs. 63.9 Mn and Rs. 48.9 Mn for the Group and the Company respectively.

		Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
11.3	**Tax reconciliation statement**				
	Profit/(loss) before taxation	**9,323,902**	(109,811,344)	**(36,632,036)**	302,040,695
	Consolidation adjustment	**275,513,620**	745,743,809	**-**	-
	Non business income	**(141,939,350)**	(342,624,723)	**(43,858,869)**	(290,011,660)
	Aggregate disallowed expenses	**577,775,266**	177,133,556	**55,211,552**	27,537,786
	Aggregate allowable expenses	**(422,420,767)**	(420,079,414)	**(12,591,525)**	(8,921,656)
	Temporary concessions under 6th schedule	**(19,089,153)**	-	**-**	-
	Total statutory income	**279,163,518**	(372,896,843)	**(37,870,878)**	30,645,165
	Exempt income from business	**(152,654,025)**	(180,839,714)	**-**	-
		126,509,493	(503,374,673)	**(37,870,878)**	30,645,165
	Taxable income from business	**126,509,493**	149,868,319	**-**	30,645,165
	Loss incurred during the year	**(272,292,495)**	(653,242,992)	**(37,870,878)**	-
		(145,783,002)	(503,374,673)	**(37,870,878)**	19,196,879
	Interest income	**-**	44,431,555	**-**	9,342,116
	Non business income - liable interest income	**189,306,805**	4,943,009	**41,088,952**	
	Non business income -dividend income	**3,813,360**	270,893,785	**-**	270,893,785
	Deduction allowed	**(24,884,080)**	-	**(22,513,756)**	-
	Tax Loss utilised during the year (Note 11.5)	**(93,201,553)**	(13,596,957)	**(18,575,196)**	-
	Total taxable income	**201,544,026**	456,539,711	**-**	310,881,066

For the Period ended 31 March,	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
Tax @ 14%	**59,487,171**	420,762,104	**-**	301,538,950
Tax @ 15%	**1,509,740**	-	**-**	-
Tax @ 24%	**28,633,198**	35,777,607	**-**	9,342,116
Tax @ 30%	**111,913,917**	-	**-**	-
	201,544,026	456,539,711	**-**	310,881,066
Income tax charged at				
Tax at rate of 12% or 14%	**8,328,204**	58,906,695	**-**	42,215,453
Tax at rate of 15%	**226,461**	-	**-**	-
Tax rate of 24%	**6,871,968**	8,593,376	**-**	2,242,108
Tax rate of 30%	**33,580,876**	-	**-**	-
Taxation on current profits	**49,007,509**	67,500,070	**-**	44,457,561

Group tax expenses is based on the taxable profit of individual companies within the group. At present the tax law of Sri Lanka do not provide for group taxation.

		Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
11.4	**Deferred tax expense**				
	Origination / (reversal) of temporary difference arising from				
	Property, plant and equipment	**(382,814,554)**	(24,023,225)	**(60,086,111)**	(929,909)
	Provisions	**3,717,198**	1,362,344	**552,632**	(210,775)
	Intangible assets	**348,392**	178,172	**370,889**	(118,172)
	Carried forward tax losses	**(46,052,488)**	11,842,615	**5,788,704**	-
	Retirement benefit of obligations	**1,688,958**	629,686	**1,269,800**	862
	Leases	**2,197,006**	427,942	**2,129,696**	(397,785)
		(420,915,488)	(9,582,466)	**(49,974,390)**	1,655,779
11.5	**Tax losses brought forward**				
	Tax loss brought forward	**2,275,170,971**	1,635,524,936	**-**	-
	Loss incurred during the year	**272,292,495**	653,242,992	**37,870,878**	-
	Adjustment to tax loss brought forward	**639,492,931**	-	**-**	-
	Tax loss utilized during the year	**(93,201,553)**	(13,596,957)	**(18,575,196)**	-
		3,093,754,844	2,275,170,971	**19,295,682**	-

Panasian Power PLC

The Income tax liability of the company is computed at the standard rate of 30% based on the Inland revenue (amendment) act no 45 of 2022 and 24% and other lower rate used where applicable before enacted the said act. (21/22 - 14%).

Notes to the Financial Statements

11.6 The corporate income taxes of companies in the Group have been computed in accordance with the Inland Revenue Act No. 24 of 2017 as amended and details are as follow

Company	In terms of the Inland Revenue Act No. 24 of 2017 as amended		In terms of BOI Agreements
	Up to 30 September 2022	with effect from 01 October 2022	
Manelwala Hydropower (Private) Limited	14%	30%	-
Padiyapelella- Hydropower Limited	-	-	Exempt from Income tax for a period 5 years ending 2024
Panasian Investments (Private)Limited	24%	30%	-
Solar Power Generation Matara (Pvt) Ltd	14%	30%	-
Pap Solar One (Pvt) Ltd	14%	30%	-
Eco Green Solar Solutions (Pvt) Ltd	14%	30%	-
Finergreen Rajarata (Pvt) Ltd	14%	30%	-
Rajarata Sustainable Development (Pvt) Ltd	14%	30%	-
Panthree Solaro Energy (Pvt) Ltd	14%	30%	-
Power Gen one (Private) Limited	14%	30%	-

12 BASIC EARNINGS / (LOSS) PER SHARE

Basic earnings / (loss) per share is calculated by dividing the net profit / (Loss) for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

	Group		Company	
For the period ended 31 March,	2023	2022	2023	2022
Profit/ (loss) attributable to ordinary shareholders (Rs.)	**(479,458,516)**	(195,861,076)	**(86,813,233)**	262,005,495
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**625,000,000**	625,000,000	**625,000,000**	625,000,000
Basic earnings/ (loss) per share (Rs.)	**(0.77)**	(0.31)	**(0.14)**	0.42

12.1 Basic Earnings per share - continuing operations

	Group 2023	Group 2022	Company 2023	Company 2022
Net profit /(loss) attributable to ordinary shareholders from continuing operations (Rs.)	(479,458,516)	(212,111,560)	(86,813,233)	262,005,495
Weighted average number of ordinary shares	625,000,000	625,000,000	625,000,000	625,000,000
Earnings per share (Rs.)	(0.77)	(0.34)	(0.14)	0.42

12.2 Basic Earnings per share - discontinuing operations

	Group 2023	Group 2022	Company 2023	Company 2022
Net profit/ (loss) attributable to ordinary shareholders from discontinuing operations (Rs.)	-	16,250,484	-	-
Weighted average number of ordinary shares	-	625,000,000	-	-
Earnings per share (Rs.)	-	0.03	-	-

The diluted earnings per share is same as the basic earnings per share

13 DIVIDEND PER SHARE

The calculation of dividend per share is based on the dividend attributable to ordinary shareholders and the number of ordinary shares outstanding as at the reporting date.

	Group 2023	Group 2022	Company 2023	Company 2022
Interim dividends (Rs.)	-	212,500,000	-	212,500,000
Number of ordinary shares	625,000,000	625,000,000	625,000,000	625,000,000
Dividend per share (Rs.)	-	0.34	-	0.34

Notes to the Financial Statements

14 PROPERTY, PLANT AND EQUIPMENT

14.1 Group

	Freehold lands	Office equipment	Furniture and fittings	Staff quarters	Tools and equipment	Motor vehicles	Intake weir and headrace channel
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost/Valuation							
Balance as at 01 April	131,308,301	14,398,615	13,575,567	1,314,800	15,750	36,304,520	497,711,812
Additions during the year	1,615,000	484,319	438,999	-	22,000	-	-
Transfers/Disposals	-	-	(29,598)	-	-	-	-
Revaluation gain/(loss)	22,437,085	-	-	-	-	-	(18,660,963)
Accumulated depreciation on revalued assets	-	-	-	-	-	-	(14,318,376)
Balance as at 31 March 2023	155,360,386	14,882,934	13,984,968	1,314,800	37,750	36,304,520	464,732,473
Accumulated depreciation and impairment							
Balance as at 01 April	-	10,626,850	9,204,933	164,352	7,546	28,380,658	-
Depreciation for the year	-	1,631,728	2,010,150	328,704	6,687	5,654,889	14,318,376
Accumulated depreciation on disposals	-	-	-	-	-	-	-
Accumulated depreciation on revalued assets	-	-	-	-	-	-	(14,318,376)
Balance as at 31 March 2023	-	12,258,578	11,215,083	493,056	14,233	34,035,547	-
Carrying amount 31 March 2023	**155,360,386**	**2,624,356**	**2,769,885**	**821,744**	**23,517**	**2,268,973**	**464,732,473**
Carrying amount 31 March 2022	131,308,301	3,771,765	4,370,634	1,150,448	8,204	7,923,862	497,711,812

14.2

Company

	Freehold land	Office equipment	Furniture and fittings	Motor vehicles	Intake weir and headrace channel
	Rs.	Rs.	Rs.	Rs.	Rs.
Cost/valuation					
Balance as at 01 April	26,755,300	10,363,448	12,454,659	1,742,520	73,920,000
Additions during the year	1,615,000	348,549	438,999	-	-
Revaluation gain	8,040,085	-	-	-	26,726,815
Accumulated depreciation on Revalued Assets	-	-	-	-	(2,168,802)
Balance as at 31 March 2023	36,410,385	10,711,997	12,893,658	1,742,520	98,478,013
Accumulated Depreciation and impairment					
Balance as at 01 April	-	8,065,079	8,253,603	1,342,993	-
Depreciation for the year	-	1,056,161	1,958,551	103,479	2,168,802
Accumulated depreciation on Revalued Assets	-	-	-	-	(2,168,802)
Accumulated depreciation on disposals	-	-	-	-	-
Balance as at 31 March 2023	-	9,121,240	10,212,154	1,446,472	-
Carrying amount as at 31 March 2023	**36,410,385**	**1,590,757**	**2,681,504**	**296,048**	**98,478,013**
Carrying amount as at 31 March 2022	26,755,300	2,298,368	4,201,056	399,527	73,920,000

Civil Construction					Electro mechanical equipment			
de-silting tank and forbay Tank	Spillware gate and rest rooms	Pen stock and power house	Turbines and generators	Transformers and power lines	Voltage panel and crane	Solar power plants	Total 2023	Total 2022
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
145,906,000	74,017,250	420,178,750	755,556,250	100,188,228	82,950,000	2,048,241,383	**4,321,667,226**	2,927,702,210
-	-		-	-	-	19,089,153	**21,649,471**	2,743,289
						(8,469,164)	**(8,498,762)**	645,774,749
1,264,899	73,050	(8,926,509)	(12,797,673)	326,262	1,538,033	(255,319,865)	**(270,065,681)**	964,131,080
(3,917,116)	(2,285,173)	(12,105,650)	(32,128,204)	(4,927,268)	(4,272,009)	(113,529,558)	**(187,483,354)**	(218,684,102)
143,253,783	71,805,127	399,146,591	710,630,373	95,587,222	80,216,024	1,690,011,949	**3,877,268,899**	4,321,667,226
-	-	-	-	-	-	-	**48,384,339**	128,811,660
3,917,116	2,285,173	12,105,650	32,128,204	4,927,268	4,272,009	113,529,557	**197,115,511**	138,256,782
-	-	-	-	-	-	-	**-**	-
(3,917,116)	(2,285,173)	(12,105,650)	(32,128,204)	(4,927,268)	(4,272,009)	(113,529,557)	**(187,483,354)**	(218,684,102)
-	-	-	-	-	-	-	**58,016,496**	48,384,340
143,253,783	**71,805,127**	**399,146,591**	**710,630,373**	**95,587,222**	**80,216,024**	**1,690,011,949**	3,819,252,402	-
145,906,000	74,017,250	420,178,750	755,556,249	100,188,228	82,950,000	2,048,241,383		4,273,282,886

De-silting tank and for bay tank	Spillware gate and rest rooms	Pen stock and power house	Tubines and generators	Transformers and power lines	Voltage panel and crane	Total 2023	Total 2022
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
41,125,000	21,423,500	79,222,500	158,025,000	20,006,250	21,815,625	**466,853,802**	309,925,791
-	-	-	-	-	-	**2,402,548**	1,387,229
14,771,709	7,806,633	28,644,009	60,806,090	7,645,198	8,475,652	**162,916,191**	174,603,646
(1,108,989)	(689,228)	(2,324,377)	(8,306,360)	(998,638)	(1,227,973)	**(16,824,367)**	(19,062,864)
54,787,720	28,540,905	105,542,132	210,524,730	26,652,810	29,063,304	**615,348,174**	466,853,801
-	-	-	-	-	-	**17,661,675**	24,143,553
1,108,989	689,228	2,324,377	8,306,360	998,638	1,227,973	**19,942,557**	12,580,986
(1,108,989)	(689,228)	(2,324,377)	(8,306,360)	(998,638)	(1,227,973)	**(16,824,366)**	(19,062,864)
-	-	-	-	-	-	**-**	-
-	-	-	-	-	-	**20,779,866**	17,661,675
54,787,720	**28,540,905**	**105,542,132**	**210,524,730**	**26,652,810**	**29,063,304**	**594,568,308**	**-**
41,125,000	21,423,500	79,222,500	158,025,000	20,006,250	21,815,625	**-**	449,192,126

Notes to the Financial Statements

14.3 Cost of fully depreciated assets which are still in use as at reporting date is as follows:

Assets Class	Group		Company	
	2023	2022	2023	2022
Furniture & fittings	5,766,166	5,536,956	4,843,002	4,613,792
Motor vehicle	14,513,600	9,934,130	1,347,790	1,347,790
Office equipment	8,350,327	7,867,071	6,596,315	6,179,634
Computer software	1,404,802	1,297,702	1,404,802	1,297,702
Total	30,034,895	24,635,859	14,191,909	13,438,918

14.4 During the financial year, the Group acquired property, plant and equipment to the aggregate value of LKR 3.8 Mn. (2021/22 – LKR 2.7 Mn.) Cash payments amounting to LKR 3.8 Mn. (2021/22 – LKR 2.7 Mn.) were made during the year for purchase of property, plant and equipment

14.5 During the financial year, the Company acquired property, plant and equipment to the aggregate value of LKR 2.4Mn. (2021/22 – LKR 1.3 Mn.) Cash payments amounting to LKR 2.4 Mn. (2021/22 – LKR 1.3 Mn.) were made during the year for purchase of property, plant and equipment

14.6 Carrying value of revalued property, plant and equipment

Group	2023			2022		
As at 31st March	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Electro mechanical equipment	564,451,620	442,787,716	121,663,904	564,451,620	409,285,641	155,165,979
Civil construction	945,306,480	587,643,714	357,662,766	945,306,480	532,027,460	413,279,020
Freehold land	56,120,522	-	56,120,522	54,505,522	-	54,505,522
Solar power plants	1,526,507,376	198,739,165	1,327,768,211	1,508,178,285	131,367,443	1,376,810,842
Total	3,092,385,998	1,229,170,595	1,863,215,403	3,072,441,907	1,072,680,544	1,999,761,363
Company						
Electro mechanical equipment	106,088,061	101,014,520	5,073,541	106,088,061	95,932,575	10,155,486
Civil construction	148,160,843	133,983,362	14,177,481	148,160,843	131,612,859	16,547,984
Freehold land	12,976,484	-	12,976,484	11,361,484	-	11,361,484
Solar power plants	-	-	-	-	-	-
Total	267,225,388	234,997,882	32,227,506	265,610,388	227,545,434	38,064,954

14.7 Revaluation of Land, Civil Construction and Electro Mechanical Equipment

Accounting judgments, estimates and assumptions

The Group uses the revaluation model of measurement of land, civil assets and electro mechanical equipment. The Group engaged independent expert valuer to determine the fair value of its land. As at 31 March 2023, hydro Electric power plants and solar power plants have been revalued using income approach. Valuation technique used for hydro electric power plant valuation has changed from replacement cost method to income approach in FY 2022/23. further, Group has valued their solar plants using Income approach, which is the same technique they have used in year 2021/2022 FY.

The changes in fair value are recognised in other comprehensive income. Statement of profit or Loss and in the statement of changes in equity.

Fair value of the Hydro and Solar plants is determined by independent valuations carried out by Mr. J.M.S. Bandara, BSc (Hons) Estate Management and a chartered valuation surveyor, who has recent experience in valuing properties of similar locations and category. In determining the fair value of solar and hydro plants the income approach has been used, which is based upon assumptions including annual average generation, Applicable tariff Rate, remaining period of power purchase agreement, anticipated direct cost, appropriate capitalization rate and in determine the fair value of land, make reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size and locations. The appraised fair values are approximated within appropriate range of values further, Key variables of present economic outlook, rates of interest and exchange rates in the financial sector and investor sentiments towards existing and new projects were considers when deciding the income approach for valuation of plants.

Fair Value Hierarchy

The fair value measurement for all of properties has been categorised as Level 3 fair value based on the input to the valuation technique used.

14.8 Valuation techniques and significant unobservable inputs

Entity	Nature	Capacity	Valuation technique	Significant unobservable inputs	Sensitivity of fair value to unobservable inputs	Effective date of valuation
Panasian Power PLC	Hydro power	3 Mw	Income approach	Annual average generation -13,251,650 Kw	Positive correlated sensitivity	31 March 2023
				Capitalization rate -12%	Negatively correlated sensitivity	
				Outgoing percentage -25%	Negatively correlated sensitivity	
				Total extent -4A -0R-34.76P		
				Per acre - Rs.6,600,000	Positive correlated sensitivity	
				Power purchase agreement -20 years	Positive correlated sensitivity	
Manelwala Hydropower (Pvt) Ltd	Hydro power	2.4 Mw	Income approach	Annual average generation -7,966,304 Kw	Positive correlated sensitivity	31 March 2023
				Capitalization rate -12%	Negatively correlated sensitivity	
				Outgoing percentage -25%	Negatively correlated sensitivity	
				Total extent -2A -2R-32.3P		
				Per acre - Rs.5,500,000	Positive correlated sensitivity	
				Power purchase agreement -25 years	Positive correlated sensitivity	

Notes to the Financial Statements

14.8 Valuation techniques and significant unobservable inputs Cont.

Entity	Nature	Capacity	Valuation technique	Significant unobservable inputs	Sensitivity of fair value to unobservable inputs	Effective date of valuation
Padiyapelella Hydropower Limited	Hydro power	3.5 Mw	Income approach	Annual average generation -16,137,992 Kw Capitalization rate -12% Outgoing percentage -25% Total extent -7A -1R-27P Per acre - Rs.4,650,000 Power purchase agreement -15 years	Positive correlated sensitivity Negatively correlated sensitivity Negatively correlated sensitivity Positive correlated sensitivity Positive correlated sensitivity	31 March 2023
PAP Solar One (Pvt) Ltd	Roof top solar	3.8 Mw	Income approach	Annual average generation -3,968,000 Kw Capitalization rate -12% Outgoing percentage -10% Rental -3% of total revenue	Positive correlated sensitivity Negatively correlated sensitivity Negatively correlated sensitivity Negatively correlated sensitivity	31 March 2023
Solar Power Plants of Solar Power Generation Matara (Pvt) Ltd	Ground solar	2 Mw	Income approach	Annual average generation -3,175,000 Kw Capitalization rate -12% Outgoing percentage -20% Total extent -8A -0R-0P Per acre - Rs.2,500,000	Positive correlated sensitivity Negatively correlated sensitivity Negatively correlated sensitivity Positive correlated sensitivity	31 March 2023
Panthree Solaro Energy Solutions (Pvt) Ltd	Ground solar	3 Mw	Income approach	Annual average generation -4,355,000 Kw Capitalization rate -12% Outgoing percentage -20% Total extent -12A -0R-13 P Per acre - Rs.2,100,000	Positive correlated sensitivity Negatively correlated sensitivity Negatively correlated sensitivity Positive correlated sensitivity	31 March 2023

Entity	Nature	Capacity	Valuation technique	Significant unobservable inputs	Sensitivity of fair value to unobservable inputs	Effective date of valuation
Rajarata Sustainable Development (Pvt) Ltd	Ground solar	2 Mw	Income approach	Annual average generation-2,925,000 Kw	Positive correlated sensitivity	31 March 2023
				Capitalization rate -12%	Negatively correlated sensitivity	
				Outgoing percentage -15%	Negatively correlated sensitivity	
				Total extent -9A -0R-28.25 P		
				Per acre - Rs.1,700,000	Positive correlated sensitivity	
Finergreen Rajarata (Pvt) Ltd	Ground solar	2 Mw	Income approach	Annual average generation -3,100,000 Kw	Positive correlated sensitivity	31 March 2023
				Capitalization rate -12%	Negatively correlated sensitivity	
				Outgoing percentage -17.5%	Negatively correlated sensitivity	
				Total extent -9A -0R-28.25 P		
				Per acre - Rs.1,700,000	Positive correlated sensitivity	
Eco Green Solar Solutions (Pvt) Ltd	Ground solar	1 Mw	Income approach	Annual average generation -1,560,000 Kw	Positive correlated sensitivity	31 March 2023
				Capitalization rate -12%	Negatively correlated sensitivity	
				Outgoing percentage -20%	Negatively correlated sensitivity	

14.9 Summary description of valuation methodology

Income Approach

The Income Approach is used to value properties which are let to produce an income for the investor. Conventionally, investment value is a product of rent and yield. Each of these elements is derived using comparison techniques.

Market approach method

Open market value method uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities or a group of assets and liabilities, such as a business.

Replacement Cost Method

The depreciated replacement cost method is an acceptable method used in financial reporting to arrive at a surrogate for the market value of specialized and limited properties, for which market evidence is unavailable and net cash flows are unable to predict.

Notes to the Financial Statements

14.10 Details of freehold and Leasehold lands of the group

Company	Location	Land Extent	
		Leasehold (Perches)	Freehold (Perches)
Panasian Power PLC	Ratturugala, Rathnapura	188.30	548.30
Manelwala Hydropower (Pvt) Ltd	Walapane, Nuwaraeliya	631.41	520.54
Padiyapelella Hydropower Limited	Walapane, Nuwaraeliya	98.94	1,542.29
Eco Green Solar Solutions (Pvt) Ltd	Beliatta	754.00	-
Panthree Solaro Energy (Pvt) Ltd	Matara	-	640.00
Panthree Solaro Energy (Pvt) Ltd	Pannala	-	487.00
Panthree Solaro Energy (Pvt) Ltd	Maho	-	806.00
Solar Power Generation Matara (Pvt) Ltd	Matara	-	1,280.00
Rajarata Sustainable Development (Pvt) Ltd	Maradankadawala	-	828.25
Rajarata Sustainable Development (Pvt) Ltd	Thirappane	-	640.00
Finergreen Rajarata (Pvt) Ltd	Maradankadawala	-	828.25
Finergreen Rajarata (Pvt) Ltd	Thirappane	-	640.00

14.11 Assets pledged as securities

Carrying value of property, plant & equipment of the group are pledged as security for bank borrowings (Refer note 30.1).

14.12 Temporarily idle property, plant & equipment

There was no temporarily idle property, plant & equipment as of 31 March 2023.

14.13 Capitalised borrowing costs

The Group's property, plant and equipment includes borrowing cost arising from bank loans borrowed specifically for their development. The borrowings cost capitalised during the year was amounted to Rs.NIL (2022/2021 -16.7Mn).

	Group		Company	
As at 31 March,	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
15 CAPITAL WORK IN PROGRESS				
Balance at the beginning of the year	**13,143,937**	346,220,678	**9,288,530**	-
Additions during the year	**15,121,462**	312,698,007	**1,239,748**	9,288,530
Capitalized during the year	**(15,189,278)**	(645,774,749)	**-**	-
	13,076,121	13,143,937	**10,528,278**	9,288,530

16 LEASES

As a Lessee

The Group has lease contracts for office Building which has lease terms 8 Years and the lands used for ground solar projects lease contract term is 30 years.

16.1 Right of use assets

	Group		Company	
As at 31 March,	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Cost				
Balance at the 01 April	**41,304,421**	65,319,512	**38,732,838**	62,747,929
Lease modification	**-**	(24,015,091)	**-**	(24,015,091)
Balance as at the end of the year	**41,304,421**	41,304,421	**38,732,838**	38,732,838
Accumulated amortization				
Balance at the 01 April	**3,282,306**	9,896,205	**3,098,627**	9,804,364
Lease modification	**-**	(13,726,108)	**-**	(13,726,108)
Charge for the year (Note 16.1.1)	**6,289,092**	7,112,209	**6,197,256**	7,020,371
Balance as at the end of the year	**9,571,398**	3,282,306	**9,295,883**	3,098,627
Carrying amount as at 31 March	**31,733,023**	38,022,115	**29,436,955**	35,634,211

16.1.1 Set out below are the caring amounts of right of use assets recognized

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Land	**2,296,068**	2,387,904	**-**	-
Office premises	**29,436,955**	35,634,211	**29,436,955**	35,634,211
	31,733,023	38,022,115	**29,436,955**	35,634,211
Depreciation charge of right of use assets				
Land	**91,836**	91,836	**-**	-
Office premises	**6,197,256**	7,020,373	**6,197,256**	7,020,371
	6,289,092	7,112,209	**6,197,256**	7,020,371

Notes to the Financial Statements

17 INTANGIBLE ASSETS

17.1 Right to generate hydro power

Cost				
At the beginning of the year	**21,191,000**	21,191,000	**15,191,000**	15,191,000
Addition during the year	**-**	-	**-**	-
At the end of the year	**21,191,000**	21,191,000	**15,191,000**	15,191,000
Accumulated amortisation				
At the beginning of the year	**18,630,684**	17,285,471	**13,059,277**	12,142,632
Amortisation charge for the year	**1,345,241**	1,345,213	**916,645**	916,645
At the end of the year	**19,975,925**	18,630,684	**13,975,922**	13,059,277
Carrying amount	**1,215,075**	2,560,316	**1,215,078**	2,131,723

17.1.1 The right to generate hydro power represent the amounts paid to purchase exclusive rights to generate hydro electric power. The Group amortize this right over 15 years (First Term) on a straight line basis beginning from the year of Commercial operations.

As at 31 March,	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
17.2 Right to generate solar power				
Eco Green Solar Solutions (Pvt) Ltd	**10,835,000**	11,495,000	**-**	-
Solar Power Generation Matara (Pvt) Ltd	**13,375,000**	14,125,000	**-**	-
Finergreen Rajarata (Pvt) Ltd	**27,767,711**	29,292,707	**-**	-
Rajarata Sustainable Development (Pvt) Ltd	**25,650,632**	27,085,628	**-**	-
	77,628,343	81,998,335	**-**	-
Right to generate solar power				
Cost				
At the beginning of the year	**87,400,000**	87,400,000	**-**	-
Additions during the year	**-**	-	**-**	-
At the end of the year	**87,400,000**	87,400,000	**-**	-
Accumulated amortisation				
At the beginning of the year	**5,401,665**	1,603,542	**-**	-
Amortisation charge for the year	**4,369,992**	3,798,123	**-**	-
At the end of the year	**9,771,657**	5,401,665	**-**	-
Carrying amount as at 31 March	**77,628,343**	81,998,335	**-**	-

17.2.1 The right to generate solar power represent the amounts paid to purchase exclusive rights to generate solar power. The group amortize this rights over 20 years on a straight line basis beginning from the year of commercial operations.

17.3 Software License

	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
Cost				
At the beginning of the year	**1,562,302**	1,404,802	**1,562,302**	1,404,802
Additions during the year	**185,000**	157,500	**185,000**	157,500
Transfer during the period	**(157,500)**	-	**(157,500)**	-
At the end of the year	**1,589,802**	1,562,302	**1,589,802**	1,562,302
Accumulated amortisation				
At the beginning of the year	**1,443,644**	1,092,443	**1,443,644**	1,092,443
Amortisation charge for the year	**50,915**	351,201	**50,915**	351,201
Transfer during the period	**(58,923)**	-	**(58,923)**	-
At the end of the year	**1,435,636**	1,443,644	**1,435,636**	1,443,644
Carrying amount as at 31 March	**154,166**	118,658	**154,166**	118,658

Notes to the Financial Statements

		Group		Company	
	As at 31 March,	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
17.4	**Goodwill on acquisition of subsidiaries**				
	Manelwala Hydropower (Pvt) Limited	-	288,139,500	-	-
	Padiyapelella Hydropower Limited	-	173,379,084	-	-
	Impairment of goodwill	-	(461,518,584)	-	-
	Total	-	-	-	-
	Total intangible assets	**78,997,583**	84,677,309	**1,369,244**	2,250,381
	Total amotisation for the year	**5,707,225**	5,494,537	**908,637**	1,267,846

			Group		Company	
		Effective Holding %	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
18	**INVESTMENT IN SUBSIDIARIES**					
	Manelwala Hydropower (Pvt) Ltd	100%	-	-	**565,107,184**	565,107,184
	Panasian Investments (Pvt) Ltd	100%	-	-	**128,000,000**	128,000,000
	Padiyapelella Hydropower Limited	83%	-	-	**537,070,510**	537,070,510
			-	-	**1,230,177,694**	1,230,177,694

Investment in subsidiaries are carried at cost less any accumulated impairment Losses

As at 31 March,	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
19 INVESTMENT IN PREFERENCE SHARES				
Eco Green Solar Solutions (Pvt) Ltd	**-**	-	**23,000,000**	23,000,000
Powergen One (Pvt) Ltd	**11,076,962**	13,915,410	**-**	-
	11,076,962	13,915,410	**23,000,000**	23,000,000

	Effective Holding %	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
20 INVESTMENT IN JOINT VENTURES					
Powergen One (Pvt) Ltd	50%	**9,648,266**	15,399,299	**-**	-
		9,648,266	15,399,299	**-**	-

The Group recognizes its interest in Joint ventures using the equity method as per paragraph 38 of LKAS 31 -Interests in Joint ventures.

	2023 Powergen One (Pvt) Ltd	2022 Powergen One (Pvt) Ltd
20.1 Share of Net Results of investment in joint venture		
Revenue	**7,482,376**	9,260,570
Depreciation	**(2,929,865)**	(2,620,219)
Net finance cost	**(1,027,150)**	(1,306,335)
Profit/(loss) after tax	**(6,890,695)**	4,756,906
Other comprehensive income	**(3,849,442)**	3,849,442
Total comprehensive income (100%)	**(9,585,304)**	8,606,347
Group share of results of equity accounted investee net of tax (50%) - before adjustments	**(3,445,348)**	2,378,453
Depreciation on unrealised profit on sale of PPE	**293,138**	293,138
Group share of results of equity accounted investee net of tax (50%)	**(3,445,348)**	2,671,591
Group share of revaluation of equity accounted investee net of tax (50%)	**(1,347,505)**	1,924,721

Notes to the Financial Statements

	As at 31 March,	2023 Powergen One (Pvt) Ltd	2022 Powergen One (Pvt) Ltd
20.1.1	**Share of net financial highlights of investment in joint venture**		
	Non-current assets	**32,500,000**	47,122,000
	Current assets (including cash and cash equivalents)	**8,293,946**	9,821,585
	Non-current liabilities	**-**	-
	Current liabilities	**(2,103,101)**	(3,325,947)
	Net assets (100%)	**38,690,845**	53,617,638
	Cash & cash equivalents	**6,947,744**	8,687,070

		2023 Powergen One (Pvt) Ltd	2022 Powergen One (Pvt) Ltd
20.2	**Reconciliation for carrying amount of investment in joint venture**		
	Initial Investment	**12,515,200**	12,515,200
	Group share of unrealised profit	**(5,862,756)**	(5,862,756)
	Retain earnings	**7,645,128**	9,165,753
	Depreciation on unrealized profit	**1,441,260**	1,148,122
	Group share of revaluation of equity accounted investee net of tax (50%)	**(1,347,305)**	1,924,721
	Dividend paid	**(4,743,261)**	(3,491,741)
	Net Investment in Joint venture	**9,648,266**	15,399,299

Powergen One (Pvt) Ltd was incorporated on 27 December 2017 as a Joint venture between Panasian Investments (Pvt) Ltd, which is a fully owned subsidiary of Panasian Power PLC, and Jinadasa Brothers (Pvt) Ltd, to install and operate 400 kWp rooftop solar power plant in the rooftop of factory owned by Jinadasa Brothers (Pvt) Ltd located in Borelasgamuwa, Sri Lanka.

			Group		Company	
		Effective Holding %	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
21	**OTHER NON FINANCIAL ASSETS**					
	Lower Kothmale Oya Power Two (Pvt) Ltd	75%	**3,000,000**	3,000,000	**3,000,000**	3,000,000
	Medakubura Mini Hydropower project	100%	**2,115,150**	2,115,150	**2,115,150**	2,115,150
			5,115,150	5,115,150	**5,115,150**	5,115,150

On 31 July 2017 the Company entered in to an agreement with the owners of Lower Kothmale Oya Power Two (Pvt) Ltd, to purchase the total ordinary share capital of it upon receiving Letter of Intent from Ceylon Electricity Board. The Company has paid an advance for said acquisition amounting to Rs. 3 million to owners of Lower Kothmale Oya Power Two (Pvt) Ltd.

On 31 July 2017 the Company entered in to an agreement with the owners of Medakumbura Mini Hydropower Project , to purchase the approvals and location of the project upon receiving Letter of Intent from Ceylon Electricity Board. The Company has paid an advance for said acquisition amounting to Rs. 2.1 million to owners of Medakumbura Mini Hydropower Project.

		Group		Company	
	As at 31 March,	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
22	**INVENTORIES**				
	Inventories	**83,442,042**	45,604,306	**44,448**	227,250
		83,442,042	45,604,306	**44,448**	227,250

		Group		Company	
22.1	**Set out below is the break down of inventories**	**2023**	2022	2023	2022
	Spare parts	**27,336,640**	10,963,227	44,448	227,250
	Solar panel and Inverter	**56,105,402**	34,641,079	-	-
	Total	**83,442,042**	45,604,306	44,448	227,250

22.2 The Carrying value of inventories as at 31 March 2023, has not been pledged as security for liabilities

22.3 There is no requirement to make provision for slow moving inventories as at 31 March 2023

		Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
23	**INVESTMENT IN UNIT TRUST**				
	Balance at the beginning of the year	**450,603**	102,683,190	**73,706**	31,999,286
	Investments during the year	**3,500,000**	343,000,000	**-**	69,000,000
	Interest income	**6,843**	4,467,413	**70**	374,420
	Withdrawals during the period	**(3,951,032)**	(449,700,000)	**(73,776)**	(101,300,000)
	Balance at the end of the year	**6,414**	450,603	**-**	73,706
24	**TRADE AND OTHER RECEIVABLES**				
	Trade receivables (Note 24.1)	**770,526,075**	425,702,369	**98,485,996**	52,433,953
	Other receivable (Note 24.2)	**46,771,662**	25,908,469	**14,134,684**	12,509,329
		817,297,737	451,610,838	**112,620,680**	64,943,282

Notes to the Financial Statements

		Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
24.1	**Trade receivable**				
	Ceylon Electricity Board	**785,222,987**	433,998,221	**101,030,686**	53,939,487
	Other trade debtors	**4,744,423**	5,961,458	**-**	
	Less; Impairment provision on trade debtors (Note 24.1.2)	**(19,441,335)**	(14,257,310)	**(2,544,690)**	(1,505,534)
		770,526,075	425,702,369	**98,485,996**	52,433,953

	As at 31 March,	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
24.1.1	**Age analysis of net trade receivables is set out below**				
	Below 30 days	**71,879,810**	48,635,554	**5,826,330**	2,219,640
	30 to 60 days	**84,134,518**	46,557,496	**2,901,581**	3,490,103
	60 to 180 days	**245,121,578**	292,380,684	**18,751,268**	24,469,851
	Over 180 days	**369,390,169**	38,128,635	**71,006,817**	22,254,359
		770,526,075	425,702,369	**98,485,996**	52,433,953

		Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
24.1.2	**Set out below is the movement in the allowance for expected credit losses of trade receivables**				
	As at 01 April	**14,257,310**		**1,505,534**	
	Provision for expected credit loss	**50,914,555**	14,257,310	**9,289,802**	1,505,534
	Provision reversal during the year	**(45,730,530)**		**(8,250,646)**	
	As at 31 March	**19,441,335**	14,257,310	**2,544,690**	1,505,534

24.1.3 Based on the assessment carried out by the Board of Director as at 31 March 2023, Rs.19.4 Mn has been provided as an impairment provision against trade receivables over 365 days outstanding.

As at 31 March,	Group		Company	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
24.2 Other receivables				
Deposits paid	**4,666,500**	258,000	**3,666,500**	8,000
Prepayments	**5,155,601**	7,632,112	**2,102,992**	4,639,973
Advance paid	**4,624,307**	8,110,779	**4,125,757**	4,366,858
Other receivable	**32,325,254**	9,807,578	**4,239,435**	3,494,498
Cash margin for bank guarantees	**-**	100,000	**-**	-
	46,771,662	25,908,469	**14,134,684**	12,509,329

		Group		Company	
		2023	2022	2023	2022
		Rs.	Rs.	Rs.	Rs.
25 Amount due from related companies					
Company Name	**Relationship**				
Padiyapelella Hydropower Limited	Subsidiary	**-**	-	**31,854,075**	51,545,448
Solar Power Generation Matara (Pvt) Ltd	Subsidiary	**-**	-	**22,342,955**	6,774,392
Lower Kothmale Oya Power Two (Pvt) Ltd	Subsidiary	**3,895,760**	1,766,024	**2,831,460**	1,428,956
Panasian Investments (Pvt)Ltd	Subsidiary	**-**	-	**14,308,577**	37,467,935
Pap Solar One (Pvt) Ltd	Subsidiary	**-**	-	**19,775,638**	8,933,808
Eco Green Solar Solutions (Pvt) Ltd	Subsidiary	**-**	-	**4,891,931**	4,210,864
Power Gen One (Pvt) Ltd	Joint Venture	**1,887,127**	2,425,975	**-**	-
Finergreen Rajarata (Pvt) Ltd	Subsidiary	**-**	-	**51,994,821**	41,536,632
Rajarata Sustainable Development (Pvt) Ltd	Subsidiary	**-**	-	**17,917,064**	10,383,346
Panthree Solaro Energy (Pvt) Ltd	Subsidiary	**-**	-	**10,701,522**	4,446,406
		5,782,887	4,191,999	**176,618,043**	166,727,787

25.1 Amounts due from Lower Kothmale Oya Power Two (Pvt) Ltd, was not taken for the consolidation due begin of the operation.

25.2 Summary of related party balances movement is elaborated in Note 35.2.

25.3 Fair value of amounts due from related parties.

Due to short term nature of the current receivables, their carrying amount is considered to be the same as their fair value

25.4 Based on the assessment of potential impairment carried out internally for the related party receivables by the Board of Directors as at 31 March 2023, no provision was required to be made in the financial statement.

Notes to the Financial Statements

As at 31 March,	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
26 CASH AND CASH EQUIVALENTS				
Cash at bank	**122,871,625**	118,451,569	**68,861,732**	21,434,784
Cash in hand	**755,003**	661,790	**200,000**	149,995
Cash and cash equivalents	**123,626,628**	119,113,359	**69,061,732**	21,584,779
Bank overdraft	**(163,597,064)**	(28,419,293)	**(160,810,357)**	(11,876,450)
Cash and cash equivalents for the purpose of cash flow statement	**(39,970,436)**	90,694,066	**(91,748,625)**	9,708,329
27 STATED CAPITAL				
Issued and fully paid number of shares				
Ordinary shares	**625,000,000**	625,000,000	**625,000,000**	625,000,000
Value of issued and fully paid shares				
Ordinary shares (Rs)	**1,030,000,000**	1,030,000,000	**1,030,000,000**	1,030,000,000

The holders of ordinary shares are entitled to receive dividend as declared from time to time and are entitled to one vote per share at meetings of the Company.

The ultimate parent R I L Property PLC is having 74.06% stake of Panasian Power PLC at 31 March 2023

As at 31 March,	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
28 RETIREMENT BENEFIT OBLIGATION				
Present value of unfunded obligations	**7,957,081**	6,308,189	**6,251,477**	4,870,337
Total present value of the obligation	**7,957,081**	6,308,189	**6,251,477**	4,870,337
Movement in present value of the retirement benefit obligation				
Balance as at the beginning of the year	**6,308,189**	6,590,502	**4,870,337**	4,910,139
Current service cost	**1,189,675**	971,648	**904,602**	738,805
Past service cost	**-**	(656,324)	**-**	(528,639)
Interest cost	**946,230**	487,697	**730,551**	363,350
Actuarial (gain) / losses	**(265,081)**	(505,669)	**(254,013)**	(33,653)
	8,179,013	6,887,854	**6,251,477**	5,450,002
Payments during the year	**(221,932)**	(579,665)	**-**	(579,665)
Balance as at end of the year	**7,957,081**	6,308,189	**6,251,477**	4,870,337
Expense recognised in profit or loss;				
Interest cost	**946,230**	487,697	**730,551**	363,350
Past service cost	**-**	(656,324)	**-**	(528,639)
Current service cost	**1,189,675**	971,648	**904,602**	738,805
	2,135,905	803,021	**1,635,153**	573,516
Actuarial gains or losses recognised in other comprehensive income				
Recognised during the year	**(265,081)**	(505,669)	**(254,013)**	(33,653)

'The adjusted treasury bond rate for the credit spread has been used as the discount rate'

Notes to the Financial Statements

The Group operates a retirement benefit plan under the regulatory frameworks in Sri Lanka under payment of gratuity Act No. 12 of 1983. The level of benefit provided depends on members' length of service and their monthly salary in each year leading up to retirement. This plan is not subject to receive inflationary increases once in payment. The Group does not maintain any trustee administered funds instead the plan is funded by the group as and when the obligation falls due. The actuarial valuation was carried out by a professional qualified firm of actuaries, Messrs. Actuarial & management consultants (Private) Limited as at 31 March 2023 using " Projected Unit Credit Method" Recommended by LKAS 19 - " Employee Benefit"

	Group		Company	
As at 31 March,	2023	2022	2023	2022
28.1 Principal actuarial assumptions used;				
Rate of discount	**17%**	15%	**17%**	15%
Expected salary increment rate	**10%**	10%	**10%**	10%
Staff turnover factor	**10%**	10%	**10%**	10%
Retirement age	**60 Years**	60 Years	**60 Years**	60 Years

Assumptions regarding future mortality are based on 1967/70 Mortality Tables issued by Institute of Actuaries, London

The weighted average duration of the retirement benefit obligation of the company and the group at the end of the reporting period is 5.8 years and 6.35 years respectively. The expected maturity analysis of undiscounted retirement benefit obligation is as follows;

		Group		Company	
		2023	2022	2023	2022
28.2	**Maturity profile of the retirement benefit obligation**				
	Less than next 12 months	**1,047,882**	580,982	**853,392**	438,244
	Between 1-2 years	**1,575,575**	969,752	**1,267,714**	759,830
	Between 2-5 years	**2,156,863**	1,264,757	**1,477,602**	1,026,335
	Between 5-10 years	**1,913,492**	1,979,011	**1,616,208**	1,456,492
	Over 10 years	**1,263,269**	1,513,687	**1,036,561**	1,189,436
		7,957,081	6,308,189	**6,251,477**	4,870,337

28.3 Sensitivity of assumptions employed in actuarial valuation

The following table demonstrates the sensitivity to a reasonable possible change in key assumptions employed with all other variables held constant in the retiring benefit obligations measurement as at 31 March 2023. The sensitivity of the statement of financial position and statement of comprehensive income is the effect of the assumed changes in the discount rate on the profit or loss and retiring benefit obligation for the year.

	Group		Company	
	Rs.	Rs.	Rs.	Rs.
A one percentage point change in discount rate	**+1%**	-1%	**+1%**	-1%
As at 31 March 2023 increase/(decrease)	**(7,575,882)**	8,374,799	**(5,953,135)**	6,578,085
As at 31 March 2022 increase/(decrease)	**(5,912,729)**	6,750,477	**(4,566,028)**	5,209,574
A one percentage point change in salary escalation rate				
As at 31 March 2023 increase/(decrease)	**8,429,609**	(7,521,399)	**6,622,960**	(5,908,587)
As at 31 March 2022 increase/(decrease)	**6,790,276**	(5,872,622)	**5,241,993**	(4,533,422)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In Practice, this is unlikely to occur, and changes in some of the assumptions, may be correlated. When calculating the sensitivity of the retirement benefit obligation to significant actuarial assumptions the same method (Present value of defined obligation calculated with the projected unit credit method at end of the reporting period), has been applied as when calculating the defined benefit liability recognized in the balance sheet

Notes to the Financial Statements

		Group		Company	
	As at 31 March,	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
29	**LEASE LIABILITIES**				
	Balance as at the beginning of the year	**44,834,806**	59,286,409	**42,231,497**	56,699,529
	Lease modification	**-**	(10,288,983)	**-**	(10,288,983)
	Lease rentals paid during the year	**(6,439,000)**	(8,631,400)	**(6,264,000)**	(8,456,400)
	Accretion of interest	**3,839,827**	4,468,780	**3,647,182**	4,277,351
	Balance at the end of the year	**42,235,633**	44,834,806	**39,614,679**	42,231,497
	Due within one year	**5,491,816**	3,851,973	**5,485,766**	3,869,618
		5,491,816	3,851,973	**5,485,766**	3,869,618
	Due after one year and within five years	**34,191,575**	29,359,973	**34,128,913**	29,324,905
	Due after five years	**2,552,242**	11,622,860	**-**	9,036,974
		36,743,817	40,982,833	**34,128,913**	38,361,879
		42,235,633	44,834,806	**39,614,679**	42,231,497

		Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
29.1	**Set out below are the carrying amounts of lease liabilities**				
	Land	**2,620,954**	2,603,309	**-**	-
	Office premises	**39,614,679**	42,231,497	**39,614,679**	42,231,497
		42,235,633	44,834,806	**39,614,679**	42,231,497

As at 31 March,	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
29.2 Following are the amounts recorgnized in profit or loss:				
Depreciation expenses of right-of-use assets	**6,289,092**	7,112,209	**6,197,256**	7,020,371
Interest expenses on lease liability	**3,839,827**	4,468,780	**946,458**	1,112,111
	10,128,919	11,580,989	**7,143,714**	8,132,482

The total cashflows made with respect to leases is Rs. 6,414,000. (2022 -Rs. 8,606,400).

	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
30 INTEREST BEARING LOANS AND BORROWINGS				
Balance as at the beginning of the year	**1,743,174,372**	1,922,161,116	**104,845,511**	146,295,000
Obtained/ restructured during the year	**513,816,303**	264,826,050	**57,731,761**	-
Repayments made during the year	**(496,311,644)**	(443,812,794)	**(38,925,883)**	(41,449,489)
	1,760,679,031	1,743,174,372	**123,651,389**	104,845,511
Accrued interest	**170,267,422**	95,842,983	**2,129,030**	772,896
Loan processing fees	**(6,996,078)**	(7,755,165)	**-**	-
Balance as at the end of the year	**1,923,950,375**	1,831,262,190	**125,780,419**	105,618,407
Due within one year - Loan capital	**627,620,982**	453,415,372	**88,216,389**	38,405,511
Due within one year - Accrued interest	**106,470,454**	23,554,076	**2,129,030**	772,896
Loan processing fees	**(983,175)**	(938,827)	**-**	-
	733,108,261	476,030,621	**90,345,419**	39,178,407
Due after one year and within five years - Loan capital	**910,058,049**	896,089,000	**35,435,000**	66,440,000
Due after one year and within five years - accrued interest	**63,796,968**	67,754,780	**-**	-
Due after five years - Loan capital	**223,000,000**	393,670,000	**-**	-
Due after five years - accrued interest	**-**	4,534,127	**-**	-
Loan processing fees	**(6,012,903)**	(6,816,338)	**-**	-
	1,190,842,114	1,355,231,569	**35,435,000**	66,440,000

Notes to the Financial Statements

30.1 Security and loan repayment terms

Loan obtained by	Bank and financial institutions	Group 2023	Group 2022	Company 2023	Company 2022	Facility value
	.	Rs.	Rs.	Rs.	Rs.	Rs.
Panasian Power PLC	Sampath Bank PLC	**65,919,629**	96,512,171	**65,919,629**	96,512,171	200,000,000
		57,731,761	-	**57,731,761**	-	125,000,00
	Commercial Bank of Ceylon PLC	**150,000,000**	-	**150,000,000**	-	150,000,000
	National Development Bank PLC	**-**	8,333,340	**-**	8,333,340	25,000,000
Manelwala Hydropower (Pvt) Ltd	National Development Bank PLC	**5,878,052**	8,942,876		-	20,000,000
		-	8,333,340	**-**	-	25,000,000
Padiyapelella Hydropower Limited	Sampath Bank PLC	**284,000,000**	328,000,000	**-**	-	500,000,000
		100,000,000	-	**-**	-	100,000,000
	National Development Bank PLC	**-**	8,333,340	**-**	-	25,000,000
Panasian Investments (Private) Limited	National Development Bank PLC	**7,269,279**	11,779,268	**-**	-	27,000,000
		-	8,333,340	**-**	-	25,000,000
		49,565,193	15,326,050	**-**	-	50,000,000
Eco Green Solar Solutions (Private) Limited	Sampath Bank PLC	**36,560,000**	43,840,000	**-**	-	50,000,000
		52,500,000	58,064,172	**-**	-	70,000,000
		4,605,000	-	**-**	-	4,920,000
		13,000,000	-	**-**	-	13,000,000
		5,750,000	-	**-**	-	5,750,000

Purpose	Interest rate	Repayment term	Security
To absorb a part of the existing Term Loan of 320Mn granted to part finance the acquisition cost of Padiyapelella Hydropower Limited	AWPLR plus 1%	84 Monthly Installements	Primary Mortgage Bond of Rs 320Mn over project lands together with project assets including civil structures, Power genarating plants machinery and other equipment of Manelwala mini hydro power project.
To Advance against Monthly CEB Invoices	AWPLR plus 1%	360 days	Primary Mortgage Bond of Rs.125Mn over receivables from CEB
To meet working capital financing of the Company	AWPLR plus 1%	On Demand	Corporate Gurantee for Rs.150,000,000/- of R I L Property PLC
''Saubhagya Covid-19 Renaissance Facility" for working capital	4% Per annum	18 Monthly Instalments	Panasian Power PLC Monthly cash inflow
Install solar power panels in the factory roof of Bernard Boteju Industries (Pvt) Ltd in Kohuwala	6.30%	78 Monthly Instalments	Corporate Guarantee From Panasian Power PLC
"Saubhagya Covid -19 Renaissance Facility" for working capital	4% Per annum	18 Monthly Instalments	Manelwala Hydropower (Pvt) Ltd Monthly cash inflow
To absorb a part of the term loans granted to Panasian Power PLC to part finance the acquisition and implementation cost of Padiyapelella Mini Hydropower project	AWPLR plus 1%	120 Monthly Instalments	Primary Mortgage Bond of Rs 490Mn over project lands together with project assets including civil structers, power generating plants machinery and other equipment of Padiyapelella Mini hydropower Project.
To service Capital & Interest arrears and to finance O&M	AWPLR plus 1%	120 Monthly Instalments	Primary Mortgage Bond for Rs.l0.0Mn over 100% of shares issued by Padiyapelella Hydropower Ltd and owned by PanAsian Power PLC and Palace Path Holding (Pvt) Ltd, supported by an irrevocable Power of Attoney from the shareholders in favour of Sampath Bank PLC with the right to transfer the shares mortgaged to the bank.
"Saubhagya Covid -19 Renaissance Facility" for working capital	4% Per annum	18 Monthly Instalments	Padiyapelella hydropower Limited Monthly cash inflow
Install solar power panels in the factory roof of JBPL in Boralesgamuwa	6.30%	78 Monthly Instalments	Corporate Guarantee from Panasian Power PLC
			Primary Mortgage over project assets including the access rights
"Saubhagya Covid -19 Renaissance Facility" for working capital	4% Per annum	18 Monthly Instalments	Panasian Investments (Pvt) Ltd Monthly cash inflow
Import Credit Line			Lien over fixed deposit and corparate gurantee from Panasian Power PLC
Beliatta 1 SBSPII Solar PV Project	AWPLR plus 1%	72 Monthly Instalments	Primary mortgage over project assets for Rs. 85 Mn
Beliatta 1 SBSPII Solar PV Project	AWPLR plus 1%	108 Monthly Instalments	Primary mortgage over 100% of the ordinary shares of the borrower in issue at any given time supported with the share transfer forms signed in blank together with an irrevocable power of attorney in favour of sampath bank PLC securing 50 Mn.
To service arrears Capital Restructed Loan	AWPLR plus 1%	17 Monthly Instalments	
To service arrears Interest Restructed Loan	12.5%	17 Monthly Instalments	Corporate guarantee from Padiyapelella Hydro Power Limited for Rs. 135 Mn
To settle Temporary Overdraft	AWPLR	17 Monthly Instalments	

Notes to the Financial Statements

30.1 Security and loan repayment terms (contd.)

Loan obtained by	Bank and financial institutions	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.	Facility value Rs.
	National Development Bank PLC	**-**	5,000,000	**-**	-	15,000,000
Solar Power Generation Matara (Pvt) Ltd	Sampath Bank PLC	**205,004,611**	227,543,361	**-**	-	240,000,000
		8,000,000	-	**-**	-	8,000,000
		15,061,071	-	**-**	-	15,061,071
		2,938,929	-	**-**	-	2,938,929
	National Development Bank PLC	**-**	8,333,340			25,000,000
Panthree Solaro Energy (Pvt) Ltd	Sampath Bank PLC	**104,000,000**	118,000,000	**-**	-	120,000,000
		27,500,000	-	**-**		27,500,000
	Seylan Bank PLC	**57,550,000**	59,200,000	**-**	-	60,000,000
		70,000,000	70,000,000	**-**	-	70,000,000
		51,900,000	53,000,000	**-**	-	54,000,000
		65,000,000	65,000,000	**-**	-	65,000,000
		30,169,607	-	**-**	-	30,169,607

Purpose	Interest rate	Repayment term	Security
"Saubhagya Covid -19 Renaissance Facility" for working capital	4% Per annum	18 Monthly Instalments	Eco Green Solar Solutions (Pvt) Ltd Monthly cash inflow
1 MW Matara 2 SBPII Solar PV Power Project & 1 MW Matara 3 SBPII Solar PV Power Project	AWPLR plus 1%	240 Monthly Instalments	Counter Indemnity for Rs 30 Mn of the company
			Lien over funds for Rs 6 Mn lying to the credit of fixed deposit account of the company
			Corporate Gurantee from MHPL for 30 Mn
To finance the Capital commitments of the Bank against CEB receivables.	AWPLR plus 1.75%	24 Monthly Instalments	Primary mortgage over freehold land, project assets and approvals for Rs. 260 Mn
			Mortgage bond for Rs. 260 Mn over shares of the Company
To finance the Interest commitments of the Bank against CEB receivables.	12.50%	24 Monthly Instalments	
O&M expenses comitements of the Bank against CEB receivables	AWPLR	17 Monthly Instalments	
"Saubhagya Covid -19 Renaissance Facility" for working capital	4% Per annum	18 Monthly Instalments	Solar Power Generation Matara (Pvt) Ltd Monthly cash inflow
1MW Matara 1 SBSPII Solar PV Plant	AWPLR plus 1%	120 Monthly Instalments	Primary mortgage over land, project assets and documents for Rs. 130Mn
To Finance the capital, interest ,O&M commitments	AWPLR plus 1%	17 Months	To finance the interest commitments against CEB Receivables
To Finance Ground solar project in Maho	Quaterly AWPLR +1.25% with a floor rate of 8.5%	72 Monthly installments (Including 9 months grace period)	Primary mortgage over land, project assets and documents for Rs. 130Mn
To Finance Ground solar project in Maho	Quaterly AWPLR +1.5% with a floor rate of 9.5%	120 Monthly Installments (Including 72 months grace period)	Primary mortgage over land, project assets and documents for Rs. 119Mn
To Finance Ground solar project in Pannala	Quaterly AWPLR +1.25% with a floor rate of 8.5%	72Monthly Installments (Including 9 months grace period)	Corporate guarantee for 130Mn from Panasian Power PLC
To Finance Ground solar project in Pannala	Quaterly AWPLR +1.5% with a floor rate of 9.5%	120 Monthly Installment (Including 72 months grace period)	Corporate guarantee for 119Mn from Panasian Power PLC
To finance the interest commitments against CEB Receivables	AWPLR +1.25% with a		

Notes to the Financial Statements

30.1 Security and loan repayment terms (Contd.)

Loan obtained by	Bank and financial institutions	Group 2023	Group 2022	Company 2023	Company 2022	Facility value
	.	Rs.	Rs.	Rs.	Rs.	Rs.
	National Development Bank PLC	-	8,333,340	-	-	25,000,000
Pap Solar One (Private) Limited	National Development Bank PLC	6,371,474	8,685,738	-	-	20,000,000
		117,794,801	153,819,438	-	-	325,000,000
		1,839,885	2,788,554	-	-	4,900,000
		-	6,666,674	-	-	25,000,000
Rajarata Sustainable Development (Pvt) Ltd	National Development Bank PLC	142,920,309	167,176,192			230,000,000
		10,833,912	-	-	-	10,833,912
		7,424,244	18,030,304	-	-	25,000,000
Finergreen Rajarata (Private) Limited	National Development Bank PLC	142,921,432	167,176,192			230,000,000
		10,669,842				10,669,842
		-	8,333,340	-	-	25,000,000

Purpose	Interest rate	Repayment term	Security
"Saubhagya Covid -19 Renaissance Facility" for working capital	4% Per annum	18 Monthly Instalments	Panthree Solaro Energy (Pvt) Ltd Monthly cash inflow
Install solar power panels in the factory roof of Bernard Boteju Industries (Pvt) Ltd in Kolonna	6.30%	78 Monthly Installments	Corporate Guarantee from Panasian Power PLC
			Primary Mortgage over project assets including the access rights
Install solar power panels in the factory roof of Hela Clothing (Pvt) Ltd at Mawathagama, Narammala,Uhumeeya,Melsiripura,Palapathwala	10.125% AWPLR Plus 2%	144 Monthly Installments	
			325 Mn Corparate Gurantee from Panasian Power PLC
Acquisition of brand new Mistubishi Double cab	13.90%	60 Monthly Installments	Primary Mortgage over vehicle
"Saubhagya Covid -19 Renaissance Facility" for working capital	4% Per annum	18 Monthly Instalments	Pap Solar One (Pvt) Ltd Monthly cash inflow
Install & commission 2.5MW rooftop solar power project in the district of Anuradhapura To finance the interest commitments against CEB Receivables	AWPLR Plus 3% - 5.75% AWPLR Plus 0.5%	84 Monthly Installments	Primary mortgage over the movable project assets including machinery, documents. licenses, approvals, agreements, contradsr bonds, cash flows, book debts, insurance proceeds and receivables
			Primary mortgage over project lands (freehold and leasehold) upon the borrower obtaining title to the said lands
			Primary mortgage over 100 % shares of the Borrower held by J Dissanayake and Pap Solar One (Private) Limjted
			230 Mn Corporate Gurantee from Panasian Power PLC
"SAVBHAGYA COVID - 19 RENAISSANCE FACILITY" -To fund working capital requirements.	4% Per annum	34 Monthly Installments	Rajarata Sustainable Development (Pvt) Ltd Monthly cash inflow
Install & commission 2.5MW rooftop solar power project in the district of Anuradhapura To finance the interest commitments against CEB Receivables	AWPLR Plus 3% - 5.75% AWPLR Plus 0.5%	84 Monthly Installments	Primary mortgage over the movable project assets including machinery, documents. licenses, approvals, agreements, contradsr bonds, cash flows, book debts, insurance proceeds and receivables
			Primary mortgage over Project lands (freehold and leasehold) upon the borrower obtaining title to the said lands
			Primary mortgage over 100 % shares of the Borrower held by J Dissanayake and Pap Solar One (Private) Limjted
			230 Mn Corporate Gurantee from Panasian Power PLC
"SAVBHAGYA COVID - 19 RENAISSANCE FACILITY" -To fund working capital requirements.	4% Per annum	18 Monthly Installments	Finergreen Rajarata (Pvt) Ltd Monthly cash inflow

Notes to the Financial Statements

As at 31 March,	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
31 DEFERRED TAX LIABILITIES				
Balance as at beginning of the year	**221,585,069**	76,953,458	**56,381,687**	33,588,245
Origination and reversal of temporary difference				
- Recognised in profit or loss (Note 31.1.1)	**420,915,488**	9,582,466	**49,974,390**	(1,655,779)
- Recognised in other comprehensive income (Note 31.1.1)	**(63,957,087)**	135,049,145	**48,951,061**	24,449,221
Balance as at end of the year	**578,647,922**	221,585,069	**155,307,139**	56,381,687

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset assets against tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The applicable tax rate used to calculate the deferred tax liability of the Company & Group for all the temporary differences is 30% (2021/2022 -at 14%) and applicable tax rate of 30% is also used for deferred tax liability of subsidiary (2021/2022 -at 14%)

	2023 Assets Rs.	2023 Liabilities Rs.	2022 Assets Rs.	2022 Liabilities Rs.
31.1 Deferred tax liabilities (Group)				
Composition of deferred tax assets and liabilities is as follows,				
Deferred tax liabilities				
Property, plant and equipment	**-**	**(620,499,470)**	8,059	(299,691,132)
Provisions	**5,713,220**	**-**	1,362,344	-
Intangible assets	**388,150**		99,762	(60,003)
Carried forward tax loss	**30,093,092**	**-**	74,211,575	-
Retirement benefit obligations	**2,506,303**	**-**	1,530,549	-
Lease liability	**3,150,783**	**-**	953,777	-
	41,851,548	**(620,499,470)**	78,166,066	(299,751,135)
Net Deferred Tax		**(578,647,922)**		(221,585,069)

As at 31 March,	Net balance as at 01.04.2022	Recognised in profit or loss	Recognised in OCI	Net balance as at 31.03.2023	Deferred tax liability	Deferred tax asset
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
31.1.1 Recognised deferred tax assets and liabilities						
Property, plant and equipment	(299,683,073)	(382,814,554)	64,036,611	**(620,499,470)**	(620,499,470)	-
Provisions	1,362,344	3,717,198	-	**5,713,220**	-	5,713,220
Intangible assets	39,759	348,391	-	**388,150**	-	388,150
Carried forward tax loss	74,211,575	(46,052,486)	-	**30,093,092**	-	30,093,092
Retirement benefit obligations	1,530,549	1,688,957	(79,524)	**2,506,303**	-	2,506,303
Lease liability	953,777	2,197,006		**3,150,783**	-	3,150,783
	(221,585,069)	(420,915,488)	63,957,087	**(578,647,922)**	(620,499,470)	41,851,548

The Group's total tax losses as of 31 March 2023 was Rs. 3,093,754,844/- out of which deferred tax asset was recognized for Rs. 100,310,307 to the extent that future taxable profits are available based on the tax forecast done by the management for next six years. The unrecognized deferred tax asset of the group is Rs. 898,033,361/- for the remaining unutilized tax losses amounting to Rs. 2,933,444,537/- due the uncertainty recording the availability of future taxable profits against which deferred tax asset would be utilized.

	Net balance as at 01.04.2021	Recognised in profit or loss	Recognised in OCI	Net balance as at 31.03.2022	Deferred tax liability	Deferred tax asset
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Property, plant and equipment	(140,681,497)	(24,023,225)	(134,978,351)	(299,683,073)	(299,691,132)	8,059
Provisions	-	1,362,344	-	1,362,344		1,362,344
Intangible assets	(138,413)	178,172	-	39,759	(60,003)	99,762
Carried forward tax loss	62,368,960	11,842,615	-	74,211,575	-	74,211,575
Retirement benefit obligations	971,657	629,686	(70,794)	1,530,549	-	1,530,549
Lease liability	525,835	427,942	-	953,777	-	953,777
	(76,953,458)	(9,582,466)	(135,049,145)	(221,585,069)	(299,751,135)	78,166,066

Notes to the Financial Statements

As at 31 March,	2023 Assets Rs.	2023 Liabilities Rs.	2022 Assets Rs.	2022 Liabilities Rs.
31.2 Deferred tax liabilities (Company)				
Deferred tax liability				
Property, plant and equipment	**-**	**(167,258,659)**	-	(58,297,690)
Intangible asset	**470,649**	**-**	99,761	-
Provision for debtors	**763,407**	**-**	210,775	-
Retirement benefit obligations	**1,875,443**	**-**	681,847	-
Lease obligation	**3,053,317**	**-**	923,620	-
Carried forward tax loss	**5,788,704**	**-**	-	-
	11,951,520	**(167,258,659)**	1,916,003	(58,297,690)
Net deferred tax		**(155,307,139)**		(56,381,687)

Company has calculated deferred tax as of 31 March 2023 at the rate of 30% .(14% - 2022)

31.2.1 Recognised deferred tax assets and liabilities

	Net balance as at 01.04.2022 Rs.	Recognised in profit or loss Rs.	Recognised in OCI Rs.	Net balance as at 31.03.2023 Rs.	Deferred tax liability Rs.	Deferred tax asset Rs.
Recognised deferred tax assets and liabilities						
Property, plant and equipment	(58,297,690)	(60,086,111)	(48,874,857)	**(167,258,658)**	(167,258,659)	-
Intangible asset	99,761	370,888		**470,649**	-	470,649
Provision	210,775	552,632		**763,407**		763,407
Retirement benefit obligations	681,847	1,269,800	(76,204)	**1,875,443**	-	1,875,443
Leases	923,620	2,129,697		**3,053,317**		3,053,317
Carried forward tax losses	-	5,788,704		**5,788,704**		5,788,704
	(56,381,687)	(49,974,390)	(48,951,061)	**(155,307,138)**	(167,258,659)	11,951,520

	Net balance as at 01.04.2021 Rs.	Recognised in profit or loss Rs.	Recognised in OCI Rs.	Net balance as at 31.03.2022 Rs.	Deferred tax liability Rs.	Deferred tax asset Rs.
Property, plant and equipment	(34,783,089)	929,909	(24,444,510)	(58,297,690)	(58,297,690)	-
Intangible asset	(18,411)	118,172		99,761	-	99,761
Provision	-	210,775		210,775		210,775
Retirement benefit obligation	687,420	(862)	(4,711)	681,847	-	681,847
Leases	525,835	397,785		923,620		923,620
	(33,588,245)	1,655,779	(24,449,221)	(56,381,687)	(58,297,690)	1,916,003

As at 31 March,	Relationship	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
32 AMOUNT DUE TO RELATED COMPANIES					
Panasian Investment (Pvt) Ltd	Subsidiary	**-**	-	**196**	-
Manelwala Hydropower (Pvt) Ltd	Subsidiary	**-**	-	**18,695,891**	2,300,159
R I L Property PLC	Ultimate Parent	**263,342**	91,300	**83,250**	83,250
		263,342	91,300	**18,779,337**	2,383,409

	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
33 TRADE AND OTHER PAYABLES				
Trade creditors	**5,389,522**	4,528,843	**2,046,354**	3,295,616
Dividend payable	**8,359,499**	147,608,004	**8,359,499**	132,308,004
Other payables	**9,215,127**	3,308,264	**2,919,758**	969,465
Accrued expenses	**33,117,370**	5,620,180	**23,947,982**	2,456,858
	56,081,518	161,065,291	**37,273,593**	139,029,943

All Trade payables are unsecured .

The carrying amounts of accruals and other payables are considered to be the same as their fair values, due to their short term nature

Notes to the Financial Statements

As at 31 March,	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
34 INCOME TAX PAYABLE				
Opening balance	**36,687,943**	36,705,921	**24,505,545**	24,746,722
During the year provision	**49,007,509**	67,500,070	**-**	44,457,561
Income tax under/(over) provision for previous year	**199,527**	(2,843,297)	**206,807**	(2,766,582)
WHT claimed against income tax	**(3,912)**	-	**-**	-
During the year payments	**(42,462,790)**	(64,674,751)	**(24,712,352)**	(41,932,156)
Closing balance	**43,428,277**	36,687,943	**-**	24,505,545
Income tax payable	**44,335,111**	37,753,577	**-**	24,505,545
Income tax receivable	**(906,834)**	(1,065,636)	**-**	-
Net balance	**43,428,277**	36,687,943	**-**	24,505,545

35 RELATED PARTY TRANSACTIONS

35.1 Parent and Ultimate parent

The Company's controlling entity and ultimate parent undertaking is R I L Property PLC which is incorporated in Sri Lanka.

35.2 Key management personnel and related companies

According to the Sri Lankan Accounting standards (LKAS) 24 - Related party disclosure "Key Management Personnel" are those having the authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Directors and senior managers (including executive and non-executive directors) have been classified as KMP of the company.

(i) Key management personnel compensation is disclosed in note 10 to the financial statements.

Name of the company	Relationship	Nature of transaction	Outstanding amount as at 01/04/2022	Transaction amount Rs.	Outstanding amount as at 31/03/2023
Panasian Investments (Pvt) Ltd	Subsidiary		37,467,935		
		Fund transfer		(41,923,186)	
		Expenses reimbursement		10,199,318	
		Interest		3,844,389	
		Shared cost		4,719,925	
					14,308,381
Manelwala Hydropower (Pvt) Ltd	Subsidiary		(2,300,159)		
		Fund transfer		(28,942,164)	
		Expense reimbursement		456,303	
		Interest		(175,170)	
		Shared cost		12,265,299	
					(18,695,891)
Padiyapelella Hydropower Limited	Subsidiary		51,545,448		
		Fund transfer		(48,425,078)	
		Expense reimbursement		2,794,087	
		Interest		7,646,814	
		Shared cost		18,292,803	
					31,854,075
Eco Green Solar Solutions (Pvt) Ltd	Sub subsidiary		4,210,864		
		Fund transfer		(3,672,046)	
		Expense reimbursement		25,235	
		Interest		1,257,147	
		Shared cost		3,070,729	
					4,891,931
Panthree Solaro Energy (Pvt) Ltd	Sub subsidiary		4,446,406		
		Fund transfer		(4,586,099)	
		Expense reimbursement		327,028	
		Interest		2,031,398	
		Shared cost		8,482,789	
					10,701,522

Notes to the Financial Statements

Name of the company	Relationship	Nature of transaction	Outstanding amount as at 01/04/2022	Transaction amount Rs.	Outstanding amount as at 31/03/2023
Pap Solar One (Pvt) Ltd	Sub subsidiary		8,933,808		
		Fund transfer		(1,250,409)	
		Expense reimbursement		215,478	
		Interest		3,385,401	
		Shared cost		8,491,360	
					19,775,638
Solar Power Generation Matara (Pvt) Ltd	Sub subsidiary		6,774,392		
		Fund transfer		6,862,972	
		Expense reimbursement		221,225	
		Interest		2,565,383	
		Shared cost		5,918,984	
					22,342,955
Finergreen Rajarata (Pvt) Ltd	Sub subsidiary		41,536,632		
		Fund transfer		(5,499,070)	
		Expense reimbursement		231,549	
		Interest		11,127,885	
		Shared cost		4,597,826	
					51,994,821
Rajarata Sustainable Development (Pvt) Ltd	Sub subsidiary		10,383,346		
		Fund transfer		(820,646)	
		Expense reimbursement		183,810	
		Interest		3,453,129	
		Shared cost		4,717,425	
					17,917,064
R I L Property PLC	Parent		(83,250)		
		Services		(3,445,241)	
		Payments		1,476,891	(2,051,600)
		Loan		(85,000,000)	
		Interest		(2,525,030)	
		Repayment of loan		25,000,000	
		Repayment of interest		396,000	(62,129,030)

The above transactions have been taken place on arm's length commercial terms, in the ordinary course of business during the year.During the year no payments were made to the directors of the affiliate companies.

(iii) The following transactions were carried out with Joint Ventures and Other Related Parties by the Companies in the Group for the year ended 31 March 2023

Name of the company	Relationship	Nature of transaction	Outstanding amount as at 01/04/2022	Transaction amount Rs.	Outstanding amount as at 31/03/2023
Lower Kothmale Oya Power Two (Pvt) Ltd	Affiliate		1,428,956		
		Exp reimbursement		823,741	
		Interest		578,763	
					2,831,460
United Motors Lanka Limited PLC	Affiliate				
		Services		(414,979)	
		Payments		377,119	(37,860)
Powergen One (Pvt) Ltd	Joint Venture				
		Opening	(2,425,975)		
		Operational expenses		(482,233)	
		Interest		(315,528)	
		Dividend		(1,388,084)	
		Payment		2,724,694	(1,887,126)
Group					
R I L Property PLC	Parent		(91,300)		
		Services		(4,186,539)	
		Payments		1,948,213	(2,329,626)
		Loan		(85,000,000)	
		Interest		(2,525,030)	
		Repayment of loan		25,000,000	
		Repayment of interest		396,000	(62,129,030)

For the material outstanding balances with related parties have been charged with a variable interest rate (AWPLR) for related party balances.

Notes to the Financial Statements

36 EVENTS AFTER THE REPORTING PERIOD

There have been no material events after the statement of financial position date that require adjustment or disclosure in the financial statements

37 COMMITMENTS AND CONTINGENT LIABILITIES

37.1 Capital expenditure commitment

Panasian Power PLC has a commitment amounting to Rs.35.9Mn to be incurred for rectifications and improvements of mini Hydropower Project at Rathganga

37.2 Contingent Liabilities

The Company entered in to an agreement with the owners of Lower Kothmale Oya Power Two (Private) Limited, to acquire the project upon receiving the "Letter of Intent" from the Ceylon Electricity Board. The total purchase consideration for the above acquisition is LKR 15 million and LKR 3 million was paid as an advance for acquisition. The balance LKR 12 million will become payable upon receiving the Letter of Intent to the said project. Work is ongoing to secure approvals for the project.

The Company entered in to memorandum of understanding with the owners of Medakumbura Mini Hydro Power Project, to acquire the project upon receiving the "Letter of Intent" from the Ceylon Electricity Board. The total purchase consideration for the above acquisition is LKR 10 million and LKR 2.1 million has been paid as an advance for acquisition. The balance LKR 7.9 million will become payable upon receiving the Letter of Intent for the said project. Work is ongoing to secure approvals for the project.

There were no material contigent liability as at reporting date which require adjustments or disclosure in the financial statement other than disclose above.

37.3 The Group has provided Corporate Gurantees as follows,

Company Name	Value (Rs.)
Panasian Power PLC	2,061,000,000
Padiyapelella Hydro Power Limited and Manelwala Hydro Power Limited	200,000,000
Padiyapelella Hydro Power Limited	500,000,000

38 Financial Assets and Financial Liabilities

The Group holds following financial instruments

As at 31 March 2023	Financial Assets at amortized Cost	Financial Assets at FVTPL	Other Financial Liabilities	Total carrying Value	Fair Value	Fair Value Measurement
38.1 Group						
Investment in unit trusts	-	6,414	-	6,414	6,414	Level I
Investment in preference shares	11,076,962	-	-	11,076,962	-	-
Trade and other receivables	770,526,075	-	-	770,526,075	-	-
Amounts due from related parties	5,782,887	-	-	5,782,887	-	-
Cash and cash equivalents	122,871,625	-	-	122,871,625	-	-
Total	910,257,549	6,414	-	910,263,963	6,414	-
Bank overdraft	-	-	163,597,064	163,597,064	-	-
Accruals and other payables	-	-	56,081,518	56,081,518	-	-
Finance lease liabilities	-	--	42,235,633	42,235,633	-	-
Interest bearing loans and borrowings	-		1,923,950,375	1,923,950,375	-	-
Amounts due to related parties	-	-	263,342	263,342	-	-
Loan obtained from related parties	-	-	60,000,000	60,000,000	-	-
Total	-	-	2,246,127,932	2,246,127,932	-	-

As at 31 March 2022	Financial assets at amortized cost	Financial assets at FVTPL	Other financial liabilities	Total carrying value	Fair value	Fair value measurement
Group						
Investment in unit trusts	-	450,603	-	450,603	450,603	Level I
Investment in preference shares	13,915,410	-	-	13,915,410	-	-
Trade and other receivables	425,702,369	-	-	425,702,369	-	-
Amounts due from related parties	4,191,999	-	-	4,191,999	-	-
Cash and cash equivalents	118,451,569	-	-	118,451,569	-	-
Total	562,261,347	450,603	-	562,711,950	450,603	-
Bank overdraft	-	-	28,419,293	28,419,293	-	-
Accruals and other payables	-	-	155,445,111	155,445,111	-	-
Finance lease liabilities	-	-	44,834,806	44,834,806	-	-
Interest bearing loans and borrowings	-	-	1,831,262,190	1,831,262,190	-	-
Amounts due to related parties	-	-	91,300	91,300	-	-
Total		-	2,060,052,700	2,060,052,700		

As at 31 March 2023	Financial assets at amortized cost	Financial assets at FVTPL	Other financial liabilities	Total carrying value	Fair value	Fair value measurement
38.2 **Company**						
Investment in unit trusts						
Investment in preference shares	**23,000,000**	-	-	**23,000,000**	-	-
Trade and other receivables	**98,485,996**	-	-	**98,485,996**	-	-
Amounts due from related parties	**176,618,043**	-	-	**176,618,043**	-	-
Cash and cash equivalents	**68,861,732**	-	-	**68,861,732**	-	-
Total	**366,965,771**	-	-	**366,965,771**	-	-
Bank overdraft	-	-	**160,810,357**	**160,810,357**	-	-
Accruals and other payables	-	-	**37,273,593**	**37,273,593**	-	-
Finance lease liabilities	-	-	**39,614,679**	**39,614,679**	-	-
Interest bearing loans and borrowings	-	-	**125,780,419**	**125,780,419**	-	-
Amounts due to related parties	-	-	**18,779,337**	**18,779,337**	-	-
Total	-	-	**382,258,385**	**382,258,385**	-	-

Notes to the Financial Statements

As at 31 March 2022	Financial assets at amortized cost	Financial assets at FVTPL	Other financial liabilities	Total carrying value	Fair value	Fair value measurement
Company						
Investment in unit trusts		73,706	-	73,706	73,706	Level I
Investment in preference shares	23,000,000	-	-	23,000,000	-	-
Trade and other receivables	52,433,953	-	-	52,433,953	-	-
Amounts due from related parties	166,727,787	-	-	166,727,787	-	-
Cash and cash equivalents	21,434,784	-	-	21,434,784	-	-
Total	263,596,525	73,706	-	263,670,231	73,706	
Bank overdraft		-	11,876,450	11,876,450	-	-
Accruals and other payables		-	139,029,943	139,029,943	-	-
Finance lease liabilities		-	42,231,497	42,231,497	-	-
Interest bearing loans and borrowings		-	105,618,408	105,618,408	-	-
Amounts due to related parties		-	-	-	-	-
Total		-	298,756,298	298,756,298	-	

38.3 During the reporting period ended 31 March 2023. there were no transfer between Level I and Level II fair value measurements.

38.4 The Group's exposure to various risk associated with the financial instruments is discussed in Note. 39. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

39 FINANCIAL RISK MANAGEMENT

The group and company has investment in unit trust, trade and other receivables and cash and cash equivalents that arise directly from its operations. The group's and company's principal financial liabilities, consists of loans and borrowings, trade and other payables and finance lease liabilities. The main purpose of these financial liabilities is to finance the Group's and Company's operations. The Group and Company are exposed to Interest rate risk,foreign currency risk, credit risk and Liquidity risk.

The Group and Company's management oversees the management of these risks. The Company's Board of Directors is supported by an Audit committee that advice on financial risk and appropriate financial risk governance framework for the Company. The Audit Committee provides guidance to the Company 's Board of Directors that the Company's financial risk taking activities are governed by appropriate policies and procedures and that financial risk are identified, measures and managed in accordance with company policies and company risk appetite.

39.1 Risk Management Framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by the internal audit function. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Group's principal financial liabilities comprise loans and borrowings, related party payables and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group has trade and other receivables, related party receivables and cash deposits that arrive directly from its operations.

39.2 Credit Risk

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

The Group and Company trade only with recognised, creditworthy third parties. It is the Group's and Company's policy that all clients who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and proactive steps taken to reduce the risk. The trade and receivables are due from which is the primary government institution responsible for distributing electricity to general public. Credit risk in relation to electricity sales to the government institution is highly unlikely. However, as a proactive measure group has made a provision for expected credit and loss for CEB outstanding which count more than 12 months. Further, Company maintains a regular and healthy communication relationship in order to recover all the balances due. while cash and cash equivalents are also subject to the impairment requirement of SLFRS 09, the identified imaprement loss was immaterial.

Set out below is the information about the credit risk exposure on the Group's trade receivable using the provision matrix

Gross Value	Group		Company	
	Carrying amount	Expected credit loss	Carrying amount	Expected credit loss
< 30 days	72,144,515	-	5,826,430	-
31 to 90 days	171,759,923	-	6,977,171	-
91-180 days	161,034,056	-	14,675,679	-
181 to 365 days	323,838,661	-	63,652,331	-
>365 days	61,190,254	19,441,335	9,899,075	2,544,690
	789,967,410	19,441,335	101,030,686	2,544,690
Net value as at 31 March 2023	770,526,075		98,485,996	

With respect to credit risk arising from the other financial assets of the Group and Company, such as cash and cash equivalents, Financial assets FVOCI ,the exposure to credit risk arises from default of the counterparty. The Group and Company manages its operations to avoid any excessive concentration of counterparty risk and the Group and Company takes all reasonable steps to ensure the counter parties fulfill their obligations

39.3 Liquidity Risk

Company monitor its risk to a shortage of funds by forecasting its operational cash requirements on an annual basis and project cash flow requirements as per project implementation period. The Group objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

Notes to the Financial Statements

The table below summarize the maturity profile of the group's financial liabilities based on contractual undiscounted cashflows:

As at 31 March 2023	Less than two months	3-12 Months	1-2 Years (Rs.)	3-5 Years (Rs.)	More than 05 Years
Group					
Interest bearing loans and borrowings	**91,733,280**	**641,374,981**	**241,490,584**	**724,471,752**	**224,879,775**
Lease liabilities	**691,925**	**3,922,701**	**7,198,004**	**30,423,003**	
Trade and other payables	**56,081,516**				
	148,506,721	**645,297,682**	**248,688,588**	**754,894,755**	**224,879,775**

As at 31 March 2022	Less than two months	3-12 Months	1-2 Years (Rs.)	3-5 Years (Rs.)	More than 05 Years
Group					
Interest bearing loans and borrowings	120,027,860	351,274,742	301,198,664	664,364,211	394,396,713
Lease liabilities	619,592	3,232,382	4,239,016	25,120,956	11,622,860
Trade and other payables	161,065,291				
	281,712,743	354,507,124	305,437,680	689,485,167	406,019,573

As at 31 March 2023	Less than Two Months	3-12 Months	1-2 Years (Rs.)	3-5 Years (Rs.)	More than 05 Years
Company					
Interest bearing loans and borrowings	**16,000,619**	**71,959,801**	**28,620,000**	**9,200,000**	
Lease liabilities	**679,378**	**3,553,588**	**4,958,710**	**30,423,003**	
Trade and other payables	**37,273,593**				
	53,953,590	**75,513,389**	**33,578,710**	**39,623,003**	

As at 31 March 2022	Less than two months	3-12 Months	1-2 Years (Rs.)	3-5 Years (Rs.)	More than 05 Years
Company					
Interest bearing loans and borrowings	10,328,400	28,850,007	28,620,000	37,820,000	
Lease liabilities	621,062	3,248,556	4,232,966	25,091,939	9,036,974
Trade and other payables	139,029,943				
	149,979,405	32,098,563	32,852,966	62,911,939	9,036,974

39.4 Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of a financial instruments will fluctuate because of changes in Market interest rates. The Group's exposure to the risk of changes in market rates relates primarily to the Company's short term and Long term debt obligations. The Group manages it interest rate risk by daily monitoring and managing of cashflow, by keeping borrowings for a minimume and negotiating favourable rates on borrowings

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Fixed rate Instruments				
Financial liabilities	**46,782,934**	108,742,502	**-**	-
Variable rate Instruments				
Financial assets	**-**	-	**-**	-
Financial liabilities	**1,713,896,097**	1,722,519,689	**123,651,390**	104,845,511

39.4.1 Sensitivity analysis

The following table demonstrate the sensitivity to a reasonably possible changing the market Interest rate with all other variable held constant

	Profit or Loss		Equity	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Group				
31 March 2023				
Variable rate instruments	**(17,138,961)**	**17,138,961**	**(17,138,961)**	**17,138,961**
Cashflow sensitivity (net)	**(17,138,961)**	**17,138,961**	**(17,138,961)**	**17,138,961**
31 March 2022				
Variable rate instruments	(17,225,197)	17,225,197	(17,225,197)	17,225,197
Cashflow sensitivity (net)	(17,225,197)	17,225,197	(17,225,197)	17,225,197

	Profit or Loss		Equity	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Company				
31 March 2023				
Variable rate instruments	**(1,236,514)**	**1,236,514**	**(1,236,514)**	**1,236,514**
Cashflow sensitivity (net)	**(1,236,514)**	**1,236,514**	**(1,236,514)**	**1,236,514**

Notes to the Financial Statements

	Profit or Loss		Equity	
	1% Increase	1% Decrease	1% Increase	1% Decrease
31 March 2022				
Variable rate instruments	(1,048,455)	1,048,455	(1,048,455)	1,048,455
Cashflow sensitivity (net)	(1,048,455)	1,048,455	(1,048,455)	1,048,455

39.5 CURRENCY RISK

The Groups's exposure to currency risk is the extent that there is a mismatch between the currencies in which sales,purchases and borrowings are denominated and the respective functional currencies of group companies.

The majority of capital purchases are made in foreign currencies at the spot rate prevailing at that time. The group evaluate the expected exchange rate at the time of purchase when evaluating projects

Sri Lanka Rupee is the group's functional currency and so is the currency in which sales and borrowings are made. Therefore groups exposure to currency risk is minimal and is managed.

39.6 OPERATIONAL RISK

The main source of income of the group is generation of electricity using hydro power and solar power. The extend of electricity generated for hydropower will vary depending on the rainfall received by the catchment area. The extend of electricity generated for solar power will vary depending on the solar irradiation on the plant. As a result revenue of the group can vary significantly

In Addition, failures of turbine, generators, inverters and other operational disruptions to the power generation process could disrupt the operations of group companies. to manage this risk, the group regularly monitors performance of operational assets as well as engages the internal audit function to assess operational risks.

40 CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains a strong financial position and healthy capital ratios to support its business and maximise shareholder value

The Company manages its capital structure, and makes adjustments to it, in the light of changes in economic conditions.
To maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to share holders, issue new shares, have a rights issue.

	Group	
	2023	2022
Total liabilities	**2,918,919,594**	2,409,485,780
Less; cash and cash equivalents	**(123,626,628)**	(119,113,359)
Net debt	**2,795,292,965**	2,290,372,421
Total equity	**2,122,894,006**	2,734,273,132
Net debt to equity ratio	**132%**	84%

41 NON CONTROLLING INTEREST (NCI)

The following table summarises the information relating to the Group's subsidiary that has a material NCI, before any intra group eliminations.

Padiyapellella Hydropower Limited

As at 31st March	2023	2022
	Rs.	Rs.
NCI Percentage	17%	17%
Non current assets	1,069,946,307	1,191,421,267
Current assets	491,126,117	271,005,137
Non current liabilities	(318,477,914)	(316,428,652)
current liabilities	(179,115,136)	(131,791,291)
Net assets	1,063,479,374	1,014,206,461
Net assets attributable to NCI	180,791,495	172,415,100
Revenue	281,292,377	250,234,958
Profit/(Loss) for the year	109,764,085	165,064,568
Other comprehensive income	(60,491,170)	264,769,432
Total comprehensive income	49,272,915	429,834,000
Profit/(Loss) allocated to NCI	18,659,894	28,060,977
OCI allocated to NCI	(10,283,499)	45,010,804
Cash flows from operation activities	(59,516,696)	181,303,263
Cash flows from investing activities	29,384,456	52,025,959
Cash flows from finance activities	44,053,508	(236,666,660)
Net increase/ (decrease) in cash adn cash equivalents	13,921,270	(3,337,438)

42 DIRECTOR'S RESPONSIBILITY

The Board of Directors of the company are responsible for the preparation of Financial statements

Investor Information

1 STOCK EXCHANGE LISTING

The issued ordinary shares of Panasian Power PLC are listed with the Colombo Stock Exchange of Sri Lanka. The Audited Accounts of the Company and the Consolidated Accounts for the year ended 31 March 2023 have been submitted to the Colombo Stock Exchange. Stock Symbol -PAP.N0000

2 DISTRIBUTION OF SHAREHOLDING

		2023				2022			
No of share Held		shareholders		Total	% Total	shareholders		Total	% Total
		Number	Percentage	Holding	Holding	Number	Percentage	Holding	Holding
1	1000	2,748	0.39	1,433,838	0.22	2,758	0.39	1,450,609	0.24
1001	10000	2823	0.41	12,769,830	2.04	2853	0.41	13,029,526	2.08
10001	100000	1194	0.17	40,659,414	6.51	1173	0.17	39,952,645	6.39
100001	1000000	176	0.03	47,030,315	7.53	180	0.03	49,216,803	7.87
Over 1000000		27	0.00	523,106,603	83.70	26	0.00	521,350,417	83.42
Total		6,968	1.00	625,000,000	100	6,990	1.00	625,000,000	100

3 ANALYSIS OF SHAREHOLDERS

	2023				2022			
	shareholders		Total	% Total	shareholders		Total	% Total
Categories	Number	Precentage	Holding	Holding	Number	Precentage	Holding	Holding
Individuals	6,789	0.97	129,646,506	0.21	6,782	0.97	125,826,763	0.20
Institutional	179	0.03	495,353,494	0.79	208	0.03	499,173,237	0.80
Total	6,968	1.00	625,000,000	1.00	6,990	1.00	625,000,000	1.00
Resident	6,936	0.99	623,146,903	0.99	6955	0.99	622159803	0.99
Non Resident	32	0.01	1,853,097	0.01	35	0.01	2,840,197	0.01
Total	6,968	1.00	625,000,000	1.00	6,990	1.00	625,000,000	1.00

No shares are held by directors and the chief executive officer at the end of the year

4 DIRECTORS' SHAREHOLDING

	Number of shares	
Description	**2023**	2022
Dr. P. Ramanjum*	-	2,350,000
Mr. L.H.A.L Silva	-	-
Ms. L.K.A.H.Fernando	-	-
Mr.C.V. Kulatilaka	-	-
Mr. W.W.M.S.B.K.G. Kamburudeniya	-	-
Mr.P.K.Pathmanatha	-	-
Ms. M.C.Pietersz	-	-
	-	2,350,000

* Resigned w.e.f 28/06/2022

5 PUBLIC SHAREHOLDINGS

As at 31st March	2022/2023	2021/2022
Issued share capital	625,000,000	625,000,000
Less; Directors' shareholding and major shareholders	462,875,231	465,225,231
Public Holding	162,124,769	159,774,769
Number of Public Shareholders	6,967	6,988
Public Holding Percentage	25.94%.	25.56%
The Float Adjusted Market Capitalization – Rs.	551,224,215	591,166,645

The Company has complied with the Rule 7.14.1 (a) option 5 of the Listing Rules of the Colombo Stock Exchange governing the minimum public holding requirement of listed entities for continuous listing requirements as at 31 March 2023, The public holding of the Company stood at 25.94 percent surpassing the minimum requirement of 20 percent, under the relevant option

6 SHARE PERFORMANCE AT COLOMBO STOCK EXCHANGE

	2022/2023	2021/2022
Highest market price (Rs.)	4.90	7.20
Lowest market price (Rs.)	3.00	3.50
Closing market price as at 31 March 2023	3.40	3.70

7 TWENTY LARGEST SHAREHOLDERS

	31st March 2023		31st March 2022	
Name of Shareholders	No. of Shares	Holding %	No. of Shares	Holding %
RII Property PLC	462,875,231	74.06	462,875,231	74.06
MR. Weerasinghe Amarakoon Mudiyanselage	11,300,000	1.81	11,300,000	1.81
DFCC Bank Plc/S.M.D.N.P. Banda	5,408,390	0.87	3,852,216	0.62
Mr. Kangasu Chelvadurai Vignarajah	4,656,760	0.75	3,882,725	0.62
Mr.Weeraratne Pattiyapawulage Don Raj Rohitha	2,800,000	0.45	2,800,000	0.45
Mr. Agampodi Ushan De Silva	2,749,095	0.44	2,747,601	0.44
Seylan Bank PLC/Jayantha Dewage	2,426,000	0.39	2,426,000	0.39
People'S Leasing & Finance Plc/Mr.S. Gobinath	2,420,000	0.39	2,125,000	0.34
Dr.Ramanujam Prathap	2,350,000	0.38	2,350,000	0.38
Cocoshell Activated Cargon Company Limited	2,120,000	0.34	2,150,000	0.34
Mr. Ananda Deepthi Edussuriya	2,000,000	0.32	2,000,000	0.32
Metrocorp (Pvt) Ltd	2,000,000	0.32	2,000,000	0.32
Mr.Nazeer Mohamed Hussain Mohamed	1,803,000	0.29	1,803,000	0.29
Citizens Development Business Finance PLC/T.K. Fernando	1,701,618	0.27	3,629,140	0.58
Mr. Mohamed Shahid Osman	1,590,000	0.25	1,590,000	0.25
Dr. Agampodi Sajini Nethma De Silva	1,497,500	0.24	1,497,500	0.24
Mr. Aruna Sriyan Jayasinghe	1,378,130	0.22	1,378,130	0.22
Mr.D.D.Gunaratne	1,352,687	0.22	-	
Mr. Balaruwaduge Manukulasuriya Francis Indika Mendis	1,350,000	0.22	1,350,000	0.22
MR. Weerathunga Dickowita Kankanamge Athua Kithsiri	1,300,000	0.21	1,300,000	0.21
Hatton National Bank Plc/Ravindra Erle Rambukwelle	-	0	1,500,000	0.24
	515,078,411	82.44	514,556,543	82.34

Investor Information

7. SHARE TRADING INFORMATION

	2022/2023	2021/2022
Value of share trades (Rs.)	142,940,872	3,775,288,864
No of share traded	37,212,055	796,740,478
No of trades	9,313	34,624

8. EQUITY INFORMATION

	2022/2023	2021/2022
Earnings per share	-0.77	0.42
Dividend per share (Rs.)	-	0.34
Net asset value per share (Rs.)	3.11	2.59
Dividend pay out ratio (%)	-	1.24

Ten Years Financial Summary

For the Period ended 31st March,	2022/2023 Rs.	2021/2022 Rs.	2020/2021 Rs.	2019/2020 Rs.	2018/2019 Rs.	2017/2018 Rs.	2016/2017 Rs.	2015/2016 Rs.	2014/2015 Rs.	2013/2014 Rs.
Operating results										
Revenue	1,014,079,462	935,512,639	729,074,023	563,814,790	761,280,653	489,392,823	204,567,345	287,187,421	298,522,878	222,861,068
Gross profit	655,031,522	639,256,257	487,748,679	424,205,336	608,135,780	363,955,890	162,903,126	239,910,334	265,474,278	195,952,774
Other income	10,713,266	4,490,643	11,099,242	-	645,040	-	1,869,565	2,792,793	2,750,595	-
Administration expenses	(232,922,980)	(145,422,677)	(124,871,410)	(119,980,556)	(90,437,502)	(65,339,973)	(55,408,595)	(42,536,064)	(45,663,745)	(35,435,799)
Net finance cost	(415,161,670)	(135,031,264)	(101,836,116)	(110,960,336)	(90,408,984)	(98,711,869)	(78,553,984)	(50,039,682)	(31,718,674)	(11,410,243)
Net profit before taxation	9,323,902	(109,811,344)	274,578,288	195,261,913	425,975,397	199,866,047	30,810,112	150,127,381	190,842,454	149,106,732
Taxation	(470,122,524)	(74,239,239)	(10,133,819)	(42,553,678)	(54,638,740)	(47,454,178)	(9,665,480)	(15,220,196)	(23,572,012)	(5,118,045)
Net profit after taxation	(460,798,622)	(184,050,583)	264,444,469	152,708,235	371,336,657	152,411,869	21,144,632	134,907,186	167,270,442	143,988,687
Funds employed										
Stated capital	1,030,000,000	1,030,000,000	1,030,000,000	1,030,000,000	630,000,000	630,000,000	630,000,000	630,000,000	630,000,000	630,000,000
Revenue reserve	(90,811,480)	388,455,268	796,381,691	701,817,869	691,573,610	453,226,549	347,400,747	400,581,182	490,174,886	322,166,625
Non controling interest	180,791,495	172,415,100	129,943,319	130,676,013	125,695,270	86,559,660	43,633,537	39,082,878	39,451,297	-
Borrowings (both non current & current)	1,923,950,375	1,831,262,190	1,992,718,137	1,467,275,726	1,114,337,020	743,672,256	736,308,958	639,880,158	637,083,736	3,366,733
Lease liability (both non current & current)	42,235,633	44,834,806	59,286,409	62,570,259	2,301,740	3,062,467	3,713,878	-	-	-
Assets employed										
Non current assets	4,010,751,055	4,521,722,172	3,781,901,012	3,384,150,150	2,546,931,029	2,023,929,232	2,048,350,972	1,686,140,548	1,661,333,574	1,059,269,591
Current assets	1,031,062,542	622,036,741	774,751,700	579,521,849	436,097,425	324,457,016	87,356,103	160,247,870	284,853,693	111,581,695
Current liabilities	1,062,877,111	707,212,055	598,789,556	317,814,772	214,451,106	776,880,265	133,219,442	10,322,170	31,505,609	102,032,923
Retirement benefit obligations	7,957,081	6,308,189	6,590,502	6,017,254	4,101,392	5,578,355	5,018,452	3,502,078	2,865,586	1,887,949
Differed tax liability	578,647,922	221,585,069	76,953,458	154,694,708	125,905,691	105,485,032	59,514,819	35,771,324	28,554,041	25,029,967
Cash flow										
Net cash flow from/(used in) operating activities	53,956,906	524,893,231	254,572,395	37,150,057	382,375,092	159,538,230	54,615,622	174,248,535	165,118,527	162,231,872
Net cash flow from/(used in) investing activities	6,335,098	(173,121,485)	(489,888,614)	(595,275,759)	(666,055,288)	(53,740,258)	(134,412,366)	(103,744,274)	(579,827,900)	(158,784,911)
Net cash flow from/(used in) financing activities	(190,956,506)	(413,187,346)	266,612,428	608,421,708	275,818,730	(234,140)	13,436,838	(226,220,955)	541,823,269	36,782,057
Net increase/(decrease) in cash and cash equivalents	(39,970,436)	90,694,066	152,109,664	120,813,455	70,517,448	78,378,914	(27,184,918)	39,174,988	194,891,682	67,777,787
Key indicators										
Earnings per share (Rs.)	(0.77)	(0.31)	0.38	0.24	0.66	0.28	0.04	0.27	0.34	0.29
Net assets per share (Rs.)	3.11	4.37	3.70	3.49	3.05	2.76	2.44	2.23	2.41	2.08
Market price of share closing	3.40	3.70	3.60	2.50	3.00	2.70	3.00	3.20	3.40	2.20
Dividend per share (Rs)	-	0.34	0.22	0.22	0.16	0.13	0.15	0.15	0.30	0.10
Price earning ratio (times)	(4.43)	(11.81)	9.40	10.5	4.54	9.69	75	12	10	7.59
Dividend payout (%)	-	(-110%)	57%	92%	24%	46%	375%	55.60%	88.20%	50%

Glossary of Financial Terms

ACCRUAL BASIS Recording Revenues and Expenses in the period in which they are earned or incurred regardless of whether cash is received or disbursed in that period.

CAPITAL EMPLOYED Shareholders' funds plus non-controlling interests and debt including lease liabilities.

CONTINGENT LIABILITIES A condition or situation existing at the Balance Sheet date due to past events, where the financial effect is not recognized because: The obligation is crystallized by the occurrence or non-occurrence of one or more future events or, A probable outflow of economic resources is not expected or, It is unable to be measured with sufficient reliability

CURRENT RATIO Current assets divided by current liabilities.

DEBT/EQUITY RATIO Debt as a percentage of Shareholders' Funds

DIVIDEND COVER Earnings per share over dividends per share

EARNINGS PER SHARE (EPS) Profit after Tax attributable to ordinary shareholding over weighted average number of shares in issue during the period.

EARNINGS YIELD Earnings per share as a percentage of Market price per Share at the end of the period.

EARNINGS BEFORE INTEREST AND TAX (EBIT) Earnings before interest and tax (includes other operating income)

EFFECTIVE RATE OF TAXATION Income Tax, (including deferred tax) over Profit before

Tax ENTERPRISE VALUE (EV) Market capitalisation plus net debt/(net cash).

INTEREST COVER Consolidated profit before interest and tax over interest expense.

MARKET CAPITALISATION Number of Shares in issue at the end of the period multiplied by the market price at end of period.

NET ASSETS Total assets minus current liabilities, long-term liabilities, and non-controlling interests.

NET ASSET PER SHARE Net assets as at a particular financial year end divided by the number of shares in issue as at the current financial year end.

NET DEBT Total debt minus cash equivalents (cash in hand and at bank plus short-term deposits).

NET TURNOVER PER EMPLOYEE Net turnover over average number of employees

PRICE EARNINGS RATIO Market Price per Share over earnings per share

QUICK RATIO Cash plus short-term investments plus receivables, divided by current liabilities.

RETURN ON ASSETS Profit after Tax over average total assets

RETURN ON EQUITY Profit attributable to shareholders as a percentage of average shareholders' funds.

RETURN ON CAPITAL EMPLOYED EBIT as a percentage of average capital employed.

SHAREHOLDERS' FUNDS Stated capital plus other components of equity plus revenue reserves

TOTAL ASSETS Fixed Assets plus Investments plus NonCurrent Assets plus Current Assets'

TOTAL DEBT Long Term Loans plus Short Term Loans and Overdrafts

TOTAL EQUITY Shareholders' funds plus non-controlling interest

TOTAL VALUE ADDED The difference between revenue (including other income) and expenses, cost of materials and services purchased from external sources

WORKING CAPITAL Capital required to finance the day-to-day operations (Current Assets minus Current Liabilities

Notice of Annual General Meeting

Notice is hereby given that the 21st Annual General Meeting of Panasian Power PLC will be held on 20 July 2023 at 09.30 a.m. via audio - visual means.

AGENDA

1. To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and its subsidiaries and the Statement of Accounts for the year ended 31 March 2023 together with the Report of the Auditors thereon;

2. To elect Ms. M. Coralie Pietersz who in terms of Article 24 (2) of the Articles of Association of the Company retires at the Annual General Meeting as a Director;

3. To re - appoint Messrs. Ernst & Young, Chartered Accountants as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting and to authorize the directors to fix their remuneration;

4. To authorize the Board of Directors to determine donations for the year ending 31 March 2024 and up to the date of the next Annual General Meeting;

5. To consider any other business which due notice has been given.

By Order of the Board
For and on behalf of Panasian Power PLC

Roshini Weudagedara
Company Secretary

26 June 2023
Colombo

NOTES

1. A duly registered and entitled holder of the Company's shares is entitled to attend, speak and vote at the AGM and is entitled to appoint a proxy holder to attend, speak and vote on his/her behalf;

2. A proxyholder need not be a shareholder of the Company; A proxy so appointed shall have the same right as the shareholder to vote on a show of hands or on a poll as well as to speak at the AGM;

3. The Form of Proxy is attached for this purpose. The completed Form of Proxy must be deposited at the Registered Office of the Company situated at the 4th Floor, BTL Building, 45/2, Braybrooke Street, Colombo 02 or forwarded via email agm@panasianpower.com/info@panasianpower.com. or facsimile to 0114 506412 not less than forty-eight (48) hours before the appointed hour of the meeting;

4. Members are encouraged to vote by Proxy through the appointment of a member of the Board of Directors to vote on their behalf and to include their voting preferences on the resolutions to be taken up at the Meeting in the Form of Proxy;

5. Instructions given in the Circular to shareholders dated 27 June 2023, must be followed to join the meeting via audio - visual means.

Notes

Form of Proxy

I/We...of

.... being a member/members of Panasian Power

PLC, hereby appoint .... (N I C No.) of...failing him/ her

Mr. L. H. A. L. Silva	whom failing
Mr. D. Sooriyaarachchi	whom failing
Mr. P. K. Pathmanatha	whom failing
Ms. L. K. A. H. Fernando	whom failing
Mr. C. V. Kulatilaka	whom failing
Mr. W. W. M. S. B. K. G. Kamburadeniya	whom failing
Ms. C. Pietersz	whom failing

as my/our proxy to represent me/us and* to vote on my/our behalf at the Annual General Meeting (AGM) of Panasian Power PLC (the Company) to be held on 20 July 2023, at 9.30 am as a virtual meeting and at every poll which may be taken in consequence of the aforesaid meeting and at any adjournment thereof.

I/ We the undersigned hereby authorize my/our Proxy to vote on my/our behalf in accordance with the preference indicated below:

	For	Against
(1) To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and its subsidiaries and the Statement of Accounts for the year ended 31 March 2023 together with the Report of the Auditors thereon;		
(2) To elect Ms. M. Coralie Pietersz who in terms of Article 24 (2) of the Articles of Association of the Company retires at the Annual General Meeting as a Director;		
(3) To re-appoint Messrs. Ernst & Young, Chartered Accountants as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting and to authorize the directors to fix their remuneration;		
(4) To authorize the Board of Directors to determine donations for the year ending 31 March 2024 and up to the date of the next Annual General Meeting;		

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

....

Signature/s

*If you wish your Proxy to speak at the meeting you should insert the words "to speak and" in the place indicated and initial such insertion.

Notes:

1. Instructions as to completion appear overleaf;
2. Please indicate with an "x" in the space provided how your proxyholder is to vote;
3. If there is in the view of the proxyholder doubt (by reason of the way in which the instructions contained in the proxy have been completed) as to the way in which the proxyholder should vote, the proxyholder shall vote as he thinks fit.

Instructions as to completion

1. To be valid, this completed Form of Proxy must be deposited at the Registered Office of the Company situated at the 4th Floor, BTL Building, 45/2, Braybrooke Street, Colombo 02 or should be sent via email to agm@panasianpower.com/info@panasianpower.com or facsimile on 0114 506412, not less than forty-eight (48) hours before the appointed hour of the meeting;
2. The full name and address of the proxyholder and of the shareholder appointing the proxyholder should be entered legibly in the Form of Proxy. Please fill in the date of signature;
3. If you wish to appoint any person other than directors as your proxy, please insert the relevant details in the space provided overleaf;
4. If the Form of Proxy is signed by the Power of Attorney, the respective Power of Attorney or a copy notarially executed should accompany the completed Form of Proxy for registration, in the event it has already not being registered with the Company;
5. If the shareholder is a company or a corporate body, the Form of Proxy should be executed under the common seal or be signed by its Attorney or by an Officer authorized to do so on behalf of such company/ corporate body;
6. Every alteration or addition to the Form of Proxy must be duly authenticated by the full signature of the shareholder signing the Form of Proxy. Such signatures should as far as possible be placed in proximity to the addition or alteration intended to be authenticated;
7. The use of the word “Member/s” herein is a reference to “Shareholder/s”.

Please provide the following details (Mandatory)

1. NIC/PP/Company Registration no. of the shareholder	
2. Folio No.	
3. Email address of the shareholder	
4. Email address of the Proxy holder (Other than a Director appointed as proxy)	
5. Mobile no.	
6. Residence	

Corporate Information

Name of the Company
Panasian Power PLC

Legal Form
A Public Quoted Company with limited liability incorporated under the Provision of the Companies Act No 07 of 2007. The Company has been registered under Section 17(2) of the BOI Law No 4 of 1978 on 26 November 2008

Date of incorporation
22 April, 2002

Company Registration Number
PV 9959 PB/PQ

Accounting Year End
31, March

Registered Office and Head Office
Level 04,BTL Shipping House,No.45/2, Braybrooke Street,Colombo 02.

Subsiadiary Companies
Manelwala Hydropower (Pvt) Limited
Panasian Investments (Pvt) Limited
Solar Power Generation Matara (Pvt) Ltd
Panthree Solaro Energy (Pvt) Ltd
PAP Solar One (Pvt) Ltd
Padiyapelella Hydropower Limited
Rajarata Sustainable Development (Pvt) Ltd
Finergreen Rajarata (Pvt) Ltd
Panasian Power Zambia Limited
Lower Kotmale Oya Power Two (Pvt) Ltd
Eco Green Solar Solutions (Pvt) Ltd
Finergreen Ridiyagama (Pvt) Ltd
(Incorporated on 23rd December 2022)
Finergreen Gannoruwa (Pvt) Ltd
(Incorporated on 23rd December 2022)
Finergreen Mattala (Pvt) Ltd
(Incorporated on 23rd December 2022)
Winsol Renewable (Pvt) Ltd
(Incorporated on 02rd February 2023)

Joint Ventures
Powergen One (Pvt) Ltd

Nature of business
To engage in and undertake to establish, operate and manage any form of Renewable Energy Generation Plants, Activity and engage in any business related with the renewable energy Sector

Directors
Mr. L.H.A.L.Silva (Chariman)
Mr. D. Sooriyaarachchi
Mr. P.K. Pathmanatha
(CEO/ Executive Director)
Ms. L.K.A.H.Fernando
Mr. V. Kulatilaka
Mr. K. Kamburudeniya
Ms. C. Pietersz
(appointed with effect from 1st October 2022)

Audit Committee
In line with Listing Rule 7.10.6, Audit Committee of the Parent Company, R I L Property PLC, functioned up to 5th October 2022 as the Audit Committee of Panasian Power PLC.

New Audit Committee was appointed with effect from 6th October 2022.

Ms. C. Pietersz (chaiperson)
Mr. L.H.A.L.Silva
Mr. K. Kamburudeniya
Ms. L.K.A.H.Fernando

Nomination & Remuneration Committee
Mr. D. Sooriyaarachchi (Chairperson)
Mr. L.H.A.L.Silva
Ms. L.K.A.H.Fernando
Mr. K. Kamburudeniya
Ms. C. Pietersz

Related Party Transaction Review Committee
Mr. V. Kulatilaka (chairperson)
Mr. L.H.A.L.Silva
Mr. D. Sooriyaarachchi

Secretaries
Ms. R. Weudagedara

Registrars
S S P Corporate Services (Pvt) Limited No 101, Inner Flower Road
Colombo 3
Tel: +94112573894

Auditors
M/s Ernst & Young
Chartered Accountants
No 201, De Saram Place,
Colombo 10
Tel : +94 11 246 3500

Bankers
Sampath Bank PLC
110, Sir James Peiris Mawatha Colombo 2
Tel: +94112303050

National Development Bank PLC
40,Mawam Mawatha
Colombo 2
Tel: +94112448888

Seylan Bank PLC
90, Galle Road
Colombo 03
Tel: +94112456135

Commercial Bank PLC
Foreign Branch
Commercial House
21, Sir Razik Fareed Mawatha
Colombo 01
Tel: +94112486028

Hatton National Bank PLC
Level 14, 479, T B Jaya Mawatha
Colombo 10
Tel: +94112660660

This Annual Report is conceptualised, designed and produced by Redworks.

REDWORKS
Member of the Ogilvy Group

www.panasianpower.com